

## 1 HOUSE BILL NO. 212

2 INTRODUCED BY KNUDSEN, SONJU

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE UNIFORM COMMERCIAL CODE;  
5 REVISING AND ADDING CERTAIN DEFINITIONS; CLARIFYING CONTROL OF ELECTRONIC CHATTEL  
6 PAPER; CLARIFYING THE LOCATION OF A DEBTOR; SPECIFYING THE EFFECT ON COLLATERAL OF A  
7 SECURITY INTEREST ATTACHING IF THE DEBTOR CHANGES ITS LOCATION; SPECIFYING THE EFFECT  
8 OF A FINANCING STATEMENT IF THERE IS AN ORIGINAL AND A NEW DEBTOR IN SEPARATE  
9 JURISDICTIONS; CLARIFYING CERTAIN INTERESTS THAT TAKE FREE OF A SECURITY INTEREST;  
10 REVISING THE PRIORITY OF SECURITY INTERESTS CREATED BY A NEW DEBTOR; CLARIFYING THE  
11 EFFECT OF TERMS IN AN AGREEMENT OR PROMISSORY NOTE; CLARIFYING WHETHER A MORTGAGE  
12 RECORD IS EFFECTIVE AS A FINANCING STATEMENT; CLARIFYING WHETHER A FINANCING  
13 STATEMENT SUFFICIENTLY PROVIDES THE NAME OF A DEBTOR; CLARIFYING THE SUFFICIENCY OF  
14 A DECEDENT'S NAME; CLARIFYING THE EFFECT OF CERTAIN EVENTS ON THE EFFECTIVENESS OF  
15 A FINANCING STATEMENT; CLARIFYING THE OCCURRENCE OF A FILING WITH RESPECT TO CERTAIN  
16 RECORDS; ALLOWING A SECURITY PARTY OF RECORD TO FILE AN INFORMATION STATEMENT;  
17 CLARIFYING THE UNIFORM FORM OF A WRITTEN FINANCING STATEMENT; CLARIFYING CERTAIN  
18 SECURED PARTY ENFORCEMENT RIGHTS; PROVIDING FOR THE DISPOSITION OF UNPERFECTED AND  
19 PERFECTED SECURITY INTERESTS; PROVIDING FOR THE EFFECTIVENESS OF CERTAIN ACTIONS;  
20 PROVIDING FOR THE EFFECTIVENESS OF AN INITIAL FINANCING STATEMENT; PROVIDING FOR THE  
21 EFFECT OF AMENDMENTS TO A PRE-EFFECTIVE-DATE FINANCING STATEMENT; ALLOWING CERTAIN  
22 PARTIES TO FILE AN INITIAL FINANCING STATEMENT OR CONTINUATION STATEMENT; DETERMINING  
23 THE PRIORITY OF CONFLICTING COLLATERAL CLAIMS; AMENDING SECTIONS 30-2A-103, 30-9A-102,  
24 30-9A-105, 30-9A-307, 30-9A-311, 30-9A-316, 30-9A-317, 30-9A-326, 30-9A-406, 30-9A-408, 30-9A-502,  
25 30-9A-503, 30-9A-507, 30-9A-515, 30-9A-516, 30-9A-518, 30-9A-521, AND 30-9A-607, MCA; AND PROVIDING  
26 AN EFFECTIVE DATE."

27

28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

29

30 **Section 1.** Section 30-2A-103, MCA, is amended to read:

1           **"30-2A-103. Definitions and index of definitions.** (1) In this chapter, unless the context otherwise  
2 requires, the following definitions apply:

3           (a) "Buyer in ordinary course of business" means a person, who in good faith and without knowledge  
4 that the sale to the buyer is in violation of the ownership rights or security interest or leasehold interest of a third  
5 party in the goods, buys in ordinary course from a person in the business of selling goods of that kind, but the  
6 term does not include a pawnbroker. "Buying" may be for cash or by exchange of other property or on secured  
7 or unsecured credit and includes acquiring goods or documents of title under a preexisting contract for sale but  
8 does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

15           (d) "Conforming" goods or performance under a lease contract means goods or performance that is in  
16 accordance with the obligations under the lease contract.

17           (e) "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling  
18 makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or  
19 household purpose if the total payments to be made under the lease contract, excluding payments for options  
20 to renew or buy, do not exceed \$25,000.

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

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

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

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

26           (iii) one of the following occurs:

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

29           (B) the lessee's approval of the contract by which the lessor acquired the goods or the right to  
30 possession and use of the goods is a condition to effectiveness of the lease contract;

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

6 (D) if the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs  
7 the lessee in writing:

8 (I) of the identity of the person supplying the goods to the lessor, unless the lessee has selected that  
9 person and directed the lessor to acquire the goods or the right to possession and use of the goods from that  
10 person;

11 (II) that the lessee is entitled under this chapter to the promises and warranties, including those of any  
12 third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract  
13 by which the lessor acquired the goods or the right to possession and use of the goods; and

14 (III) that the lessee may communicate with the person supplying the goods to the lessor and receive an  
15 accurate and complete statement of those promises and warranties, including any disclaimers and limitations of  
16 them or of remedies.

17 (h) "Goods" means all things that are movable at the time of identification to the lease contract, or are  
18 fixtures (30-2A-309), but the term does not include money, documents, instruments, accounts, chattel paper,  
19 general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the  
20 unborn young of animals.

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

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

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

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

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

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

7 (o) "Lessee in ordinary course of business" means a person, who in good faith and without knowledge  
8 that the lease to the person is in violation of the ownership rights or security interest or leasehold interest of a third  
9 party in the goods, leases in ordinary course from a person in the business of selling or leasing goods of that kind,  
10 but the term does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on  
11 secured or unsecured credit and includes acquiring goods or documents of title under a preexisting lease contract  
12 but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

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

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

23 (u) "Present value" means the amount as of a date certain of one or more sums payable in the future,  
24 discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate  
25 was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is  
26 determined by a commercially reasonable rate that takes into account the facts and circumstances of each case  
27 at the time the transaction was entered into.

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

30 (w) "Sublease" means a lease of goods the right to possession and use of which was acquired by the

1 lessor as a lessee under an existing lease.

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

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

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

7 (2) Other definitions applying to this chapter and the sections in which they appear are:

8 (a) "Accessions". 30-2A-310(1).

9 (b) "Construction mortgage". 30-2A-309(1)(d).

10 (c) "Encumbrance". 30-2A-309(1)(e).

11 (d) "Fixtures". 30-2A-309(1)(a).

12 (e) "Fixture filing". 30-2A-309(1)(b).

13 (f) "Purchase money lease". 30-2A-309(1)(c).

14 (3) The following definitions in other chapters apply to this chapter:

15 (a) "Account". 30-9A-102(1)(b).

16 (b) "Between merchants". 30-2-104(3).

17 (c) "Buyer". 30-2-103(1)(a).

18 (d) "Chattel paper". 30-9A-102(1)(k).

19 (e) "Consumer goods". 30-9A-102(1)(w).

20 (f) "Document". 30-9A-102(1)(dd).

21 (g) "Entrusting". 30-2-403(3).

22 (h) "General intangible". 30-9A-102(1)(pp).

23 (i) "Good faith". 30-2-103(1)(b).

24 (j) "Instrument". 30-9A-102(1)(uu).

25 (k) "Merchant". 30-2-104(1).

26 (l) "Mortgage". 30-9A-102(1)(ccc).

27 (m) "Pursuant to commitment". ~~30-9A-102(1)(ppp)~~ 30-9A-102(1)(qqq).

28 (n) "Receipt". 30-2-103(1)(c).

29 (o) "Sale". 30-2-106(1).

30 (p) "Sale on approval". 30-2-326.

1 (q) "Sale or return". 30-2-326.

2 (r) "Seller". 30-2-103(1)(d).

3 (4) In addition, Title 30, chapter 1, contains general definitions and principles of construction and  
4 interpretation applicable throughout this chapter."

5

6 **Section 2.** Section 30-9A-102, MCA, is amended to read:

7 **"30-9A-102. Definitions and index of definitions.** (1) As used in this chapter, the following definitions  
8 apply:

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

11 (b) (i) "Account", except as used in "account for", means a right to payment of a monetary obligation,  
12 whether or not earned by performance:

13 (A) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of;

14 (B) for services rendered or to be rendered;

15 (C) for a policy of insurance issued or to be issued;

16 (D) for a secondary obligation incurred or to be incurred;

17 (E) for energy provided or to be provided;

18 (F) for the use or hire of a vessel under a charter or other contract;

19 (G) arising out of the use of a credit or charge card or information contained on or for use with the card;

20 or

21 (H) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental  
22 unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state.

23 (ii) The term includes a health-care-insurance receivable.

24 (iii) The term does not include:

25 (A) a right to payment evidenced by chattel paper or an instrument;

26 (B) a commercial tort claim;

27 (C) a deposit account;

28 (D) investment property;

29 (E) a letter-of-credit right; or

30 (F) a right to payment for money or funds advanced or sold, other than a right arising out of the use of

1 a credit or charge card or information contained on or for use with the card.

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

5 (d) "Accounting", except as used in "accounting for", means a record:

6 (i) authenticated by a secured party;

7 (ii) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35  
8 days later than the date of the record; and

9 (iii) identifying the components of the obligations in reasonable detail.

