



General Assembly

Substitute Bill No. 1226

January Session, 2001

**AN ACT ADOPTING REVISED ARTICLE 9 OF THE UNIFORM
COMMERCIAL CODE CONCERNING SECURED TRANSACTIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-9-101 of the general statutes is repealed and
2 the following is substituted in lieu thereof:

3 This article [shall be known and] may be cited as "Uniform
4 Commercial Code-Secured Transactions".

5 Sec. 2. Section 42a-9-102 of the general statutes is repealed and the
6 following is substituted in lieu thereof:

7 [(1) Except as otherwise provided in section 42a-9-104 on excluded
8 transactions, this article applies (a) to any transaction, regardless of its
9 form, which is intended to create a security interest in personal
10 property or fixtures including goods, documents, instruments, general
11 intangibles, chattel paper or accounts; and also (b) to any sale of
12 accounts or chattel paper.

13 (2) This article applies to security created by contract including
14 pledge, assignment, chattel mortgage, chattel trust, trust deed, factor's
15 lien, equipment trust, conditional sale, trust receipt, other lien or title
16 retention contract and lease or consignment intended as security. This
17 article does not apply to statutory liens except as provided in section
18 42a-9-310.

19 (3) The application of this article to a security interest in a secured
20 obligation is not affected by the fact that the obligation is itself secured
21 by a transaction or interest to which this article does not apply.]

22 (a) In this article:

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

26 (2) "Account", except as used in "account for", means a right to
27 payment of a monetary obligation, whether or not earned by
28 performance, (i) for property that has been or is to be sold, leased,
29 licensed, assigned or otherwise disposed of, (ii) for services rendered
30 or to be rendered, (iii) for a policy of insurance issued or to be issued,
31 (iv) for a secondary obligation incurred or to be incurred, (v) for
32 energy provided or to be provided, (vi) for the use or hire of a vessel
33 under a charter or other contract, (vii) arising out of the use of a credit
34 or charge card or information contained on or for use with the card, or
35 (viii) as winnings in a lottery or other game of chance operated or
36 sponsored by a state, governmental unit of a state or person licensed or
37 authorized to operate the game by a state or governmental unit of a
38 state. The term includes health-care-insurance receivables. The term
39 does not include (i) rights to payment evidenced by chattel paper or an
40 instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv)
41 investment property, (v) letter-of-credit rights or letters of credit, or (vi)
42 rights to payment for money or funds advanced or sold, other than
43 rights arising out of the use of a credit or charge card or information
44 contained on or for use with the card.

45 (3) "Account debtor" means a person obligated on an account,
46 chattel paper or general intangible.

47 The term does not include persons obligated to pay a negotiable
48 instrument, even if the instrument constitutes part of chattel paper.

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

50 (A) Authenticated by a secured party;

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

54 (C) Identifying the components of the obligations in reasonable
55 detail.

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

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

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

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

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

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

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

68 (C) Whose effectiveness does not depend on the person's possession
69 of the personal property.

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

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

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

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

76 (B) Accounts arising out of the sale at the wellhead or minehead of
77 oil, gas or other minerals in which the debtor had an interest before
78 extraction.

79 (7) "Authenticate" means:

80 (A) To sign; or

81 (B) To execute or otherwise adopt a symbol, or encrypt or similarly
82 process a record in whole or in part, with the present intent of the
83 authenticating person to identify the person and adopt or accept a
84 record.

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

88 (9) "Cash proceeds" means proceeds that are money, checks, deposit
89 accounts or the like.

90 (10) "Certificate of title" means a certificate of title with respect to
91 which a statute provides for the security interest in question to be
92 indicated on the certificate as a condition or result of the security
93 interest's obtaining priority over the rights of a lien creditor with
94 respect to the collateral.

95 (11) "Chattel paper" means a record or records that evidence both a
96 monetary obligation and a security interest in specific goods, a security
97 interest in specific goods and software used in the goods, a security
98 interest in specific goods and license of software used in the goods, a
99 lease of specific goods, or a lease of specific goods and license of
100 software used in the goods. In this subdivision, "monetary obligation"
101 means a monetary obligation secured by the goods or owed under a
102 lease of the goods and includes a monetary obligation with respect to
103 software used in the goods. The term does not include (i) charters or
104 other contracts involving the use or hire of a vessel, or (ii) records that
105 evidence a right to payment arising out of the use of a credit or charge

106 card or information contained on or for use with the card. If a
107 transaction is evidenced by records that include an instrument or series
108 of instruments, the group of records taken together constitutes chattel
109 paper.

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

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

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

115 (C) Goods that are the subject of a consignment.

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

118 (A) The claimant is an organization; or

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

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

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

123 (14) "Commodity account" means an account maintained by a
124 commodity intermediary in which a commodity contract is carried for
125 a commodity customer.

126 (15) "Commodity contract" means a commodity futures contract, an
127 option on a commodity futures contract, a commodity option or
128 another contract if the contract or option is:

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

132 (B) Traded on a foreign commodity board of trade, exchange or
133 market, and is carried on the books of a commodity intermediary for a
134 commodity customer.

135 (16) "Commodity customer" means a person for which a commodity
136 intermediary carries a commodity contract on its books.

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

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

140 (B) In the ordinary course of its business provides clearance or
141 settlement services for a board of trade that has been designated as a
142 contract market pursuant to federal commodities law.

143 (18) "Communicate" means:

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

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

147 (C) In the case of transmission of a record to or by a filing office, to
148 transmit a record by any means prescribed by filing-office regulation.

149 (19) "Consignee" means a merchant to which goods are delivered in
150 a consignment.

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

154 (A) The merchant:

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

157 (ii) Is not an auctioneer; and

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

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

162 (C) The goods are not consumer goods immediately before delivery;
163 and

164 (D) The transaction does not create a security interest that secures an
165 obligation.

166 (21) "Consignor" means a person that delivers goods to a consignee
167 in a consignment.

168 (22) "Consumer debtor" means a debtor in a consumer transaction.

169 (23) "Consumer goods" means goods that are used or bought for use
170 primarily for personal, family or household purposes.

171 (24) "Consumer-goods transaction" means a consumer transaction in
172 which:

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

175 (B) A security interest in consumer goods secures the obligation.

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

179 (26) "Consumer transaction" means a transaction in which (i) an
180 individual incurs an obligation primarily for personal, family or
181 household purposes, (ii) a security interest secures the obligation, and
182 (iii) the collateral is held or acquired primarily for personal, family or
183 household purposes. The term includes consumer-goods transactions.

184 (27) "Continuation statement" means an amendment of a financing

185 statement which:

186 (A) Identifies, by its file number or, in the case of a recording with a
187 filing office described in subdivision (1) of subsection (a) of section
188 42a-9-501, as amended by this act, by book and page number, the
189 initial financing statement to which it relates; and

190 (B) Indicates that it is a continuation statement for, or that it is filed
191 to continue the effectiveness of, the identified financing statement.

192 (28) "Debtor" means:

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

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

197 (C) A consignee.

198 (29) "Deposit account" means a demand, time, savings, passbook or
199 similar account maintained with a bank. The term does not include
200 investment property, accounts evidenced by an instrument, payroll
201 accounts, tax accounts or trust accounts.

202 (30) "Document" means a document of title or a receipt of the type
203 described in subsection (2) of section 42a-7-201.

204 (31) "Electronic chattel paper" means chattel paper evidenced by a
205 record or records consisting of information stored in an electronic
206 medium.

207 (32) "Encumbrance" includes real property mortgages and other
208 liens on real property and all other rights in real property that are not
209 ownership interests.

210 (33) "Equipment" means goods other than inventory, farm products
211 or consumer goods.

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

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

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

217 (ii) Aquatic goods produced in aquacultural operations;

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

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

221 (D) Products of crops or livestock in their unmanufactured states.