10 (e) "Agricultural lien" means an interest, other than a security interest, in farm products:

11 (i) that secures payment or performance of an obligation for:

12 (A) goods or services furnished in connection with a debtor's farming operation; or

13 (B) rent on real property leased by a debtor in connection with its farming operation;

14 (ii) that is created by statute in favor of a person that:

15 (A) in the ordinary course of its business furnished goods or services to a debtor in connection with a  
16 debtor's farming operation; or

17 (B) leased real property to a debtor in connection with the debtor's farming operation; and

18 (iii) whose effectiveness does not depend on the person's possession of the personal property.

19 (f) "As-extracted collateral" means:

20 (i) oil, gas, or other minerals that are subject to a security interest that:

21 (A) is created by a debtor having an interest in the minerals before extraction; and

22 (B) attaches to the minerals as extracted; or

23 (ii) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the  
24 debtor had an interest before extraction.

25 (g) "Authenticate" means to:

26 (i) to sign; or

27 (ii) ~~execute or adopt a symbol, or encrypt a record in whole or in part, with present intent to:~~

28 ~~— (A) identify the authenticating party; and~~

29 ~~— (B) adopt, accept, or establish the authenticity of a record or term: with present intent to adopt or accept~~

30 a record, to attach to or logically associate with the record an electronic sound, symbol, or process.

1 (h) "Bank" means an organization that is engaged in the business of banking. The term includes a  
2 savings bank, savings and loan association, credit union, and trust company.

3 (i) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

4 (j) "Certificate of title" means a certificate of title with respect to which a statute provides for the security  
5 interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining  
6 priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained  
7 as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits  
8 the security interest in question to be indicated on the record as a condition or result of the security interest's  
9 obtaining priority over the rights of a lien creditor with respect to the collateral.

10 (k) (i) "Chattel paper" means a record or records that evidence both a monetary obligation and a security  
11 interest in specific goods, a security interest in specific goods and software used in the goods, a security interest  
12 in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods  
13 and license of software used in the goods. In this subsection (1)(k)(i), "monetary obligation" means a monetary  
14 obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with  
15 respect to software used in the goods.

16 (ii) (A) The term does not include:

17 (I) charters or other contracts involving the use or hire of a vessel; or

18 (II) records that evidence a right to payment arising out of the use of a credit or charge card or information  
19 contained on or for use with the card.

20 (B) If a transaction is evidenced by records that include an instrument or series of instruments, the group  
21 of records taken together constitutes chattel paper.

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

23 (i) proceeds to which a security interest attaches under 30-9A-315;

24 (ii) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

25 (iii) goods that are the subject of a consignment.

26 (m) "Commercial tort claim" means a claim arising in tort if:

27 (i) the claimant is an organization; or

28 (ii) the claimant is an individual and the claim:

29 (A) arose in the course of the claimant's business or profession; and

30 (B) does not include damages arising out of personal injury to or the death of an individual.

1 (n) "Commodity account" means an account maintained by a commodity intermediary in which a  
2 commodity contract is carried for a commodity customer.

3 (o) "Commodity contract" means a commodity futures contract, an option on a commodity futures  
4 contract, a commodity option, or another contract if the contract or option is:

5 (i) traded on or subject to the rules of a board of trade that has been designated as a contract market  
6 for such a contract pursuant to federal commodities laws; or

7 (ii) traded on a foreign commodity board of trade, exchange, or market and is carried on the books of a  
8 commodity intermediary for a commodity customer.

9 (p) "Commodity customer" means a person for which a commodity intermediary carries a commodity  
10 contract on its books.

11 (q) "Commodity intermediary" means a person that:

12 (i) is registered as a futures commission merchant under federal commodities law; or

13 (ii) in the ordinary course of its business provides clearance or settlement services for a board of trade  
14 that has been designated as a contract market pursuant to federal commodities law.

15 (r) "Communicate" means:

16 (i) to send a written or other tangible record;

17 (ii) to transmit a record by any means agreed upon by the persons sending and receiving the record; or

18 (iii) in the case of transmission of a record to or by a filing office, to transmit a record by any means  
19 prescribed by filing-office rule.

20 (s) "Consignee" means a merchant to which goods are delivered in a consignment.

21 (t) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a  
22 merchant for the purpose of sale and:

23 (i) the merchant:

24 (A) deals in goods of that kind under a name other than the name of the person making delivery;

25 (B) is not an auctioneer; and

26 (C) is not generally known by its creditors to be substantially engaged in selling the goods of others;

27 (ii) with respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of  
28 delivery;

29 (iii) the goods are not consumer goods immediately before delivery; and

30 (iv) the transaction does not create a security interest that secures an obligation.

- 1 (u) "Consignor" means a person that delivers goods to a consignee in a consignment.
- 2 (v) "Consumer debtor" means a debtor in a consumer transaction.
- 3 (w) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or  
4 household purposes.
- 5 (x) "Consumer-goods transaction" means a transaction to the extent that:
- 6 (i) an individual incurs an obligation primarily for personal, family, or household purposes; and
- 7 (ii) a security interest in consumer goods or in consumer goods and software that is used, licensed, or  
8 bought for use primarily for personal, family, or household purposes secures the obligation.
- 9 (y) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part  
10 of a transaction entered into primarily for personal, family, or household purposes.
- 11 (z) "Consumer transaction" means a transaction to the extent that:
- 12 (i) an individual incurs an obligation primarily for personal, family, or household purposes;
- 13 (ii) a security interest secures the obligation; and
- 14 (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term  
15 includes a consumer-goods transaction.
- 16 (aa) "Continuation statement" means an amendment of a financing statement that:
- 17 (i) identifies, by its file number, the initial financing statement to which it relates; and
- 18 (ii) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the  
19 identified financing statement.
- 20 (bb) "Debtor" means:
- 21 (i) a person having a property interest, other than a security interest or other lien, in the collateral,  
22 whether or not the person is an obligor;
- 23 (ii) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or
- 24 (iii) a consignee.
- 25 (cc) "Deposit account" means a demand, time, savings, passbook, or similar account maintained with  
26 a bank. The term does not include investment property or an account evidenced by an instrument.
- 27 (dd) "Document" means a document of title or a receipt of the type described in 30-7-201(2).
- 28 (ee) "Electronic chattel paper" means chattel paper evidenced by a record or records consisting of  
29 information stored in an electronic medium.
- 30 (ff) "Encumbrance" means a right, other than an ownership interest, in real property. The term includes

1 a mortgage and other lien on real property.

2 (gg) "Equipment" means goods other than inventory, farm products, or consumer goods.

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

5 (i) crops grown, growing, or to be grown, including:

6 (A) crops produced on trees, vines, and bushes; and

7 (B) aquatic goods produced in aquacultural operations;

8 (ii) livestock, born or unborn, including aquatic goods produced in aquacultural operations;

9 (iii) supplies used or produced in a farming operation; or

10 (iv) products of crops or livestock in their unmanufactured states.

11 (ii) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming,  
12 livestock, or aquacultural operation.

13 (jj) "File number" means the number assigned to an initial financing statement pursuant to 30-9A-519(1).

14 (kk) "Filing office" means an office designated in 30-9A-501 as the place to file a financing statement.

15 (ll) "Filing-office rule" means a rule adopted pursuant to 30-9A-526.

16 (mm) "Financing statement" means a record or records composed of an initial financing statement and  
17 any filed record relating to the initial financing statement.

18 (nn) "Fixture filing" means the filing of a financing statement covering goods that are or are to become  
19 fixtures and satisfying the requirements of 30-9A-502(1) and (2). The term includes the filing of a financing  
20 statement covering goods of a transmitting utility that are or are to become fixtures.

21 (oo) "Fixtures" means goods that have become so related to particular real property that an interest in  
22 them arises under real property law.

23 (pp) "General intangible" means any personal property, including things in action, other than accounts,  
24 chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property,  
25 letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes  
26 a payment intangible and software.

27 (qq) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair  
28 dealing.

29 (rr) (i) "Goods" means all things that are movable when a security interest attaches. The term includes:

30 (A) fixtures;

- 1 (B) standing timber that is to be cut and removed under a conveyance or contract for sale;
- 2 (C) the unborn young of animals;
- 3 (D) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes; and
- 4 (E) manufactured homes.
- 5 (ii) The term also includes a computer program structurally integrated with goods, any informational
- 6 content included in the program, and any supporting information provided in connection with a transaction relating
- 7 to the program or informational content if:
- 8 (A) the program is associated with the goods in such a manner that it customarily is considered part of
- 9 the goods; or
- 10 (B) by becoming the owner of the goods, a person would acquire a right to use the program in
- 11 connection with the goods.
- 12 (iii) The term does not include a program integrated with goods that consist solely of the medium with
- 13 which the program is integrated. The term also does not include accounts, chattel paper, commercial tort claims,
- 14 deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters
- 15 of credit, money, or oil, gas, or other minerals before extraction.
- 16 (ss) "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other
- 17 unit of the government of the United States, a state, or a foreign country. The term includes an organization with
- 18 a separate corporate existence only if the organization is eligible to issue debt obligations on which interest is
- 19 exempt from income taxation under the laws of the United States.
- 20 (tt) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance that is
- 21 a right to payment of a monetary obligation for health care goods or services provided.
- 22 (uu) (i) "Instrument" means:
- 23 (A) a negotiable instrument; or
- 24 (B) any other writing that evidences a right to the payment of a monetary obligation, is not itself a security
- 25 agreement or lease, and is of a type that in the ordinary course of business is transferred by delivery with any
- 26 necessary indorsement or assignment.
- 27 (ii) The term does not include:
- 28 (A) investment property;
- 29 (B) a letter of credit; or
- 30 (C) a writing that evidences a right to payment arising out of the use of a credit or charge card or

1 information contained on or for use with the card.

2 (vv) "Inventory" means goods, other than farm products, that:

3 (i) are leased by a person as lessor;

4 (ii) are held by a person for sale or lease or to be furnished under contracts of service;

5 (iii) are furnished by a person under a contract of service; or

6 (iv) consist of raw materials, work in process, or materials used or consumed in a business.

7 (ww) "Investment property" means a security, whether certificated or uncertificated, security entitlement,  
8 securities account, commodity contract, or commodity account.

9 (xx) "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction under  
10 whose law the organization is formed or organized.

11 (yy) (i) "Letter-of-credit right" means a right to payment and performance under a letter of credit, whether  
12 or not the beneficiary has demanded or is at the time entitled to demand payment or performance.

13 (ii) The term does not include the right of a beneficiary to demand payment or performance under a letter  
14 of credit.

15 (zz) "Lien creditor" means:

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

17 (ii) an assignee for benefit of creditors from the time of assignment;

18 (iii) a trustee in bankruptcy from the date of the filing of the petition; and

19 (iv) a receiver in equity from the time of appointment.

20 (aaa) "Manufactured home" means a structure, transportable in one or more sections, that in the traveling  
21 mode is 8 body feet or more in width or 40 body feet or more in length or that when erected on site is 320 or more  
22 square feet and that is built on a permanent chassis and designed to be used as a dwelling with or without a  
23 permanent foundation when connected to the required utilities and includes the plumbing, heating,  
24 air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the  
25 requirements of this subsection except the size requirements and with respect to which the manufacturer  
26 voluntarily files a certification required by the United States secretary of housing and urban development and  
27 complies with the standards established under Title 42 of the United States Code.

28 (bbb) "Manufactured-home transaction" means a secured transaction:

29 (i) that creates a purchase-money security interest in a manufactured home, other than a manufactured  
30 home held as inventory; or

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

3 (ccc) "Mortgage" means a consensual interest in real property, including fixtures, that is created by a  
4 mortgage, trust deed, or similar transaction.

5 (ddd) "New debtor" means a person that becomes bound as debtor under 30-9A-203(4) by a security  
6 agreement previously entered into by another person.

7 (eee) (i) "New value" means:

8 (A) money;

9 (B) money's worth in property, services, or new credit; or

10 (C) release by a transferee of an interest in property previously transferred to the transferee.

11 (ii) The term does not include an obligation substituted for another obligation.

12 (fff) "Noncash proceeds" means proceeds other than cash proceeds.

13 (ggg) (i) "Obligor" means a person that, with respect to an obligation secured by a security interest in or  
14 an agricultural lien on the collateral:

15 (A) owes payment or other performance of the obligation;

16 (B) has provided property other than the collateral to secure payment or other performance of the  
17 obligation; or

18 (C) is otherwise accountable in whole or in part for payment or other performance of the obligation.

19 (ii) The term does not include an issuer or a nominated person under a letter of credit.

20 (hhh) "Original debtor", except as used in 30-9A-310(3), means a person that, as debtor, entered into a  
21 security agreement to which a new debtor has become bound under 30-9A-203(4).

22 (iii) "Payment intangible" means a general intangible under which the account debtor's principal obligation  
23 is a monetary obligation.

24 (jjj) "Person related to", with respect to an individual, means:

25 (i) the spouse of the individual;

26 (ii) a brother, brother-in-law, sister, or sister-in-law of the individual;

27 (iii) an ancestor or lineal descendant of the individual or the individual's spouse; and

28 (iv) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the  
29 same home with the individual.

30 (kkk) "Person related to", with respect to an organization, means:

- 1 (i) a person directly or indirectly controlling, controlled by, or under common control with the organization;
- 2 (ii) an officer or director of, or a person performing similar functions with respect to, the organization;
- 3 (iii) an officer or director of, or a person performing similar functions with respect to, a person described
- 4 in subsection (1)(kkk)(i);
- 5 (iv) the spouse of an individual described in subsection (1)(kkk)(i), (1)(kkk)(ii), or (1)(kkk)(iii); or
- 6 (v) an individual who is related by blood or marriage to an individual described in subsections (1)(kkk)(i),
- 7 (1)(kkk)(ii), (1)(kkk)(iii), or (1)(kkk)(iv) and shares the same home with the individual.
- 8 (lll) "Proceeds", except as used in 30-9A-609(2), means the following property:
- 9 (i) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;
- 10 (ii) whatever is collected on, or distributed on account of, collateral;
- 11 (iii) rights arising out of collateral;
- 12 (iv) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference
- 13 with the use of, defects or infringement of rights in, or damage to the collateral; and
- 14 (v) to the extent of the value of collateral and to the extent payable to the debtor or the secured party,
- 15 insurance payable by reason of the loss or nonconformity of, defects in, or damage to the collateral.
- 16 (mmm) "Promissory note" means an instrument that:
- 17 (i) evidences a promise to pay a monetary obligation;
- 18 (ii) does not evidence an order to pay; and
- 19 (iii) does not contain an acknowledgment by a bank that the bank has received for deposit a sum of
- 20 money or funds.
- 21 (nnn) "Proposal" means a record authenticated by a secured party and including the terms on which the
- 22 secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to
- 23 30-9A-620 through 30-9A-622.
- 24 (ooo) "Public-finance transaction" means a secured transaction in connection with which:
- 25 (i) bonds, debentures, certificates of participation, or similar debt securities are issued;
- 26 (ii) all or a portion of the securities issued have an initial stated maturity of at least 20 years; and
- 27 (iii) the debtor, the obligor, the secured party, the account debtor or other person obligated on collateral,
- 28 the assignor or assignee of a secured obligation, or the assignor or assignee of a security interest is a state or
- 29 a governmental unit of a state.
- 30 (ppp) "Public organic record" means a record that is available to the public for inspection and is:

1 (i) a record consisting of the record initially filed with or issued by a state or the United States to form or  
 2 organize an organization and any record filed with or issued by the state or the United States which amends or  
 3 restates the initial record;

4 (ii) an organic record of a business trust consisting of the record initially filed with a state and any record  
 5 filed with the state which amends or restates the initial record, if a statute of the state governing business trusts  
 6 requires that the record be filed with the state; or

7 (iii) a record consisting of legislation enacted by the legislature of a state or the congress of the United  
 8 States which forms or organizes an organization, any record amending the legislation, and any record filed with  
 9 or issued by the state or the United States which amends or restates the name of the organization.

10 (qqq) "Pursuant to commitment", with respect to an advance made or other value given by a secured  
 11 party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other  
 12 event not within the secured party's control has relieved or may relieve the secured party from its obligation.

13 ~~(qqq)~~(rrr) "Record", except as used in "for record", "of record", "record or legal title", and "record owner",  
 14 means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and  
 15 is retrievable in perceivable form.

16 ~~(rrr)~~(sss) "Registered organization" means an organization formed or organized solely under the law of  
 17 one state or the United States and as to which the state or the United States is required to maintain a public  
 18 record showing the organization to have been organized. by the filing of a public organic record with, the issuance  
 19 of a public organic record by, or the enactment of legislation by the state or the United States. The term includes  
 20 a business trust that is formed or organized under the law of a single state if a statute of the state governing  
 21 business trusts requires that the business trust's organic record be filed with the state.

22 ~~(sss)~~(ttt) "Secondary obligor" means an obligor to the extent that:

23 (i) the obligor's obligation is secondary; or

24 (ii) the obligor has a right of recourse with respect to an obligation secured by collateral against the  
 25 debtor, another obligor, or property of either.

26 ~~(ttt)~~(uuu) "Secured party" means:

27 (i) a person in whose favor a security interest is created or provided for under a security agreement,  
 28 whether or not any obligation to be secured is outstanding;

29 (ii) a person that holds an agricultural lien;

30 (iii) a consignor;

1 (iv) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;  
 2 (v) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security  
 3 interest or agricultural lien is created or provided for; or

4 (vi) a person that holds a security interest arising under 30-2-401, 30-2-505, 30-2-711(3), 30-2A-508(5),  
 5 30-4-208, or 30-5-118.

6 ~~(ttt)~~(vvv) "Security agreement" means an agreement that creates or provides for a security interest.

7 ~~(vvv)~~(www) "Send", in connection with a record or notification, means to:

8 (i) deposit in the mail, deliver for transmission, or transmit by any other usual means of communication,  
 9 with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances;  
 10 or

11 (ii) cause the record or notification to be received within the time that it would have been received if  
 12 properly sent under subsection (1)~~(vvv)~~(i).

13 ~~(www)~~(xxx) (i) "Software" means a computer program, any informational content included in the program,  
 14 and any supporting information provided in connection with a transaction relating to the computer program or  
 15 informational content.

16 (ii) The term does not include a computer program that is contained in goods unless the goods are a  
 17 computer or computer peripheral.

18 ~~(xxx)~~(yyy) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United  
 19 States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

20 ~~(yyy)~~(zzz) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the  
 21 payment or performance of an account, chattel paper, document, general intangible, instrument, or investment  
 22 property.