222 (35) "Farming operation" means raising, cultivating, propagating,
223 fattening, grazing or any other farming, livestock or aquacultural
224 operation.

225 (36) "File number" means the number assigned to an initial
226 financing statement pursuant to subsection (a) of section 90 of this act.

227 (37) "Filing office" means an office designated in section 42a-9-501,
228 as amended by this act, as the place to file a financing statement.

229 (38) "Filing-office regulation" means a regulation adopted pursuant
230 to section 97 of this act.

231 (39) "Financing statement" means a record or records composed of
232 an initial financing statement and any filed record relating to the initial
233 financing statement.

234 (40) "Fixture filing" means the filing of a financing statement
235 covering goods that are or are to become fixtures and satisfying
236 subsections (a) and (b) of section 42a-9-502, as amended by this act.
237 The term includes the filing of a financing statement covering goods of
238 a transmitting utility which are or are to become fixtures.

239 (41) "Fixtures" means goods that have become so related to
240 particular real property that an interest in them arises under real
241 property law.

242 (42) "General intangible" means any personal property, including
243 things in action, other than accounts, chattel paper, commercial tort
244 claims, deposit accounts, documents, goods, instruments, investment
245 property, letter-of-credit rights, letters of credit, money and oil, gas or
246 other minerals before extraction. The term includes payment
247 intangibles and software.

248 (43) "Good faith" means honesty in fact and the observance of
249 reasonable commercial standards of fair dealing.

250 (44) "Goods" means all things that are movable when a security
251 interest attaches. The term includes (i) fixtures, (ii) standing timber that
252 is to be cut and removed under a conveyance or contract for sale, (iii)
253 the unborn young of animals, (iv) crops grown, growing or to be
254 grown, even if the crops are produced on trees, vines or bushes, and
255 (v) manufactured homes. The term also includes a computer program
256 embedded in goods and any supporting information provided in
257 connection with a transaction relating to the program if (i) the program
258 is associated with the goods in such a manner that it customarily is
259 considered part of the goods, or (ii) by becoming the owner of the
260 goods, a person acquires a right to use the program in connection with
261 the goods. The term does not include a computer program embedded
262 in goods that consist solely of the medium in which the program is
263 embedded. The term also does not include accounts, chattel paper,
264 commercial tort claims, deposit accounts, documents, general
265 intangibles, instruments, investment property, letter-of-credit rights,
266 letters of credit, money or oil, gas or other minerals before extraction.

267 (45) "Governmental unit" means a subdivision, agency, department,
268 county, parish, municipality, or other unit of the government of the
269 United States, a state or a foreign country. The term includes an
270 organization having a separate corporate existence if the organization

271 is eligible to issue debt on which interest is exempt from income
272 taxation under the laws of the United States.

273 (46) "Health-care-insurance receivable" means an interest in or claim
274 under a policy of insurance which is a right to payment of a monetary
275 obligation for health-care goods or services provided.

276 (47) "Instrument" means a negotiable instrument or any other
277 writing that evidences a right to the payment of a monetary obligation,
278 is not itself a security agreement or lease and is of a type that in
279 ordinary course of business is transferred by delivery with any
280 necessary endorsement or assignment. The term does not include (i)
281 investment property, (ii) letters of credit, or (iii) writings that evidence
282 a right to payment arising out of the use of a credit or charge card or
283 information contained on or for use with the card.

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

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

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

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

289 (D) Consist of raw materials, work in process or materials used or
290 consumed in a business.

291 (49) "Investment property" means a security, whether certificated or
292 uncertificated, security entitlement, securities account, commodity
293 contract or commodity account.

294 (50) "Jurisdiction of organization", with respect to a registered
295 organization, means the jurisdiction under whose law the organization
296 is organized.

297 (51) "Letter-of-credit right" means a right to payment or
298 performance under a letter of credit, whether or not the beneficiary has

299 demanded or is at the time entitled to demand payment or
300 performance. The term does not include the right of a beneficiary to
301 demand payment or performance under a letter of credit.

302 (52) "Lien creditor" means:

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

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

306 (C) A trustee in bankruptcy from the date of the filing of the
307 petition; or

308 (D) A receiver in equity from the time of appointment.

309 (53) "Manufactured home" means a "mobile manufactured home" as
310 defined in section 21-64.

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

312 (A) That creates a purchase-money security interest in a
313 manufactured home, other than a manufactured home held as
314 inventory; or

315 (B) In which a manufactured home, other than a manufactured
316 home held as inventory, is the primary collateral.

317 (55) "Mortgage" means a consensual interest in real property,
318 including fixtures, which secures payment or performance of an
319 obligation.

320 (56) "New debtor" means a person that becomes bound as debtor
321 under subsection (d) of section 42a-9-203, as amended by this act, by a
322 security agreement previously entered into by another person.

323 (57) "New value" means (i) money, (ii) money's worth in property,
324 services or new credit, or (iii) release by a transferee of an interest in
325 property previously transferred to the transferee. The term does not

326 include an obligation substituted for another obligation.

327 (58) "Noncash proceeds" means proceeds other than cash proceeds.

328 (59) "Obligor" means a person that, with respect to an obligation
329 secured by a security interest in or an agricultural lien on the collateral,
330 (i) owes payment or other performance of the obligation, (ii) has
331 provided property other than the collateral to secure payment or other
332 performance of the obligation, or (iii) is otherwise accountable in
333 whole or in part for payment or other performance of the obligation.
334 The term does not include issuers or nominated persons under a letter
335 of credit.

336 (60) "Original debtor", except as used in subsection (c) of section
337 42a-9-310, as amended by this act, means a person that, as debtor,
338 entered into a security agreement to which a new debtor has become
339 bound under subsection (d) of section 42a-9-203, as amended by this
340 act.

341 (61) "Payment intangible" means a general intangible under which
342 the account debtor's principal obligation is a monetary obligation.

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

344 (A) The spouse of the individual;

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

346 (C) An ancestor or lineal descendant of the individual or the
347 individual's spouse; or

348 (D) Any other relative, by blood or marriage, of the individual or the
349 individual's spouse who shares the same home with the individual.

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

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

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

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

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

359 (E) An individual who is related by blood or marriage to an
360 individual described in subparagraph (A), (B), (C) or (D) and shares
361 the same home with the individual.

362 (64) "Proceeds", except as used in subsection (b) of section 106 of this
363 act, means the following property:

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

366 (B) Rights arising out of collateral;

367 (C) To the extent of the value of collateral, claims arising out of the
368 loss, nonconformity or interference with the use of, defects or
369 infringement of rights in, or damage to, the collateral; or

370 (D) To the extent of the value of collateral and to the extent payable
371 to the debtor or the secured party, insurance payable by reason of the
372 loss or nonconformity of, defects or infringement of rights in, or
373 damage to, the collateral.

374 (65) "Promissory note" means an instrument that evidences a
375 promise to pay a monetary obligation, does not evidence an order to
376 pay and does not contain an acknowledgment by a bank that the bank
377 has received for deposit a sum of money or funds.

378 (66) "Proposal" means a record authenticated by a secured party
379 which includes the terms on which the secured party is willing to
380 accept collateral in full or partial satisfaction of the obligation it secures

381 pursuant to sections 117, 118 and 119 of this act.

382 (67) "Public-finance transaction" means a secured transaction in
383 connection with which:

384 (A) Debt securities are issued;

385 (B) All or a portion of the securities issued have an initial stated
386 maturity of at least twenty years; and

387 (C) The debtor, obligor, secured party, account debtor or other
388 person obligated on collateral, assignor or assignee of a secured
389 obligation or assignor or assignee of a security interest is a state or a
390 governmental unit of a state.

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

396 (69) "Record", except as used in "for record", "of record", "record or
397 legal title" and "record owner", means information that is inscribed on
398 a tangible medium or which is stored in an electronic or other medium
399 and is retrievable in perceivable form.