23 ~~(zzz)~~(aaaa) "Tangible chattel paper" means chattel paper evidenced by a record or records consisting  
 24 of information that is inscribed on a tangible medium.

25 ~~(aaa)~~(bbb) "Termination statement" means an amendment of a financing statement that:

26 (i) identifies, by its file number, the initial financing statement to which it relates; and  
 27 (ii) indicates either that it is a termination statement or that the identified financing statement is no longer  
 28 effective.

29 ~~(bbb)~~(ccc) "Transmitting utility" means a person primarily engaged in the business of:

30 (i) operating a railroad, subway, street railway, or trolley bus;

- 1 (ii) transmitting electric or electronic communications;
- 2 (iii) transmitting goods by pipeline or sewer; or
- 3 (iv) transmitting or producing and transmitting electricity, steam, gas, or water.
- 4 (2) The following definitions in other chapters apply to this chapter:
- 5 "Applicant" 30-5-122.
- 6 "Beneficiary" 30-5-122.
- 7 "Broker" 30-8-112.
- 8 "Certificated security" 30-8-112.
- 9 "Check" 30-3-104.
- 10 "Clearing corporation" 30-8-112.
- 11 "Contract for sale" 30-2-106.
- 12 "Control" (with respect to a document of title) 30-7-107.
- 13 "Customer" 30-4-104.
- 14 "Entitlement holder" 30-8-112.
- 15 "Financial asset" 30-8-112.
- 16 "Holder in due course" 30-3-302.
- 17 "Issuer" (with respect to a letter of credit or letter-of-credit right) 30-5-122.
- 18 "Issuer" (with respect to a security) 30-8-211.
- 19 "Lease" 30-2A-103.
- 20 "Lease agreement" 30-2A-103.
- 21 "Lease contract" 30-2A-103.
- 22 "Leasehold interest" 30-2A-103.
- 23 "Lessee" 30-2A-103.
- 24 "Lessee in ordinary course of business" 30-2A-103.
- 25 "Lessor" 30-2A-103.
- 26 "Lessor's residual interest" 30-2A-103.
- 27 "Letter of credit" 30-5-122.
- 28 "Merchant" 30-2-104.
- 29 "Negotiable instrument" 30-3-104.
- 30 "Nominated person" 30-5-122.

1 "Note" 30-3-104.  
 2 "Proceeds of a letter of credit" 30-5-134.  
 3 "Prove" 30-3-102.  
 4 "Sale" 30-2-106.  
 5 "Securities account" 30-8-501.  
 6 "Securities intermediary" 30-8-112.  
 7 "Security" 30-8-112.  
 8 "Security certificate" 30-8-112.  
 9 "Security entitlement" 30-8-112.  
 10 "Uncertificated security" 30-8-112.

11 (3) Chapter 1 contains general definitions and principles of construction and interpretation applicable  
 12 throughout this chapter."  
 13

14 **Section 3.** Section 30-9A-105, MCA, is amended to read:

15 **"30-9A-105. Control of electronic chattel paper.** (1) A secured party has control of electronic chattel  
 16 paper if a system employed for evidencing the transfer of interests in the chattel paper reliably establishes the  
 17 secured party as the person to which the chattel paper was assigned.

18 (2) A system satisfies subsection (1) if the record or records comprising the chattel paper are created,  
 19 stored, and assigned in such a manner that:

20 (1)(a) a single authoritative copy of the record or records exists that is unique, identifiable, and except  
 21 as otherwise provided in subsections (4) (2)(d), (5) (2)(e), and (6) (2)(f), unalterable;

22 (2)(b) the authoritative copy identifies the secured party as the assignee of the record or records;

23 (3)(c) the authoritative copy is communicated to and maintained by the secured party or its designated  
 24 custodian;

25 (4)(d) copies or ~~revisions~~ amendments that add or change an identified assignee of the authoritative  
 26 copy can be made only with the consent of the secured party;

27 (5)(e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that  
 28 is not the authoritative copy; and

29 (6)(f) any ~~revision~~ amendment of the authoritative copy is readily identifiable as ~~an~~ authorized or  
 30 unauthorized ~~revision~~."

1  
2           **Section 4.** Section 30-9A-307, MCA, is amended to read:  
3           **"30-9A-307. Location of debtor.** (1) In this section, "place of business" means a place where a debtor  
4 conducts its affairs.

5           (2) Except as otherwise provided in this section, the following rules determine a debtor's location:

6           (a) A debtor who is an individual is located at the individual's residence.

7           (b) A debtor that is an organization and has only one place of business is located at its place of business.

8           (c) A debtor that is an organization and has more than one place of business is located at its chief  
9 executive office.

10           (3) ~~(a)~~ Subsection (2) applies only if a debtor's residence, place of business, or chief executive office,  
11 as applicable, is located in a jurisdiction whose law generally requires information concerning the existence of  
12 a nonpossessory security interest to be made generally available in a filing, recording, or registration system as  
13 a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the  
14 collateral. If subsection (2) does not apply, the debtor is located in the District of Columbia.

15           (4) A person that ceases to exist, have a residence, or have a place of business continues to be located  
16 in the jurisdiction specified by subsections (2) and (3).

17           (5) A registered organization that is organized under the law of a state is located in that state.

18           (6) Except as otherwise provided in subsection (9), a registered organization that is organized under the  
19 law of the United States and a branch or agency of a bank that is a registered organization and is not organized  
20 under the law of the United States or a state are located:

21           (a) in the state that the law of the United States designates, if the law designates a state of location;

22           (b) in the state that the registered organization, branch, or agency designates, if the law of the United  
23 States authorizes the registered organization, branch, or agency to designate its state of location, including by  
24 designating its main office, home office, or other comparable office; or

25           (c) in the District of Columbia, if subsection (6)(a) or (6)(b) does not apply.

26           (7) A registered organization continues to be located in the jurisdiction specified by subsection (5) or (6)  
27 notwithstanding:

28           (a) the suspension, revocation, forfeiture, or lapse of the registered organization's status as such in its  
29 jurisdiction of organization; or

30           (b) the dissolution, winding up, or cancellation of the existence of the registered organization.

1 (8) The United States is located in the District of Columbia.

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

5 (10) A foreign air carrier under the Federal Aviation Act of 1958, as amended, is located at the designated  
6 office of the agent upon which service of process may be made on behalf of the carrier.

7 (11) This section applies only for purposes of this part."  
8

9 **Section 5.** Section 30-9A-311, MCA, is amended to read:

10 **"30-9A-311. Perfection of security interests in property subject to certain statutes, regulations,  
11 and treaties.** (1) Except as otherwise provided in subsection (4), the filing of a financing statement is not  
12 necessary or effective to perfect a security interest in property subject to:

13 (a) a statute, regulation, or treaty of the United States whose requirements for a security interest's  
14 obtaining priority over the rights of a lien creditor with respect to the property preempt 30-9A-310(1);

15 (b) the certificate of title provisions of Title 23 or 61; or

16 (c) a ~~certificate of title~~ statute of another jurisdiction that provides for a security interest to be indicated  
17 on ~~the a~~ certificate of title as a condition or result of the security interest's obtaining priority over the rights of a  
18 lien creditor with respect to the property.

19 (2) Compliance with the requirements of a statute, regulation, or treaty described in subsection (1) for  
20 obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this  
21 chapter. Except as otherwise provided in 30-9A-313 and 30-9A-316(4) and (5) and subsection (4) of this section  
22 for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty  
23 described in subsection (1) may be perfected only by compliance with those requirements, and a security interest  
24 so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

25 (3) Except as otherwise provided in 30-9A-316(4) and (5) and subsection (4) of this section, duration and  
26 renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute,  
27 regulation, or treaty described in subsection (1) are governed by the statute, regulation, or treaty. In other  
28 respects the security interest is subject to this chapter.

29 (4) During any period in which collateral subject to a statute specified in subsection (1)(b) is inventory  
30 held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling

1 goods of that kind, this section does not apply to a security interest in that collateral created by that person."

2

3 **Section 6.** Section 30-9A-316, MCA, is amended to read:

4 **"30-9A-316. Continued perfection of security interest following Effect of change in applicable law.**

5 (1) A security interest perfected pursuant to the law of the jurisdiction designated in 30-9A-301(1) or 30-9A-305(3)  
6 remains perfected until the earliest of:

7 (a) the time perfection would have ceased under the law of that jurisdiction;

8 (b) the expiration of 4 months after a change of the debtor's location to another jurisdiction;

9 (c) the expiration of 1 year after a transfer of collateral to a person that thereby becomes a debtor and  
10 is located in another jurisdiction; or

11 (d) the expiration of 1 year after a new debtor located in another jurisdiction becomes bound under  
12 30-9A-203(4).

13 (2) If a security interest described in subsection (1) becomes perfected under the law of the other  
14 jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the  
15 security interest does not become perfected under the law of the other jurisdiction before the earliest time or  
16 event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the  
17 collateral for value.

18 (3) A possessory security interest in collateral, other than goods covered by a certificate of title and  
19 as-extracted collateral consisting of goods, remains continuously perfected if:

20 (a) the collateral is located in one jurisdiction and subject to a security interest perfected under the law  
21 of that jurisdiction;

22 (b) thereafter the collateral is brought into another jurisdiction; and

23 (c) upon entry into the other jurisdiction, the security interest is perfected under the law of the other  
24 jurisdiction.