400 (70) "Registered organization" means an organization organized
401 solely under the law of a single state or the United States and as to
402 which the state or the United States must maintain a public record
403 showing the organization to have been organized.

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

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

406 (B) The obligor has a right of recourse with respect to an obligation
407 secured by collateral against the debtor, another obligor or property of
408 either.

409 (72) "Secured party" means:

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

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

414 (C) A consignor;

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

417 (E) A trustee, indenture trustee, agent, collateral agent or other
418 representative in whose favor a security interest or agricultural lien is
419 created or provided for; or

420 (F) A person that holds a security interest arising under section 42a-
421 2-401, section 42a-2-505, subsection (3) of section 42a-2-711, section 42a-
422 4-210 or section 42a-5-118, as amended by this act.

423 (73) "Security agreement" means an agreement that creates or
424 provides for a security interest.

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

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

430 (B) To cause the record or notification to be received within the time
431 that it would have been received if properly sent under subparagraph
432 (A).

433 (75) "Software" means a computer program and any supporting
434 information provided in connection with a transaction relating to the
435 program. The term does not include a computer program that is
436 included in the definition of goods.

437 (76) "State" means a state of the United States, the District of
438 Columbia, Puerto Rico, the United States Virgin Islands or any
439 territory or insular possession subject to the jurisdiction of the United
440 States.

441 (77) "Supporting obligation" means a letter-of-credit right or
442 secondary obligation that supports the payment or performance of an
443 account, chattel paper, a document, a general intangible, an instrument
444 or investment property.

445 (78) "Tangible chattel paper" means chattel paper evidenced by a
446 record or records consisting of information that is inscribed on a
447 tangible medium.

448 (79) "Termination statement" means an amendment of a financing
449 statement which:

450 (A) Identifies, by its file number or, in the case of a recording with a
451 filing office described in subdivision (1) of subsection (a) of section
452 42a-9-501, as amended by this act, by book and page number, the
453 initial financing statement to which it relates; and

454 (B) Indicates either that it is a termination statement or that the
455 identified financing statement is no longer effective.

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

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

459 (B) Transmitting communications electrically, electromagnetically or
460 by light;

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

462 (D) Transmitting or producing and transmitting electricity, steam,
463 gas or water.

464 (b) The following definitions in other articles apply to this article:

- 465 "Applicant". Section 42a-5-102.
- 466 "Beneficiary". Section 42a-5-102.
- 467 "Broker". Section 42a-8-102.
- 468 "Certificated security". Section 42a-8-102.
- 469 "Check". Section 42a-3-104.
- 470 "Clearing corporation". Section 42a-8-102.
- 471 "Contract for sale". Section 42a-2-106.
- 472 "Customer". Section 42a-4-104.
- 473 "Entitlement holder". Section 42a-8-102.
- 474 "Financial asset". Section 42a-8-102.
- 475 "Holder in due course". Section 42a-3-302.
- 476 "Issuer" (with respect to a letter of credit or letter-of-credit right).
477 Section 42a-5-102.
- 478 "Issuer" (with respect to a security). Section 42a-8-201.
- 479 "Letter of credit". Section 42a-5-102.
- 480 "Merchant". Section 42a-2-104.
- 481 "Negotiable instrument". Section 42a-3-104.
- 482 "Nominated person". Section 42a-5-102.
- 483 "Note". Section 42a-3-104.
- 484 "Proceeds of a letter of credit". Section 42a-5-114.
- 485 "Prove". Section 42a-3-103.
- 486 "Sale". Section 42a-2-106.

487 "Securities account". Section 42a-8-501.

488 "Securities intermediary". Section 42a-8-102.

489 "Security". Section 42a-8-102.

490 "Security certificate". Section 42a-8-102.

491 "Security entitlement". Section 42a-8-102.

492 "Uncertificated security". Section 42a-8-102.

493 (c) Article 1 contains general definitions and principles of
494 construction and interpretation applicable throughout this article.

495 Sec. 3. Section 42a-9-103a of the general statutes is repealed and the
496 following is substituted in lieu thereof:

497 [(1) (a) This subsection applies to documents, instruments, rights to
498 proceeds of written letters of credit and goods other than those
499 covered by a certificate of title described in subsection (2), mobile
500 goods described in subsection (3), and minerals described in
501 subsection (5); (b) except as otherwise provided in this subsection,
502 perfection and the effect of perfection or nonperfection of a security
503 interest in collateral are governed by the law of the jurisdiction where
504 the collateral is when the last event occurs on which is based the
505 assertion that the security interest is perfected or unperfected; (c) if the
506 parties to a transaction creating a purchase money security interest in
507 goods in one jurisdiction understand at the time that the security
508 interest attaches that the goods will be kept in another jurisdiction,
509 then the law of the other jurisdiction governs the perfection and the
510 effect of perfection or nonperfection of the security interest from the
511 time it attaches until thirty days after the debtor receives possession of
512 the goods and thereafter if the goods are taken to the other jurisdiction
513 before the end of the thirty-day period; (d) when collateral is brought
514 into and kept in this state while subject to a security interest perfected
515 under the law of the jurisdiction from which the collateral was
516 removed, the security interest remains perfected, but if action is

517 required by part 3 of this article to perfect the security interest, (i) if
518 such action is not taken before the expiration of the period of
519 perfection in the other jurisdiction or the end of four months after the
520 collateral is brought into this state, whichever period first expires, the
521 security interest becomes unperfected at the end of that period and is
522 thereafter deemed to have been unperfected as against a person who
523 became a purchaser after removal; (ii) if such action is taken before the
524 expiration of the period specified in subparagraph (i), the security
525 interest continues perfected thereafter; (iii) for the purpose of priority
526 over a buyer of consumer goods as provided in subsection (2) of
527 section 42a-9-307, the period of the effectiveness of a filing in the
528 jurisdiction from which the collateral is removed is governed by the
529 rules with respect to perfection in subparagraphs (i) and (ii) of this
530 subsection.

531 (2) (a) Subsection (2) applies to goods covered by a certificate of title
532 issued under a statute of this state or of another jurisdiction under the
533 law of which indication of a security interest on the certificate is
534 required as a condition of perfection; (b) except as otherwise provided
535 in this subsection, perfection and the effect of perfection or
536 nonperfection of the security interest are governed by the law,
537 including the conflict of laws rules, of the jurisdiction issuing the
538 certificate until four months after the goods are removed from that
539 jurisdiction and thereafter until the goods are registered in another
540 jurisdiction, but in any event not beyond surrender of the certificate.
541 After the expiration of such period, the goods are not covered by the
542 certificate of title within the meaning of this section; (c) except with
543 respect to the rights of a buyer described in subdivision (d), a security
544 interest, perfected in another jurisdiction otherwise than by notation
545 on a certificate of title, in goods brought into this state and thereafter
546 covered by a certificate of title issued by this state is subject to the rules
547 stated in subdivision (d) of subsection (1) of this section; (d) if goods
548 are brought into this state while a security interest therein is perfected
549 in any manner under the law of the jurisdiction from which the goods
550 are removed and a certificate of title is issued by this state and the

551 certificate does not show that the goods are subject to the security
552 interest or that they may be subject to security interests not shown on
553 the certificate, the security interest is subordinate to the rights of a
554 buyer of the goods who is not in the business of selling goods of that
555 kind to the extent that he gives value and receives delivery of the
556 goods after issuance of the certificate and without knowledge of the
557 security interest.

558 (3) (a) Subsection (3) applies to accounts, other than an account
559 described in subsection (5) of this section on minerals, and general
560 intangibles, other than certificated securities and to goods which are
561 mobile and which are of a type normally used in more than one
562 jurisdiction, such as motor vehicles, trailers, rolling stock, airplanes,
563 shipping containers, road building and construction machinery and
564 commercial harvesting machinery and the like, if the goods are
565 equipment or are inventory leased or held for lease by the debtor to
566 others, and are not covered by a certificate of title described in
567 subsection (2) of this section; (b) the law, including the conflict of laws
568 rules, of the jurisdiction in which the debtor is located governs the
569 perfection and the effect of perfection or nonperfection of the security
570 interest; (c) if, however, the debtor is located in a jurisdiction which is
571 not a part of the United States, and which does not provide for
572 perfection of the security interest by filing or recording in that
573 jurisdiction, the law of the jurisdiction in the United States in which
574 the debtor has its major executive office in the United States governs
575 the perfection and the effect of perfection or nonperfection of the
576 security interest through filing. In the alternative, if the debtor is
577 located in a jurisdiction which is not a part of the United States or
578 Canada and the collateral is accounts or general intangibles for money
579 due or to become due, the security interest may be perfected by
580 notification to the account debtor. As used in this subdivision, "United
581 States" includes its territories and possessions and the Commonwealth
582 of Puerto Rico; (d) a debtor shall be deemed located at his place of
583 business if he has one, at his chief executive office if he has more than
584 one place of business, otherwise at his residence. If, however, the

585 debtor is a foreign air carrier under the Federal Aviation Act of 1958, as
586 amended, it shall be deemed located at the designated office of the
587 agent upon whom service of process may be made on behalf of the
588 foreign air carrier; (e) a security interest perfected under the law of the
589 jurisdiction of the location of the debtor is perfected until the
590 expiration of four months after a change of the debtor's location to
591 another jurisdiction, or until perfection would have ceased by the law
592 of the first jurisdiction, whichever period first expires. Unless perfected
593 in the new jurisdiction before the end of that period, it becomes
594 unperfected thereafter and is deemed to have been unperfected as
595 against a person who became a purchaser after the change.

596 (4) The rules stated for goods in subsection (1) of this section apply
597 to a possessory security interest in chattel paper. The rules stated for
598 accounts in subsection (3) of this section apply to a nonpossessory
599 security interest in chattel paper, but the security interest may not be
600 perfected by notification to the account debtor.

601 (5) Perfection and the effect of perfection or nonperfection of a
602 security interest which is created by a debtor who has an interest in
603 minerals or the like, including oil and gas, before extraction and which
604 attaches thereto as extracted, or which attaches to an account resulting
605 from the sale thereof at the wellhead or minehead are governed by the
606 law, including the conflict of laws rules, of the jurisdiction wherein the
607 wellhead or minehead is located.

608 (6) (a) This subsection applies to investment property.

609 (b) Except as otherwise provided in subdivision (f) of this
610 subsection, during the time that a security certificate is located in a
611 jurisdiction, perfection of a security interest, the effect of perfection or
612 nonperfection, and the priority of a security interest in the certificated
613 security represented thereby are governed by the local law of that
614 jurisdiction.

615 (c) Except as otherwise provided in subdivision (f) of this
616 subsection, perfection of a security interest, the effect of perfection or

617 nonperfection and the priority of a security interest in an uncertificated
618 security are governed by the local law of the issuer's jurisdiction as
619 specified in subsection (d) of section 42a-8-110.

620 (d) Except as otherwise provided in subdivision (f) of this
621 subsection, perfection of a security interest, the effect of perfection or
622 nonperfection and the priority of a security interest in a security
623 entitlement or securities account are governed by the local law of the
624 securities intermediary's jurisdiction as specified in subsection (e) of
625 section 42a-8-110.

626 (e) Except as otherwise provided in subdivision (f) of this
627 subsection, perfection of a security interest, the effect of perfection or
628 nonperfection and the priority of a security interest in a commodity
629 contract or commodity account are governed by the local law of the
630 commodity intermediary's jurisdiction. The following rules determine
631 a "commodity intermediary's jurisdiction" for purposes of this
632 subdivision:

633 (i) If an agreement between the commodity intermediary and
634 commodity customer specifies that it is governed by the law of a
635 particular jurisdiction, that jurisdiction is the commodity
636 intermediary's jurisdiction.

637 (ii) If an agreement between the commodity intermediary and
638 commodity customer does not specify the governing law as provided
639 in subparagraph (i) of this subdivision, but expressly specifies that the
640 commodity account is maintained at an office in a particular
641 jurisdiction, that jurisdiction is the commodity intermediary's
642 jurisdiction.

643 (iii) If an agreement between the commodity intermediary and
644 commodity customer does not specify a jurisdiction as provided in
645 subparagraph (i) or (ii) of this subdivision, the commodity
646 intermediary's jurisdiction is the jurisdiction in which is located the
647 office identified in an account statement as the office serving the
648 commodity customer's account.

649 (iv) If an agreement between the commodity intermediary and
650 commodity customer does not specify a jurisdiction as provided in
651 subparagraph (i) or (ii) of this subdivision and an account statement
652 does not identify an office serving the commodity customer's account
653 as provided in subparagraph (iii) of this subdivision, the commodity
654 intermediary's jurisdiction is the jurisdiction in which is located the
655 chief executive office of the commodity intermediary.

656 (f) Perfection of a security interest by filing, automatic perfection of
657 a security interest in investment property granted by a broker or
658 securities intermediary and automatic perfection of a security interest
659 in a commodity contract or commodity account granted by a
660 commodity intermediary are governed by the local law of the
661 jurisdiction in which the debtor is located.]

662 (a) In this section:

663 (1) "Purchase-money collateral" means goods or software that
664 secures a purchase-money obligation incurred with respect to that
665 collateral; and

666 (2) "Purchase-money obligation" means an obligation of an obligor
667 incurred as all or part of the price of the collateral or for value given to
668 enable the debtor to acquire rights in or the use of the collateral if the
669 value is in fact so used.

670 (b) A security interest in goods is a purchase-money security
671 interest:

672 (1) To the extent that the goods are purchase-money collateral with
673 respect to that security interest;

674 (2) If the security interest is in inventory that is or was purchase-
675 money collateral, also to the extent that the security interest secures a
676 purchase-money obligation incurred with respect to other inventory in
677 which the secured party holds or held a purchase-money security
678 interest; and

679 (3) Also to the extent that the security interest secures a purchase-
680 money obligation incurred with respect to software in which the
681 secured party holds or held a purchase-money security interest.

682 (c) A security interest in software is a purchase-money security
683 interest to the extent that the security interest also secures a purchase-
684 money obligation incurred with respect to goods in which the secured
685 party holds or held a purchase-money security interest if:

686 (1) The debtor acquired its interest in the software in an integrated
687 transaction in which it acquired an interest in the goods; and

688 (2) The debtor acquired its interest in the software for the principal
689 purpose of using the software in the goods.

690 (d) The security interest of a consignor in goods that are the subject
691 of a consignment is a purchase-money security interest in inventory.

692 (e) (1) In a transaction other than a consumer-goods transaction, if
693 the extent to which a security interest is a purchase-money security
694 interest depends on the application of a payment to a particular
695 obligation, the payment must be applied:

696 (A) In accordance with any reasonable method of application to
697 which the parties agree;

698 (B) In the absence of the parties' agreement to a reasonable method,
699 in accordance with any intention of the obligor manifested at or before
700 the time of payment; or

701 C) In the absence of an agreement to a reasonable method and a
702 timely manifestation of the obligor's intention, in the following order:

703 (i) To obligations that are not secured; and

704 (ii) If more than one obligation is secured, to obligations secured by
705 purchase-money security interests in the order in which those
706 obligations were incurred.