25 (4) Except as otherwise provided in subsection (5), a security interest in goods covered by a certificate  
26 of title that is perfected by any method under the law of another jurisdiction when the goods become covered by  
27 a certificate of title from this state remains perfected until the security interest would have become unperfected  
28 under the law of the other jurisdiction had the goods not become so covered.

29 (5) A security interest described in subsection (4) becomes unperfected as against a purchaser of the  
30 goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the

1 applicable requirements for perfection under 30-9A-311(2) or 30-9A-313 are not satisfied before the earlier of:

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

4 (b) the expiration of 4 months after the goods had become so covered.

5 (6) A security interest in a deposit account, letter-of-credit right, or investment property that is perfected  
6 under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities  
7 intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the  
8 earlier of:

9 (a) the time ~~perfection~~ the security interest would have ~~ceased~~ become unperfected under the law of the  
10 ~~first that~~ jurisdiction; or

11 (b) the expiration of 4 months after a change of the applicable jurisdiction to another jurisdiction.

12 (7) If a security interest described in subsection (6) becomes perfected under the law of the other  
13 jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected  
14 thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the  
15 earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected  
16 as against a purchaser of the collateral for value.

17 (8) The following rules apply to collateral to which a security interest attaches within 4 months after the  
18 debtor changes its location to another jurisdiction:

19 (a) A financing statement filed before the change pursuant to the law of the jurisdiction designated in  
20 30-9A-301(1) or 30-9A-305(3) is effective to perfect a security interest in the collateral if the financing statement  
21 would have been effective to perfect a security interest in the collateral had the debtor not changed its location.

22 (b) If a security interest perfected by a financing statement that is effective under subsection (8)(a)  
23 becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement  
24 would have become ineffective under the law of the jurisdiction designated in 30-9A-301(1) or 30-9A-305(3) or  
25 the expiration of the 4-month period, it remains perfected thereafter. If the security interest does not become  
26 perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is  
27 deemed never to have been perfected as against a purchaser of the collateral for value.

28 (9) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction  
29 designated in 30-9A-301(1) or 30-9A-305(3) and the new debtor is located in another jurisdiction, the following  
30 rules apply:

1           (a) The financing statement is effective to perfect a security interest in collateral acquired by the new  
 2 debtor before, and within 4 months after, the new debtor becomes bound under 30-9A-203(4), if the financing  
 3 statement would have been effective to perfect a security interest in the collateral had the collateral been acquired  
 4 by the original debtor.

5           (b) A security interest perfected by the financing statement and which becomes perfected under the law  
 6 of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under  
 7 the law of the jurisdiction designated in 30-9A-301(1) or 30-9A-305(3) or the expiration of the 4-month period  
 8 remains perfected thereafter. A security interest that is perfected by the financing statement but which does not  
 9 become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected  
 10 and is deemed never to have been perfected as against a purchaser of the collateral for value."

11  
 12           **Section 7.** Section 30-9A-317, MCA, is amended to read:

13           **"30-9A-317. Interests that take priority over or take free of security interest or agricultural lien.**

14           (1) A security interest or agricultural lien is subordinate to the rights of:

15           (a) a person entitled to priority under 30-9A-322; and

16           (b) except as otherwise provided in subsection (5), a person that becomes a lien creditor before the  
 17 earlier of the time:

18           (i) the security interest or agricultural lien is perfected; or

19           (ii) one of the conditions specified in 30-9A-203(2)(c) is met and a financing statement covering the  
 20 collateral is filed.

21           (2) Except as otherwise provided in subsection (5), a buyer, other than a secured party, of chattel paper,  
 22 tangible documents, goods, instruments, or a ~~security certificate~~ certificated security takes free of a security  
 23 interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of  
 24 the security interest or agricultural lien and before it is perfected.

25           (3) Except as otherwise provided in subsection (5), a lessee of goods takes free of a security interest  
 26 or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the  
 27 security interest or agricultural lien and before it is perfected.

28           (4) A licensee of a general intangible or a buyer, other than a secured party, of ~~accounts, electronic~~  
 29 ~~documents, general intangibles, or investment property collateral~~ collateral other than tangible chattel paper, tangible  
 30 documents, goods, instruments, or a certificated security takes free of a security interest if the licensee or buyer

1 gives value without knowledge of the security interest and before it is perfected.

2 (5) Except as otherwise provided in 30-9A-320 and 30-9A-321, if a person files a financing statement  
3 with respect to a purchase-money security interest before or within 20 days after the debtor receives delivery of  
4 the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor that arise  
5 between the time the security interest attaches and the time of filing."

6

7 **Section 8.** Section 30-9A-326, MCA, is amended to read:

8 **"30-9A-326. Priority of security interests created by new debtor.** (1) Subject to subsection (2), a  
9 security interest that is created by a new debtor that is in collateral in which the new debtor has or acquires rights  
10 and is perfected solely by a filed financing statement that is effective solely under 30-9A-508 in collateral in which  
11 a new debtor has or acquires rights would be ineffective to perfect the security interest but for the application of  
12 30-9A-316(9)(a) or 30-9A-508 is subordinate to a security interest in the same collateral that is perfected other  
13 than by another method such a filed financing statement.

14 (2) ~~If more than one security interest in the same collateral is subordinate under subsection (1), the other~~  
15 ~~provisions of this part, as applicable, determine the priority among the subordinated security interests. The other~~  
16 provisions of this part determine the priority among conflicting security interests in the same collateral perfected  
17 by filed financing statements described in subsection (1). However, if the security agreements to which a new  
18 debtor became bound as debtor were not entered into by the same original debtor, the conflicting security  
19 interests rank according to priority in time of the new debtor's having become bound."

20

21 **Section 9.** Section 30-9A-406, MCA, is amended to read:

22 **"30-9A-406. Discharge of account debtor -- notification of assignment -- identification and proof**  
23 **of assignment -- restrictions on assignment of accounts, chattel paper, payment intangibles, and**  
24 **promissory notes ineffective.** (1) Subject to subsections (2) through (9), an account debtor on an account,  
25 chattel paper, or payment intangible may discharge its obligation by paying the assignor until, but not after, the  
26 account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to  
27 become due has been assigned and that payment is to be made to the assignee. After receipt of the notification,  
28 the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by  
29 paying the assignor.

30 (2) Subject to subsection (8), notification is ineffective under subsection (1):

1 (a) if it does not reasonably identify the rights assigned;

2 (b) to the extent that an agreement between an account debtor and a seller of a payment intangible limits

3 the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than

4 this chapter; or

5 (c) at the option of an account debtor, if the notification notifies the account debtor to make less than the

6 full amount of any installment or other periodic payment to the assignee, even if:

7 (i) only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee;

8 (ii) a portion has been assigned to another assignee; or

9 (iii) the account debtor knows that the assignment to that assignee is limited.

10 (3) Subject to subsection (8), if requested by the account debtor, an assignee shall seasonably furnish

11 reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may

12 discharge its obligation by paying the assignor, even if the account debtor has received a notification under

13 subsection (1).

14 (4) Except as otherwise provided in 30-2A-303, 30-9A-407, and subsection (5) of this section, and

15 subject to subsection (8) of this section, a term in an agreement between an account debtor and an assignor or

16 in a promissory note is ineffective to the extent that it:

17 (a) prohibits, restricts, or requires the consent of the account debtor or person obligated on the

18 promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a

19 security interest in, the account, chattel paper, payment intangible, or promissory note; or

20 (b) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of

21 the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of

22 termination, or remedy under the account, chattel paper, payment intangible, or promissory note.

23 (5) Subsection (4) does not apply to:

24 ~~\_\_\_\_\_ (a) the assignment or transfer or the creation, attachment, perfection, or enforcement of a security~~

25 ~~interest in:~~

26 ~~\_\_\_\_\_ (i) a claim or right to receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(2);~~

27 ~~or~~

28 ~~\_\_\_\_\_ (ii) a claim or right to receive benefits under a special needs trust as described in 42 U.S.C. 1396p(d)(4);~~

29 ~~or~~

30 ~~\_\_\_\_\_ (b) the sale of a payment intangible or promissory note; other than a sale pursuant to a disposition under~~

1 30-9A-610 or an acceptance of collateral under 30-9A-620.

2 (6) Except as otherwise provided in 30-2A-303 and 30-9A-407 and subject to subsections (8) and (9),  
3 a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental  
4 body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account  
5 or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

6 (a) prohibits, restricts, or requires the consent of the government, governmental body or official, or  
7 account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a  
8 security interest in the account or chattel paper; or

9 (b) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of  
10 the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of  
11 termination, or remedy under the account or chattel paper.

12 (7) Subject to subsection (8), an account debtor may not waive or vary its option under subsection (2)(c).

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

15 (9) This section does not apply to an assignment of a health-care-insurance receivable."  
16

17 **Section 10.** Section 30-9A-408, MCA, is amended to read:

18 **"30-9A-408. Restrictions on assignment of promissory notes, health-care-insurance receivables,**  
19 **and certain general intangibles ineffective.** (1) Except as otherwise provided in subsection (2), a term in a  
20 promissory note or in an agreement between an account debtor and a debtor that relates to a  
21 health-care-insurance receivable or a general intangible, including a contract, permit, license, or franchise, and  
22 that prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account  
23 debtor to, the assignment or transfer of, or the creation, attachment, or perfection of a security interest in, the  
24 promissory note, health-care-insurance receivable, or general intangible is ineffective to the extent that the term:

25 (a) would impair the creation, attachment, or perfection of a security interest; or

26 (b) provides that the assignment or transfer or the creation, attachment, or perfection of the security  
27 interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination,  
28 or remedy under the promissory note, health-care-insurance receivable, or general intangible.

29 (2) Subsection (1) applies to a security interest in a payment intangible or promissory note only if the  
30 security interest arises out of a sale of the payment intangible or promissory note; other than a sale pursuant to

1 a disposition under 30-9A-610 or an acceptance of collateral under 30-9A-620.

2 (3) A rule of law, including a provision in a statute or governmental rule or regulation, that prohibits,  
3 restricts, or requires the consent of a government, governmental body or official, person obligated on a  
4 promissory note, or account debtor to the assignment or transfer of, or creation of a security interest in, a  
5 promissory note, health-care-insurance receivable, or general intangible, including a contract, permit, license,  
6 or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or  
7 regulation:

8 (a) would impair the creation, attachment, or perfection of a security interest; or

9 (b) provides that the assignment or transfer or the creation, attachment, or perfection of the security  
10 interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination,  
11 or remedy under the promissory note, health-care-insurance receivable, or general intangible.

12 (4) To the extent that a term in a promissory note or in an agreement between an account debtor and  
13 a debtor that relates to a health-care-insurance receivable or general intangible or a rule of law described in  
14 subsection (3) would be effective under law other than this chapter but is ineffective under subsection (1) or (3),  
15 the creation, attachment, or perfection of a security interest in the promissory note, health-care-insurance  
16 receivable, or general intangible:

17 (a) is not enforceable against the person obligated on the promissory note or the account debtor;

18 (b) does not impose a duty or obligation on the person obligated on the promissory note or the account  
19 debtor;

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

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

27 (e) does not entitle the secured party to use, assign, possess, or have access to any trade secrets or  
28 confidential information of the person obligated on the promissory note or the account debtor; and

29 (f) does not entitle the secured party to enforce the security interest in the promissory note,  
30 health-care-insurance receivable, or general intangible.

1 (5) Subsections (1) and (3) do not apply to the assignment or transfer or the creation, attachment, or  
 2 perfection of a security interest in:

3 (a) a claim or right to receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(2);

4 (b) a claim or right to receive benefits under a special needs trust as described in 42 U.S.C. 1396p(d)(4).

5 (6) This section prevails over any inconsistent provisions of other statutes or rules."  
 6

7 **Section 11.** Section 30-9A-502, MCA, is amended to read:

8 **"30-9A-502. Contents of financing statement -- mortgage as financing statement -- time of filing**  
 9 **financing statement.** (1) Subject to subsection (2), a financing statement is sufficient only if it:

10 (a) provides the name of the debtor;

11 (b) provides the name of the secured party or a representative of the secured party; and

12 (c) indicates the collateral covered by the financing statement.

13 (2) Except as otherwise provided in 30-9A-501(2), to be sufficient, a financing statement that covers  
 14 as-extracted collateral or timber to be cut or that is filed as a fixture filing and covers goods that are or are to  
 15 become fixtures must comply with the requirements of subsection (1) and also:

16 (a) indicate that it covers this type of collateral;

17 (b) indicate that it is to be filed for record in the real property records;

18 (c) provide a description of the real property to which the collateral is related sufficient to give  
 19 constructive notice of the mortgage under the law of this state if the description were contained in a record of the  
 20 mortgage of the real property; and

21 (d) if the debtor does not have an interest of record in the real property, provide the name of a record  
 22 owner.

23 (3) A record of mortgage is effective, from the date of recording, as a financing statement filed as a  
 24 fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:

25 (a) the record indicates the goods or accounts that it covers;

26 (b) the goods are or are to become fixtures related to the real property described in the record or the  
 27 collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;

28 (c) the record complies with the requirements for a financing statement in this section, but:

29 (i) other than an indication the record need not indicate that it is to be filed in the real property records;

30 and

1 (ii) the record sufficiently provides the name of a debtor who is an individual if it provides the individual  
 2 name of the debtor or the surname and first personal name of the debtor, even if the debtor is an individual to  
 3 whom 30-9A-503(1)(d) applies; and

4 (d) the record is recorded.

5 (4) A financing statement may be filed before a security agreement is made or a security interest  
 6 otherwise attaches."

7

8 **Section 12.** Section 30-9A-503, MCA, is amended to read:

9 **"30-9A-503. Name of debtor and secured party.** (1) A financing statement sufficiently provides the  
 10 name of the debtor:

11 (a) except as otherwise provided in subsection (1)(c), if the debtor is a registered organization; or the  
 12 collateral is held in a trust that is a registered organization, only if the financing statement provides the name of  
 13 the debtor indicated that is stated to be the registered organization's name on the public organic record of most  
 14 recently filed with or issued or enacted by the debtor's registered organization's jurisdiction of organization that  
 15 shows the debtor to have been organized; purports to state, amend, or restate the registered organization's name;

16 (b) subject to subsection (6), if the debtor is a decedent's estate, collateral is being administered by the  
 17 personal representative of a decedent, only if the financing statement provides, as the name of the debtor, the  
 18 name of the decedent and, in a separate part of the financing statement, indicates that the debtor is an estate;  
 19 collateral is being administered by a personal representative;

20 (c) if the debtor is a trust or a trustee acting with respect to property held in trust, only if the financing  
 21 statement:

22 —— (i) provides the name, if any, specified for the trust in its organic documents or, if no name is specified,  
 23 provides the name of the settlor and additional information sufficient to distinguish the debtor from other trusts  
 24 having one or more of the same settlors; and

25 —— (ii) indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee acting with respect  
 26 to property held in trust; and collateral is held in a trust that is not a registered organization, only if the financing  
 27 statement:

28 (i) provides, as the name of the debtor:

29 (A) if the organic record of the trust specifies a name for the trust, the name specified; or

30 (B) if the organic record of the trust does not specify a name for the trust, the name of the settlor or

1 testator; and

2 (ii) in a separate part of the financing statement:

3 (A) if the name is provided in accordance with subsection (1)(c)(i)(A), indicates that the collateral is held

4 in a trust; or

5 (B) if the name is provided in accordance with subsection (1)(c)(i)(B), provides additional information

6 sufficient to distinguish the trust from other trusts having one or more of the same settlors or the same testator

7 and indicates that the collateral is held in a trust, unless the additional information so indicates;

8 (d) subject to subsection (7), if the debtor is an individual to whom this state has issued a driver's license

9 or state identification card that has not expired or to whom a tribe has issued a tribal identification card that has

10 not expired, only if the financing statement provides the name of the individual which is indicated on the driver's

11 license, state identification card, or tribal identification card;

12 (e) if the debtor is an individual to whom subsection (1)(d) does not apply, only if the financing statement

13 provides the individual name of the debtor or the surname and first personal name of the debtor; and

14 (d)(f) in other cases:

15 (i) if the debtor has a name, only if it the financing statement provides the ~~individual~~ or organizational

16 name of the debtor; and

17 (ii) if the debtor does not have a name, only if it provides the names of the partners, members, associates,

18 or other persons comprising the debtor-, in a manner that each name provided would be sufficient if the person

19 named were the debtor.

20 (2) A financing statement that provides the name of the debtor in accordance with subsection (1) is not

21 rendered ineffective by the absence of:

22 (a) a trade name or other name of the debtor; or

23 (b) unless required under subsection ~~(1)(d)(ii);~~ (1)(f)(ii), names of partners, members, associates, or

24 other persons comprising the debtor.

25 (3) A financing statement that provides only the debtor's trade name does not sufficiently provide the

26 name of the debtor.

27 (4) Failure to indicate the representative capacity of a secured party or representative of a secured party

28 does not affect the sufficiency of a financing statement.

29 (5) A financing statement may provide the name of more than one debtor and the name of more than

30 one secured party.

1           (6) The name of the decedent indicated on the order appointing the personal representative of the  
 2 decedent issued by the court having jurisdiction over the collateral is sufficient as the "name of the decedent"  
 3 under subsection (1)(b).

4           (7) If this state has issued to an individual more than one driver's license or state identification card of  
 5 a kind described in subsection (1)(d), or if a tribe has issued more than one tribal identification card of a kind  
 6 described in subsection (1)(d), the one that was issued most recently is the one to which subsection (1)(d) refers.

7           (8) In this section, the "name of the settlor or testator" means:

8           (a) if the settlor is a registered organization, the name that is stated to be the settlor's name on the public  
 9 organic record most recently filed with or issued or enacted by the settlor's jurisdiction of organization which  
 10 purports to state, amend, or restate the settlor's name; or

11           (b) in other cases, the name of the settlor or testator indicated in the trust's organic record."  
 12

13           **Section 13.** Section 30-9A-507, MCA, is amended to read:

14           **"30-9A-507. Effect of certain events on effectiveness of financing statement.** (1) A filed financing  
 15 statement remains effective with respect to collateral that is sold, exchanged, leased, licensed, or otherwise  
 16 disposed of and in which a security interest or agricultural lien continues, even if the secured party knows of or  
 17 consents to the disposition.

18           (2) Except as otherwise provided in 30-9A-508 and subsection (3) of this section, a financing statement  
 19 is not rendered ineffective if, after the financing statement is filed, the information provided in the financing  
 20 statement becomes seriously misleading under the standard set forth in 30-9A-506.