707 (2) In a consumer-goods transaction, if the extent to which a security
708 interest is a purchase-money security interest depends on the
709 application of a payment to a particular obligation:

710 (A) The payment must be applied so that the secured party retains
711 no purchase money security interest in any property as to which the
712 secured party has recovered payments aggregating the amount of the
713 sale price including any finance charges attributable thereto; and

714 (B) For the purposes of this subsection only, in the case of items
715 purchased on different dates, the first item purchased shall be deemed
716 the first paid for and, in the case of items purchased on the same date,
717 the lowest priced item shall be deemed the first paid for.

718 (f) In a transaction other than a consumer-goods transaction, a
719 purchase-money security interest does not lose its status as such, even
720 if:

721 (1) The purchase-money collateral also secures an obligation that is
722 not a purchase-money obligation;

723 (2) Collateral that is not purchase-money collateral also secures the
724 purchase-money obligation; or

725 (3) The purchase-money obligation has been renewed, refinanced,
726 consolidated or restructured.

727 (g) In a transaction other than a consumer-goods transaction, a
728 secured party claiming a purchase-money security interest has the
729 burden of establishing the extent to which the security interest is a
730 purchase-money security interest.

731 (h) The limitation of the rules in subsections (f) and (g) of this
732 section to transactions other than consumer-goods transactions is
733 intended to leave to the court the determination of the proper rules in
734 consumer-goods transactions. The court may not infer from that
735 limitation the nature of the proper rule in consumer-goods transactions
736 and may continue to apply established approaches. Those approaches

737 may apply principles of existing statutory and case law that apply to
738 analogous consumer transactions in similar goods under part XI of
739 chapter 669 and under other law of this state.

740 Sec. 4. Section 42a-9-104 of the general statutes is repealed and the
741 following is substituted in lieu thereof:

742 [This article does not apply (a) to a security interest subject to any
743 statute of the United States to the extent that such statute governs the
744 rights of parties to and third parties affected by transactions in
745 particular types of property; or (b) to a landlord's lien; or (c) to a lien
746 given by statute or other rule of law for services or materials except as
747 provided in section 42a-9-310 on priority of such liens; or (d) to a
748 transfer of a claim for wages, salary or other compensation of an
749 employee; or (e) to a transfer by a government or governmental
750 subdivision or agency; or (f) to a sale of accounts or chattel paper as
751 part of a sale of the business out of which they arose, or an assignment
752 of accounts or chattel paper which is for the purpose of collection only,
753 or a transfer of a right to payment under a contract to an assignee who
754 is also to do the performance under the contract or a transfer of a
755 single account to an assignee in whole or partial satisfaction of a
756 preexisting indebtedness; or (g) to a transfer of an interest or claim in
757 or under any policy of insurance, except as provided with respect to
758 proceeds and priorities in proceeds; or (h) to a right represented by a
759 judgment, other than a judgment taken on a right to payment which
760 was collateral; or (i) to any right of set-off; or (j) except to the extent
761 that provision is made for fixtures in section 42a-9-313, to the creation
762 or transfer of an interest in or lien on real estate, including a lease or
763 rents thereunder; or (k) to a transfer in whole or in part of any claim
764 arising out of tort; or (l) to a transfer of an interest in any deposit
765 account, except as provided with respect to proceeds and priorities in
766 proceeds; or (m) to a transfer of an interest in a letter of credit other
767 than the rights to proceeds of a written letter of credit.]

768 (a) A secured party has control of a deposit account if:

769 (1) The secured party is the bank with which the deposit account is
770 maintained;

771 (2) The debtor, secured party and bank have agreed in an
772 authenticated record that the bank will comply with instructions
773 originated by the secured party directing disposition of the funds in
774 the deposit account without further consent by the debtor; or

775 (3) The secured party becomes the bank's customer with respect to
776 the deposit account.

777 (b) A secured party that has satisfied subsection (a) of this section
778 has control, even if the debtor retains the right to direct the disposition
779 of funds from the deposit account.

780 Sec. 5. Section 42a-9-105 of the general statutes is repealed and the
781 following is substituted in lieu thereof:

782 [(1) In this article unless the context otherwise requires: (a) "Account
783 debtor" means the person who is obligated on an account, chattel
784 paper or general intangible; (b) "chattel paper" means a writing or
785 writings which evidence both a monetary obligation and a security
786 interest in or a lease of specific goods, but a charter or other contract
787 involving the use or hire of a vessel is not chattel paper. When a
788 transaction is evidenced both by such a security agreement or a lease
789 and by an instrument or a series of instruments, the group of writings
790 taken together constitutes chattel paper; (c) "collateral" means the
791 property subject to a security interest, and includes accounts and
792 chattel paper which have been sold; (d) "debtor" means the person
793 who owes a payment or other performance of the obligation secured,
794 whether or not he owns or has rights in the collateral, and includes the
795 seller of accounts or chattel paper. Where the debtor and the owner of
796 the collateral are not the same person, the term "debtor" means the
797 owner of the collateral in any provision of the article dealing with the
798 collateral, the obligor in any provision dealing with the obligation, and
799 may include both where the context so requires; (e) "deposit account"
800 means a demand, time, savings, passbook or like account maintained

801 with a bank, savings and loan association, credit union or like
802 organization, other than an account evidenced by a certificate of
803 deposit; (f) "document" means document of title as defined in the
804 general definitions of section 42a-1-201, and a receipt of the kind
805 described in subsection (2) of section 42a-7-201; (g) "encumbrance"
806 includes real estate mortgages and other liens on real estate and all
807 other rights in real estate that are not ownership interest; (h) "goods"
808 includes all things which are movable at the time the security interest
809 attaches or which are fixtures, as provided in section 42a-9-313, but
810 does not include money, documents, instruments, investment
811 property, accounts, chattel paper, general intangibles or minerals or
812 the like, including oil and gas, before extraction. "Goods" also includes
813 standing timber which is to be cut and removed under a conveyance or
814 contract for sale, the unborn young of animals and growing crops; (i)
815 "instrument" means a negotiable instrument, as defined in section 42a-
816 3-104, or any other writing which evidences a right to the payment of
817 money and is not itself a security agreement or lease and is of a type
818 which is in ordinary course of business transferred by delivery with
819 any necessary endorsement or assignment. The term does not include
820 investment property; (j) "mortgage" means a consensual interest
821 created by a real estate mortgage, a trust deed on real estate or the like;
822 (k) an advance is made "pursuant to commitment" if the secured party
823 has bound himself to make it, whether or not a subsequent event of
824 default or other event not within his control has relieved or may
825 relieve him from his obligation; (l) "security agreement" means an
826 agreement which creates or provides for a security interest; (m)
827 "secured party" means a lender, seller or other person in whose favor
828 there is a security interest, including a person to whom accounts or
829 chattel paper have been sold. When the holders of obligations issued
830 under an indenture of trust, equipment trust agreement or the like are
831 represented by a trustee or other person, the representative is the
832 secured party; (n) "transmitting utility" means any person primarily
833 engaged in the railroad business, the electric or electronics
834 communications transmission business, the transmission of goods by
835 pipeline, or the transmission or the production and transmission of

836 electricity, steam, gas or water, or the provision of sewer service.

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

839 "Account". Section 42a-9-106.

840 "Attach". Section 42a-9-203.

841 "Commodity contract". Section 42a-9-115.

842 "Commodity customer". Section 42a-9-115.

843 "Commodity intermediary". Section 42a-9-115.

844 "Construction mortgage". Section 42a-9-313(1).

845 "Consumer goods". Section 42a-9-109(1).

846 "Control". Section 42a-9-115.

847 "Equipment". Section 42a-9-109(2).

848 "Farm products". Section 42a-9-109(3).

849 "Fixture". Section 42a-9-313.

850 "Fixture filing". Section 42a-9-313.

851 "General intangibles". Section 42a-9-106.

852 "Inventory". Section 42a-9-109(4).

853 "Investment property". Section 42a-9-115.

854 "Lien creditor". Section 42a-9-301(3).

855 "Proceeds". Section 42a-9-306(1).

856 "Purchase money security interest". Section 42a-9-107.

857 "United States". Section 42a-9-103a.

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

859 "Broker". Section 42a-8-102.

860 "Certificated security". Section 42a-8-102.

861 "Check". Section 42a-3-104.

862 "Clearing corporation". Section 42a-8-102.

863 "Contract for sale". Section 42a-2-106.

864 "Control". Section 42a-8-106.

865 "Delivery". Section 42a-8-301.

866 "Entitlement holder". Section 42a-8-102.

867 "Financial asset". Section 42a-8-102

868 "Holder in due course". Section 42a-3-302.

869 "Letter of credit". Section 42a-5-102.

870 "Note". Section 42a-3-104.

871 "Proceeds of a letter of credit". Section 42a-5-114(a).

872 "Sale". Section 42a-2-106.

873 "Securities intermediary". Section 42a-8-102.

874 "Security". Section 42a-8-102.

875 "Security certificate". Section 42a-8-102.

876 "Security entitlement". Section 42a-8-102.

877 "Uncertificated security". Section 42a-8-102.

878 (4) In addition article 1 contains general definitions and principles of
879 construction and interpretation applicable throughout this article.]

880 A secured party has control of electronic chattel paper if the record
881 or records comprising the chattel paper are created, stored and
882 assigned in such a manner that:

883 (1) A single authoritative copy of the record or records exists which
884 is unique, identifiable and, except as otherwise provided in
885 subdivisions (4), (5) and (6), unalterable;

886 (2) The authoritative copy identifies the secured party as the
887 assignee of the record or records;

888 (3) The authoritative copy is communicated to and maintained by
889 the secured party or its designated custodian;

890 (4) Copies or revisions that add or change an identified assignee of
891 the authoritative copy can be made only with the participation of the
892 secured party;

893 (5) Each copy of the authoritative copy and any copy of a copy is
894 readily identifiable as a copy that is not the authoritative copy; and

895 (6) Any revision of the authoritative copy is readily identifiable as
896 an authorized or unauthorized revision.

897 Sec. 6. Section 42a-9-106 of the general statutes is repealed and the
898 following is substituted in lieu thereof:

899 ["Account" means any right to payment for goods sold or leased or
900 for services rendered which is not evidenced by an instrument or
901 chattel paper, whether or not it has been earned by performance.
902 "General intangibles" means any personal property, including things in
903 action, other than goods, accounts, chattel paper, documents,
904 instruments, investment property, rights to proceeds of written letters
905 of credit and money. All rights to payment earned or unearned under
906 a charter or other contract involving the use or hire of a vessel and all
907 rights incident to the charter or contract are accounts.]

908 (a) A person has control of a certificated security, uncertificated

909 security or security entitlement as provided in section 42a-8-106.

910 (b) A secured party has control of a commodity contract if:

911 (1) The secured party is the commodity intermediary with which the
912 commodity contract is carried; or

913 (2) The commodity customer, secured party and commodity
914 intermediary have agreed that the commodity intermediary will apply
915 any value distributed on account of the commodity contract as
916 directed by the secured party without further consent by the
917 commodity customer.

918 (c) A secured party having control of all security entitlements or
919 commodity contracts carried in a securities account or commodity
920 account has control over the securities account or commodity account.

921 Sec. 7. Section 42a-9-107 of the general statutes is repealed and the
922 following is substituted in lieu thereof:

923 [A security interest is a "purchase money security interest" to the
924 extent that it is (a) taken or retained by the seller of the collateral to
925 secure all or part of its price; or (b) taken by a person who by making
926 advances or incurring an obligation gives value to enable the debtor to
927 acquire rights in or the use of collateral if such value is in fact so used.]

928 A secured party has control of a letter-of-credit right to the extent of
929 any right to payment or performance by the issuer or any nominated
930 person if the issuer or nominated person has consented to an
931 assignment of proceeds of the letter of credit under subsection (c) of
932 section 42a-5-114 or otherwise applicable law or practice.

933 Sec. 8. Section 42a-9-108 of the general statutes is repealed and the
934 following is substituted in lieu thereof:

935 [Where a secured party makes an advance, incurs an obligation,
936 releases a perfected security interest, or otherwise gives new value
937 which is to be secured in whole or in part by after-acquired property

938 his security interest in the after-acquired collateral shall be deemed to
939 be taken for new value and not as security for an antecedent debt if the
940 debtor acquires his rights in such collateral either in the ordinary
941 course of his business or under a contract of purchase made pursuant
942 to the security agreement within a reasonable time after new value is
943 given.]

944 (a) Except as otherwise provided in subsections (c), (d) and (e), a
945 description of personal or real property is sufficient, whether or not it
946 is specific, if it reasonably identifies what is described.

947 (b) Except as otherwise provided in subsection (d), a description of
948 collateral reasonably identifies the collateral if it identifies the collateral
949 by:

950 (1) Specific listing;

951 (2) Category;

952 (3) Except as otherwise provided in subsection (e), a type of
953 collateral defined in this title;

954 (4) Quantity;

955 (5) Computational or allocational formula or procedure; or

956 (6) Except as otherwise provided in subsection (c), any other
957 method, if the identity of the collateral is objectively determinable.

958 (c) A description of collateral as "all the debtor's assets" or "all the
959 debtor's personal property" or using words of similar import does not
960 reasonably identify the collateral.

961 (d) Except as otherwise provided in subsection (e), a description of a
962 security entitlement, securities account or commodity account is
963 sufficient if it describes:

964 (1) The collateral by those terms or as investment property; or

965 (2) The underlying financial asset or commodity contract.

966 (e) A description only by type of collateral defined in this title is an
967 insufficient description of:

968 (1) A commercial tort claim; or

969 (2) In a consumer transaction, consumer goods, a security
970 entitlement, a securities account or a commodity account.

971 Sec. 9. Section 42a-9-109 of the general statutes is repealed and the
972 following is substituted in lieu thereof:

973 [Goods are (1) "consumer goods" if they are used or bought for use
974 primarily for personal, family or household purposes; (2) "equipment"
975 if they are used or bought for use primarily in business, including
976 farming or a profession, or by a debtor who is a nonprofit organization
977 or a governmental subdivision or agency or if the goods are not
978 included in the definitions of inventory, farm products or consumer
979 goods; (3) "farm products" if they are crops or livestock or supplies
980 used or produced in farming operations or if they are products of
981 crops or livestock in their unmanufactured states, such as ginned
982 cotton, woolclip, maple syrup, milk and eggs, and if they are in the
983 possession of a debtor engaged in raising, fattening, grazing or other
984 farming operations. If goods are farm products they are neither
985 equipment nor inventory; (4) "inventory" if they are held by a person
986 who holds them for sale or lease or to be furnished under contracts of
987 service or if he has so furnished them, or if they are raw materials,
988 work in process or materials used or consumed in a business.
989 Inventory of a person is not to be classified as his equipment.]

990 (a) Except as otherwise provided in subsections (c) and (d), this
991 article applies to:

992 (1) A transaction, regardless of its form, that creates a security
993 interest in personal property or fixtures by contract;

994 (2) An agricultural lien;

995 (3) A sale of accounts, chattel paper, payment intangibles or
996 promissory notes;

997 (4) A consignment;

998 (5) A security interest arising under section 42a-2-401, section 42a-2-
999 505 or subsection (3) of section 42a-2-711, as provided in section 42a-
1000 9-110, as amended by this act; and

1001 (6) A security interest arising under section 42a-4-210 or section 42a-
1002 5-118, as amended by this act.

1003 (b) The application of this article to a security interest in a secured
1004 obligation is not affected by the fact that the obligation is itself secured
1005 by a transaction or interest to which this article does not apply.