21           (3) ~~If a debtor so changes its~~ the name that a filed financing statement provides for a debtor becomes  
 22 insufficient as the name of the debtor under 30-9A-503(1) so that the financing statement becomes seriously  
 23 misleading under the standard set forth in 30-9A-506:

24           (a) the financing statement is effective to perfect a security interest in collateral acquired by the debtor  
 25 before or within 4 months after the ~~change~~ filed financing statement becomes seriously misleading; and

26           (b) the financing statement is not effective to perfect a security interest in collateral acquired by the  
 27 debtor more than 4 months after the ~~change~~ filed financing statement becomes seriously misleading, unless an  
 28 amendment to the financing statement that renders the financing statement not seriously misleading is filed within  
 29 4 months after ~~the change~~: the financing statement became seriously misleading."  
 30

1           **Section 14.** Section 30-9A-515, MCA, is amended to read:

2           **"30-9A-515. Duration and effectiveness of financing statement -- effect of lapsed financing**  
3 **statement.** (1) Except as otherwise provided in subsections (2), (5), (6), and (7), a filed financing statement is  
4 effective for a period of 5 years after the date of filing.

5           (2) Except as otherwise provided in subsections (5), (6), and (7), an initial financing statement filed in  
6 connection with a public-finance transaction or manufactured-home transaction is effective for a period of 30  
7 years after the date of filing if it indicates that it is filed in connection with a public-finance transaction or  
8 manufactured-home transaction.

9           (3) The effectiveness of a filed financing statement lapses on the expiration of the period of its  
10 effectiveness unless before the lapse a continuation statement is filed pursuant to subsection (4). Upon lapse,  
11 a financing statement ceases to be effective and any security interest or agricultural lien that was perfected by  
12 the financing statement becomes unperfected, unless the security interest is perfected without filing. If the security  
13 interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as  
14 against a purchaser of the collateral for value.

15           (4) A continuation statement may be filed only within 6 months before the expiration of the 5-year period  
16 specified in subsection (1) or the 30-year period specified in subsection (2), whichever is applicable.

17           (5) Except as otherwise provided in 30-9A-510, upon timely filing of a continuation statement, the  
18 effectiveness of the initial financing statement continues for a period of 5 years commencing on the day on which  
19 the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the  
20 5-year period, the financing statement lapses in the same manner as provided in subsection (3), unless, before  
21 the lapse, another continuation statement is filed pursuant to subsection (4). Succeeding continuation statements  
22 may be filed in the same manner to continue the effectiveness of the initial financing statement.

23           (6) If a debtor is a transmitting utility and a filed initial financing statement so indicates, the financing  
24 statement is effective until a termination statement is filed.

25           (7) A record of mortgage that is effective as a fixture filing under 30-9A-502(3) remains effective as a  
26 fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to  
27 the real property."  
28

29           **Section 15.** Section 30-9A-516, MCA, is amended to read:

30           **"30-9A-516. What constitutes filing -- effectiveness of filing.** (1) Except as otherwise provided in

1 subsection (2), communication of a record to a filing office and tender of the filing fee or acceptance of the record  
2 by the filing office constitutes filing.

3 (2) Filing does not occur with respect to a record that a filing office refuses to accept because:

4 (a) the record is not communicated by a method or medium of communication authorized by the filing  
5 office;

6 (b) an amount equal to or greater than the applicable filing fee is not tendered;

7 (c) the filing office is unable to index the record because:

8 (i) in the case of an initial financing statement, the record does not provide a name for the debtor;

9 (ii) in the case of an amendment or ~~correction~~ information statement, the record:

10 (A) does not identify the initial financing statement as required by 30-9A-512 or 30-9A-518, as applicable;

11 or

12 (B) identifies an initial financing statement whose effectiveness has lapsed under 30-9A-515;

13 (iii) in the case of an initial financing statement that provides the name of a debtor identified as an  
14 individual or an amendment that provides a name of a debtor identified as an individual that was not previously  
15 provided in the financing statement to which the record relates, the record does not identify the debtor's ~~last name~~  
16 surname; or

17 (iv) in the case of a record filed or recorded in the filing office described in 30-9A-501(1)(a), the record  
18 does not provide a sufficient description of the real property to which it relates;

19 (d) in the case of an initial financing statement or an amendment that adds a secured party of record,  
20 the record does not provide a name and mailing address for the secured party of record;

21 (e) in the case of an initial financing statement or an amendment that provides a name of a debtor that  
22 was not previously provided in the financing statement to which the amendment relates, the record does not:

23 (i) provide a mailing address for the debtor; or

24 (ii) indicate whether the name provided as the name of the debtor is the name of an individual or an  
25 organization; ~~or~~

26 ~~— (iii) if the financing statement indicates that the debtor is an organization, provide:~~

27 ~~— (A) a type of organization for the debtor;~~

28 ~~— (B) a jurisdiction of organization for the debtor; or~~

29 ~~— (C) an organizational identification number for the debtor or indicate that the debtor has none;~~

30 (f) in the case of an assignment reflected in an initial financing statement under 30-9A-514(1) or an

1 amendment filed under 30-9A-514(2), the record does not provide a name and mailing address for the assignee;  
2 or

3 (g) in the case of a continuation statement, the record is not filed within the 6-month period prescribed  
4 by 30-9A-515(4).

5 (3) For purposes of subsection (2):

6 (a) a record does not provide information if the filing office is unable to read or decipher the information;  
7 and

8 (b) a record that does not indicate that it is an amendment or identify an initial financing statement to  
9 which it relates, as required by 30-9A-512, 30-9A-514, or 30-9A-518, is an initial financing statement.

10 (4) A record that is communicated to the filing office with tender of the filing fee, but that the filing office  
11 refuses to accept for a reason other than one set forth in subsection (2), is effective as a filed record except as  
12 against a purchaser of the collateral that gives value in reasonable reliance upon the absence of the record from  
13 the files."

14

15 **Section 16.** Section 30-9A-518, MCA, is amended to read:

16 **"30-9A-518. Claim concerning inaccurate or wrongfully filed record.** (1) A person may file in the  
17 filing office ~~a correction~~ an information statement with respect to a record indexed there under the person's name  
18 if the person believes that the record is inaccurate or was wrongfully filed.

19 (2) ~~A correction~~ An information statement under subsection (1) must:

20 (a) identify the record to which it relates by:

21 (i) the file number assigned to the initial financing statement to which the record relates; and

22 (ii) if the ~~correction~~ information statement relates to a record filed in a filing office described in  
23 30-9A-501(1)(a), the date that the initial financing statement was filed or recorded and the information specified  
24 in 30-9A-502(2);

25 (b) indicate that it is ~~a correction~~ an information statement; and

26 (c) provide the basis for the person's belief that the record is inaccurate and indicate the manner in which  
27 the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's  
28 belief that the record was wrongfully filed.

29 (3) A person may file in the filing office an information statement with respect to a record filed there if the  
30 person is a secured party of record with respect to the financing statement to which the record relates and

1 believes that the person that filed the record was not entitled to do so under 30-9A-509(4).  
 2 (4) An information statement under subsection (3) must:  
 3 (a) identify the record to which it relates by:  
 4 (i) the file number assigned to the initial financing statement to which the record relates; and  
 5 (ii) if the information statement relates to a record filed in a filing office described in 30-9A-501(1)(a), the  
 6 date that the initial financing statement was filed and the information specified in 30-9A-502(2);  
 7 (b) indicate that it is an information statement; and  
 8 (c) provide the basis for the person's belief that the person that filed the record was not entitled to do so  
 9 under 30-9A-509(4).

10 ~~(3)~~(5) The filing of ~~a correction~~ an information statement does not affect the effectiveness of an initial  
 11 financing statement or other filed record."  
 12

13 **Section 17.** Section 30-9A-521, MCA, is amended to read:

14 **"30-9A-521. Uniform form of written financing statement and amendment.** (1) A filing office that  
 15 accepts written records may not refuse to accept a written initial financing statement in the ~~model form~~ and format  
 16 adopted by the secretary of state set forth in the official text of the 2010 amendments to Article 9 of the Uniform  
 17 Commercial Code promulgated by The American Law Institute and the National Conference of Commissioners  
 18 on Uniform State Laws, except for a reason set forth in ~~30-9A-502 and~~ 30-9A-516(2).

19 (2) A filing office that accepts written records may not refuse to accept a written record in the ~~model form~~  
 20 and format adopted by the secretary of state set forth as Form UCC3 and Form UCC3Ad in the final official text  
 21 of the 2010 amendments to Article 9 of the Uniform Commercial Code promulgated by The American Law  
 22 Institute and the National Conference of Commissioners on Uniform State Laws, except for a reason set forth in  
 23 ~~30-9A-502 and~~ 30-9A-516(2).

24  
 25 **Section 18.** Section 30-9A-607, MCA, is amended to read:

26 **"30-9A-607. Collection and enforcement by secured party.** (1) If so agreed, and in any event on  
 27 default, a secured party:

28 (a) may notify an account debtor or other person obligated on collateral to make payment or otherwise  
 29 render performance to or for the benefit of the secured party;

30 (b) may take any proceeds to which the secured party is entitled under 30-9A-315;

1 (c) may enforce the obligations of an account debtor or other person obligated on collateral and exercise  
 2 the rights and remedies of the debtor with respect to the obligation of the account debtor or other person obligated  
 3 on collateral to make payment or otherwise render performance to the debtor and with respect to any property  
 4 that secures the obligations of the account debtor or other person obligated on the collateral;

5 (d) if it holds a security interest in a deposit account perfected by control under 30-9A-104(1)(a), may  
 6 apply the balance of the deposit account to the obligation secured by the deposit account; and

7 (e) if it holds a security interest in a deposit account perfected by control under 30-9A-104(1)(b) or (1)(c),  
 8 may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

9 (2) If necessary to enable a secured party to exercise under subsection (1)(c) the right of a debtor to  
 10 enforce nonjudicially any mortgage, the secured party may record in the office in which the mortgage is recorded:

11 (a) a copy of the security agreement that creates or provides for a security interest in the obligation  
 12 secured by the mortgage; and

13 (b) the secured party's sworn affidavit in recordable form stating that:

14 (i) a default has occurred with respect to the obligation secured by the mortgage; and

15 (ii) the secured party is entitled to enforce the mortgage nonjudicially.

16 (3) A secured party shall proceed in a commercially reasonable manner if the secured party:

17 (a) undertakes to collect from or enforce an obligation of an account debtor or other person obligated  
 18 on collateral; and

19 (b) is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the  
 20 debtor or a secondary obligor.

21 (4) A secured party may deduct from the collections made pursuant to subsection (3) reasonable  
 22 expenses of collection and enforcement, including reasonable attorneys fees and legal expenses incurred by the  
 23 secured party.

24 (5) This section does not determine whether an account debtor, bank, or other person obligated on  
 25 collateral owes a duty to a secured party."

26  
 27 **NEW SECTION. Section 19. Security interest perfected before effective date.** (1) A security interest  
 28 that is a perfected security interest immediately before [the effective date of this act] is a perfected security  
 29 interest under this chapter if, on [the effective date of this act], the applicable requirements for attachment and  
 30 perfection under this chapter are satisfied without further action.

1           (2) Except as otherwise provided in [section 20], if, immediately before [the effective date of this act], a  
2 security interest is a perfected security interest, but the applicable requirements for perfection under this chapter  
3 are not satisfied on [the effective date of this act], the security interest remains perfected thereafter only if the  
4 applicable requirements for perfection under this chapter are satisfied within 1 year after [the effective date of this  
5 act].  
6

7           **NEW SECTION. Section 20. Security interest unperfected before effective date.** A security interest  
8 that is an unperfected security interest immediately before [the effective date of this act] becomes a perfected  
9 security interest:

10           (1) without further action on [the effective date of this act] if the applicable requirements for perfection  
11 under this chapter are satisfied before or at that time; or

12           (2) when the applicable requirements for perfection are satisfied if the requirements are satisfied after  
13 that time.  
14

15           **NEW SECTION. Section 21. Effectiveness of action taken before effective date.** (1) The filing of  
16 a financing statement before [the effective date of this act] is effective to perfect a security interest to the extent  
17 the filing would satisfy the applicable requirements for perfection under this chapter.

18           (2) This chapter does not render ineffective an effective financing statement that, before [the effective  
19 date of this act], is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction  
20 governing perfection as provided in former chapter 9A. However, except as otherwise provided in [section 22]  
21 and subsections (3) and (4) of this section, the financing statement ceases to be effective:

22           (a) if the financing statement is filed in this state, at the time the financing statement would have ceased  
23 to be effective had [this act] not taken effect; or

24           (b) if the financing statement is filed in another jurisdiction, at the earlier of:

25           (i) the time the financing statement would have ceased to be effective under the law of that jurisdiction;

26 or

27           (ii) June 30, 2018.

28           (3) The filing of a continuation statement after [the effective date of this act] does not continue the  
29 effectiveness of a financing statement filed before [the effective date of this act]. However, upon the timely filing  
30 of a continuation statement after [the effective date of this act] and in accordance with the law of the jurisdiction

1 governing perfection as provided in this chapter, the effectiveness of a financing statement filed in the same office  
 2 in that jurisdiction before [the effective date of this act] continues for the period provided by the law of that  
 3 jurisdiction.

4 (4) Subsection (2)(b)(ii) applies to a financing statement that, before [the effective date of this act], is filed  
 5 against a transmitting utility and satisfies the applicable requirements for perfection under the law of the  
 6 jurisdiction governing perfection as provided in former chapter 9A, only to the extent that this chapter provides  
 7 that the law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs perfection  
 8 of a security interest in collateral covered by the financing statement.

9 (5) A financing statement that includes a financing statement filed before [the effective date of this act]  
 10 and a continuation statement filed after [the effective date of this act] is effective only to the extent that it satisfies  
 11 the requirements of Title 30, chapter 9A, part 5, for an initial financing statement. A financing statement that  
 12 indicates that the debtor is a decedent's estate indicates that the collateral is being administered by a personal  
 13 representative within the meaning of 30-9A-503(1)(b). A financing statement that indicates that the debtor is a  
 14 trust or is a trustee acting with respect to property held in trust indicates that the collateral is held in a trust within  
 15 the meaning of 30-9A-503(1)(c).

16  
 17 **NEW SECTION. Section 22. When initial financing statement suffices to continue effectiveness**  
 18 **of financing statement.** (1) The filing of an initial financing statement in the office specified in 30-9A-501  
 19 continues the effectiveness of a financing statement filed before [the effective date of this act] if:

20 (a) the filing of an initial financing statement in that office would be effective to perfect a security interest  
 21 under this chapter.

22 (b) the pre-effective-date financing statement was filed in an office in another state; and

23 (c) the initial financing statement satisfies subsection (3).

24 (2) The filing of an initial financing statement under subsection (1) continues the effectiveness of the  
 25 pre-effective-date financing statement:

26 (a) if the initial financing statement is filed before [the effective date of this act], for the period provided  
 27 in former 30-9A-515 with respect to an initial financing statement; and

28 (b) if the initial financing statement is filed after [the effective date of this act], for the period provided in  
 29 30-9A-515 with respect to an initial financing statement.

30 (3) To be effective for purposes of subsection (1), an initial financing statement must:

- 1 (a) satisfy the requirements of Title 30, chapter 9A, part 5, for an initial financing statement;
- 2 (b) identify the pre-effective-date financing statement by indicating the office in which the financing
- 3 statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of
- 4 the most recent continuation statement filed with respect to the financing statement; and
- 5 (c) indicate that the pre-effective-date financing statement remains effective.

6

7 **NEW SECTION. Section 23. Amendment of pre-effective-date financing statement.** (1) In this

8 section, "pre-effective-date financing statement" means a financing statement filed before [the effective date of

9 this act].

10 (2) After [the effective date of this act], a person may add or delete collateral covered by, continue or

11 terminate the effectiveness of, or otherwise amend the information provided in a pre-effective-date financing

12 statement only in accordance with the law of the jurisdiction governing perfection as provided in Title 30, chapter

13 9A. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance

14 with the law of the jurisdiction in which the financing statement is filed.

15 (3) Except as otherwise provided in subsection (4), if the law of this state governs perfection of a security

16 interest, the information in a pre-effective-date financing statement may be amended after [the effective date of

17 this act] only if:

18 (a) the pre-effective-date financing statement and an amendment are filed in the office specified in

19 section 30-9A-501;

20 (b) an amendment is filed in the office specified in section 30-9A-501 concurrently with, or after the filing

21 in that office of, an initial financing statement that satisfies [section 22(3)]; or

22 (c) an initial financing statement that provides the information as amended and satisfies [section 22(3)]

23 is filed in the office specified in 30-9A-501.

24 (4) If the law of this state governs perfection of a security interest, the effectiveness of a

25 pre-effective-date financing statement may be continued only under [section 21(3)] and [section 21(5)] or [section

26 22].

27 (5) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a

28 pre-effective-date financing statement filed in this state may be terminated after [the effective date of this act] by

29 filing a termination statement in the office in which the pre-effective-date financing statement is filed unless an

30 initial financing statement that satisfies [section 22(3)] has been filed in the office specified by the law of the

1 jurisdiction governing perfection as provided in Title 30, chapter 9A, as the office in which to file a financing  
2 statement.

3  
4 **NEW SECTION. Section 24. Person entitled to file initial financing statement or continuation**  
5 **statement.** A person may file an initial financing statement or a continuation statement under [sections 19 through  
6 25] if:

- 7 (1) the secured party of record authorizes the filing; and  
8 (2) the filing is necessary under this part:  
9 (a) to continue the effectiveness of a financing statement filed before [the effective date of this act]; or  
10 (b) to perfect or continue the perfection of a security interest.

11  
12 **NEW SECTION. Section 25. Priority.** This chapter determines the priority of conflicting claims to  
13 collateral. However, if the relative priorities of the claims were established before [the effective date of this act],  
14 Title 30, former chapter 9A, determines priority.

15  
16 **NEW SECTION. Section 26. Savings provisions.** (1) Except as otherwise provided in [sections 19  
17 through 25], this chapter applies to a transaction or lien within its scope, even if the transaction or lien was  
18 entered into or created before [the effective date of this act].

19 (2) This chapter does not affect an action, case, or proceeding commenced before [the effective date  
20 of this act].

21  
22 **NEW SECTION. Section 27. Codification instruction.** [Sections 19 through 25] are intended to be  
23 codified as an integral part of Title 30, chapter 9A, and the provisions of Title 30, chapter 9A, apply to [sections  
24 19 through 25].

25  
26 **NEW SECTION. Section 28. Effective date.** [This act] is effective July 1, 2013.

27 - END -