1006 (c) This article does not apply to the extent that:

1007 (1) A statute, regulation or treaty of the United States preempts this
1008 article;

1009 (2) A statute of another state, a foreign country or a governmental
1010 unit of another state or a foreign country, other than a statute generally
1011 applicable to security interests, expressly governs creation, perfection,
1012 priority or enforcement of a security interest created by the state,
1013 country or governmental unit; or

1014 (3) The rights of a transferee beneficiary or nominated person under
1015 a letter of credit are independent and superior under section 42a-5-114.

1016 (d) This article does not apply to:

1017 (1) A landlord's lien, other than an agricultural lien;

1018 (2) A lien, other than an agricultural lien, given by statute or other
1019 rule of law for services or materials, but section 53 of this act applies
1020 with respect to priority of the lien;

1021 (3) An assignment of a claim for wages, salary or other

1022 compensation of an employee;

1023 (4) A sale of accounts, chattel paper, payment intangibles or
1024 promissory notes as part of a sale of the business out of which they
1025 arose;

1026 (5) An assignment of accounts, chattel paper, payment intangibles or
1027 promissory notes which is for the purpose of collection only;

1028 (6) An assignment of a right to payment under a contract to an
1029 assignee that is also obligated to perform under the contract;

1030 (7) An assignment of a single account, payment intangible or
1031 promissory note to an assignee in full or partial satisfaction of a
1032 preexisting indebtedness;

1033 (8) A transfer of an interest in or an assignment of a claim under a
1034 policy of insurance, other than an assignment by or to a health-care
1035 provider of a health-care-insurance receivable and any subsequent
1036 assignment of the right to payment, but section 42a-9-315, as amended
1037 by this act, and section 42 of this act, apply with respect to proceeds
1038 and priorities in proceeds;

1039 (9) An assignment of a right represented by a judgment, other than a
1040 judgment taken on a right to payment that was collateral;

1041 (10) A right of recoupment or set-off, but:

1042 (A) Section 60 of this act applies with respect to the effectiveness of
1043 rights of recoupment or set-off against deposit accounts; and

1044 (B) Section 42a-9-404, as amended by this act, applies with respect
1045 to defenses or claims of an account debtor;

1046 (11) The creation or transfer of an interest in or lien on real property,
1047 including a lease or rents thereunder, except to the extent that
1048 provision is made for:

1049 (A) Liens on real property in sections 42a-9-203 and 42a-9-308, as

1050 amended by this act;

1051 (B) Fixtures in section 54 of this act;

1052 (C) Fixture filings in sections 42a-9-501 and 42a-9-502, as amended
1053 by this act, and sections 83, 87 and 90 of this act; and

1054 (D) Security agreements covering personal and real property in
1055 section 101 of this act;

1056 (12) An assignment of a claim arising in tort, other than a
1057 commercial tort claim, but section 42a-9-315, as amended by this act,
1058 and section 42 of this act, apply with respect to proceeds and priorities
1059 in proceeds;

1060 (13) An assignment of a deposit account in a consumer transaction,
1061 but section 42a-9-315, as amended by this act, and section 42 of this act,
1062 apply with respect to proceeds and priorities in proceeds;

1063 (14) A transfer by a government or government subdivision or
1064 agency of this state; or

1065 (15) An assignment of lottery winnings governed by section 12-831,
1066 an assignment of workers' compensation benefits governed by section
1067 31-320 or an assignment of a structured settlement payment right
1068 governed by section 52-225f.

1069 Sec. 10. Section 42a-9-110 of the general statutes is repealed and the
1070 following is substituted in lieu thereof:

1071 [For the purposes of this article any description of personal property
1072 or real estate is sufficient whether or not it is specific if it reasonably
1073 identifies what is described.]

1074 A security interest arising under section 42a-2-401, section 42a-2-505
1075 or subsection (3) of section 42a-2-711 is subject to this article. However,
1076 until the debtor obtains possession of the goods:

1077 (1) The security interest is enforceable, even if subdivision (3) of

1078 subsection (b) of section 42a-9-203, as amended by this act, has not
1079 been satisfied;

1080 (2) Filing is not required to perfect the security interest;

1081 (3) The rights of the secured party after default by the debtor are
1082 governed by article 2; and

1083 (4) The security interest has priority over a conflicting security
1084 interest created by the debtor.

1085 Sec. 11. Section 42a-9-201 of the general statutes is repealed and the
1086 following is substituted in lieu thereof:

1087 [Except as otherwise provided by this title a security agreement is
1088 effective according to its terms between the parties, against purchasers
1089 of the collateral and against creditors. Nothing in this article validates
1090 any charge or practice illegal under any statute or regulation
1091 thereunder governing usury, small loans, retail instalment sales, or the
1092 like, or extends the application of any such statute or regulation to any
1093 transaction not otherwise subject thereto.]

1094 (a) Except as otherwise provided in this title, a security agreement is
1095 effective according to its terms between the parties, against purchasers
1096 of the collateral and against creditors.

1097 (b) A transaction subject to this article is subject to any applicable
1098 rule of law which establishes a different rule for consumers and
1099 sections 36a-555 to 36a-573, inclusive, and sections 36a-770 to 36a-786,
1100 inclusive.

1101 (c) In case of conflict between this article and a rule of law, statute or
1102 regulation described in subsection (b), the rule of law, statute or
1103 regulation controls. Failure to comply with a statute or regulation
1104 described in subsection (b) has only the effect the statute or regulation
1105 specifies.

1106 (d) This article does not:

1107 (1) Validate any rate, charge, agreement or practice that violates a
1108 rule of law, statute or regulation described in subsection (b); or

1109 (2) Extend the application of the rule of law, statute or regulation to
1110 a transaction not otherwise subject to it.

1111 Sec. 12. Section 42a-9-202 of the general statutes is repealed and the
1112 following is substituted in lieu thereof:

1113 [Each provision of this article with regard to rights, obligations and
1114 remedies applies whether title to collateral is in the secured party or in
1115 the debtor.]

1116 Except as otherwise provided with respect to consignments or sales
1117 of accounts, chattel paper, payment intangibles or promissory notes,
1118 the provisions of this article with regard to rights and obligations
1119 apply whether title to collateral is in the secured party or the debtor.

1120 Sec. 13. Section 42a-9-203 of the general statutes is repealed and the
1121 following is substituted in lieu thereof:

1122 [(1) Subject to the provisions of section 42a-4-210 on the security
1123 interest of a collecting bank, sections 42a-9-115 and 42a-9-116 on
1124 security interests in investment property and section 42a-9-113 on a
1125 security interest arising under article 2, a security interest is not
1126 enforceable against the debtor or third parties with respect to the
1127 collateral and does not attach unless: (a) The collateral is in the
1128 possession of the secured party pursuant to agreement, the collateral is
1129 investment property and the secured party has control pursuant to
1130 agreement or the debtor has signed a security agreement which
1131 contains a description of the collateral and in addition, when the
1132 security interest covers crops growing or to be grown or timber to be
1133 cut, a description of the land concerned; (b) value has been given; and
1134 (c) the debtor has rights in the collateral.

1135 (2) A security interest attaches when it becomes enforceable against
1136 the debtor with respect to the collateral. Attachment occurs as soon as

1137 all of the events specified in subsection (1) have taken place unless
1138 explicit agreement postpones the time of attaching.

1139 (3) Unless otherwise agreed a security agreement gives the secured
1140 party the rights to proceeds provided by section 42a-9-306.

1141 (4) A transaction, although subject to this article, is also subject to
1142 sections 36a-555 to 36a-573, inclusive, 36a-770 to 36a-786, inclusive, and
1143 section 42a-9-209, and in the case of conflict between the provisions of
1144 this article and any such statute, the provisions of such statute control.
1145 Failure to comply with any applicable statute has only the effect which
1146 is specified therein.]

1147 (a) A security interest attaches to collateral when it becomes
1148 enforceable against the debtor with respect to the collateral, unless an
1149 agreement expressly postpones the time of attachment.

1150 (b) Except as otherwise provided in subsections (c) to (i), inclusive, a
1151 security interest is enforceable against the debtor and third parties with
1152 respect to the collateral only if:

1153 (1) Value has been given;

1154 (2) The debtor has rights in the collateral or the power to transfer
1155 rights in the collateral to a secured party; and

1156 (3) One of the following conditions is met:

1157 (A) The debtor has authenticated a security agreement that provides
1158 a description of the collateral and, if the security interest covers timber
1159 to be cut, a description of the land concerned;

1160 (B) The collateral is not a certificated security and is in the
1161 possession of the secured party under section 42a-9-313, as amended
1162 by this act, pursuant to the debtor's security agreement;

1163 (C) The collateral is a certificated security in registered form and the
1164 security certificate has been delivered to the secured party under

1165 section 42a-8-301 pursuant to the debtor's security agreement; or

1166 (D) The collateral is deposit accounts, electronic chattel paper,
1167 investment property or letter-of-credit rights, and the secured party
1168 has control under section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107,
1169 as amended by this act, pursuant to the debtor's security agreement.

1170 (c) Subsection (b) is subject to section 42a-4-210 on the security
1171 interest of a collecting bank, section 42a-5-118 on the security interest
1172 of a letter-of-credit issuer or nominated person, section 42a-9-110, as
1173 amended by this act, on a security interest arising under article 2, and
1174 section 42a-9-206, as amended by this act, on security interests in
1175 investment property.

1176 (d) A person becomes bound as debtor by a security agreement
1177 entered into by another person if, by operation of law other than this
1178 article or by contract:

1179 (1) The security agreement becomes effective to create a security
1180 interest in the person's property; or

1181 (2) The person becomes generally obligated for the obligations of the
1182 other person, including the obligation secured under the security
1183 agreement, and acquires or succeeds to all or substantially all of the
1184 assets of the other person.

1185 (e) If a new debtor becomes bound as debtor by a security
1186 agreement entered into by another person:

1187 (1) The agreement satisfies subdivision (3) of subsection (b) of this
1188 section with respect to existing or after-acquired property of the new
1189 debtor to the extent the property is described in the agreement; and

1190 (2) Another agreement is not necessary to make a security interest in
1191 the property enforceable.

1192 (f) The attachment of a security interest in collateral gives the
1193 secured party the rights to proceeds provided by section 42a-9-315, as

1194 amended by this act, and is also attachment of a security interest in a
1195 supporting obligation for the collateral.

1196 (g) The attachment of a security interest in a right to payment or
1197 performance secured by a security interest or other lien on personal or
1198 real property is also attachment of a security interest in the security
1199 interest, mortgage or other lien.

1200 (h) The attachment of a security interest in a securities account is
1201 also attachment of a security interest in the security entitlements
1202 carried in the securities account.

1203 (i) The attachment of a security interest in a commodity account is
1204 also attachment of a security interest in the commodity contracts
1205 carried in the commodity account.

1206 Sec. 14. Section 42a-9-204 of the general statutes is repealed and the
1207 following is substituted in lieu thereof:

1208 [(1) Except as provided in subsection (2) of this section, a security
1209 agreement may provide that any or all obligations covered by the
1210 security agreement are to be secured by after-acquired collateral.

1211 (2) No security interest attaches under an after-acquired property
1212 clause to consumer goods other than accessions as defined in section
1213 42a-9-314 when given as additional security unless the debtor acquires
1214 rights in them within ten days after the secured party gives value.

1215 (3) Obligations covered by a security agreement may include future
1216 advances or other value whether or not the advances or value are
1217 given pursuant to commitment.]

1218 (a) Except as otherwise provided in subsection (b), a security
1219 agreement may create or provide for a security interest in after-
1220 acquired collateral.

1221 (b) A security interest does not attach under a term constituting an
1222 after-acquired property clause to:

1223 (1) Consumer goods, other than an accession when given as
1224 additional security, unless the debtor acquires rights in them within ten
1225 days after the secured party gives value; or

1226 (2) A commercial tort claim.

1227 (c) A security agreement may provide that collateral secures, or that
1228 accounts, chattel paper, payment intangibles or promissory notes are
1229 sold in connection with, future advances or other value, whether or not
1230 the advances or value are given pursuant to commitment.

1231 Sec. 15. Section 42a-9-205 of the general statutes is repealed and the
1232 following is substituted in lieu thereof:

1233 [A security interest is not invalid or fraudulent against creditors by
1234 reason of liberty in the debtor to use, commingle or dispose of all or
1235 part of the collateral, including returned or repossessed goods, or to
1236 collect or compromise accounts or chattel paper, or to accept the return
1237 of goods or make repossessions, or to use, commingle or dispose of
1238 proceeds, or by reason of the failure of the secured party to require the
1239 debtor to account for proceeds or replace collateral. This section does
1240 not relax the requirements of possession where perfection of a security
1241 interest depends upon possession of the collateral by the secured party
1242 or by a bailee.]

1243 (a) A security interest is not invalid or fraudulent against creditors
1244 solely because:

1245 (1) The debtor has the right or ability to:

1246 (A) Use, commingle or dispose of all or part of the collateral,
1247 including returned or repossessed goods;

1248 (B) Collect, compromise, enforce or otherwise deal with collateral;

1249 (C) Accept the return of collateral or make repossessions; or

1250 (D) Use, commingle or dispose of proceeds; or

1251 (2) The secured party fails to require the debtor to account for
1252 proceeds or replace collateral.

1253 (b) This section does not relax the requirements of possession if
1254 attachment, perfection or enforcement of a security interest depends
1255 upon possession of the collateral by the secured party.

1256 Sec. 16. Section 42a-9-206 of the general statutes is repealed and the
1257 following is substituted in lieu thereof:

1258 [(1) Subject to any statute or decision which establishes a different
1259 rule for buyers or lessees of consumer goods, an agreement by a buyer
1260 or lessee that he will not assert against an assignee any claim or
1261 defense which he may have against the seller or lessor is enforceable
1262 by an assignee who takes his assignment for value, in good faith and
1263 without notice of a claim or defense, except as to defenses of a type
1264 which may be asserted against a holder in due course of a negotiable
1265 instrument under article 3. A buyer who as part of one transaction
1266 signs both a negotiable instrument and a security agreement makes
1267 such an agreement.

1268 (2) When a seller retains a purchase money security interest in
1269 goods, article 2 governs the sale and any disclaimer, limitation or
1270 modification of the seller's warranties.]

1271 (a) A security interest in favor of a securities intermediary attaches
1272 to a person's security entitlement if:

1273 (1) The person buys a financial asset through the securities
1274 intermediary in a transaction in which the person is obligated to pay
1275 the purchase price to the securities intermediary at the time of the
1276 purchase; and

1277 (2) The securities intermediary credits the financial asset to the
1278 buyer's securities account before the buyer pays the securities
1279 intermediary.

1280 (b) The security interest described in subsection (a) secures the

1281 person's obligation to pay for the financial asset.

1282 (c) A security interest in favor of a person that delivers a certificated
1283 security or other financial asset represented by a writing attaches to the
1284 security or other financial asset if:

1285 (1) The security or other financial asset:

1286 (A) In the ordinary course of business is transferred by delivery
1287 with any necessary endorsement or assignment; and

1288 (B) Is delivered under an agreement between persons in the
1289 business of dealing with such securities or financial assets; and

1290 (2) The agreement calls for delivery against payment.

1291 (d) The security interest described in subsection (c) secures the
1292 obligation to make payment for the delivery.

1293 Sec. 17. Section 42a-9-207 of the general statutes is repealed and the
1294 following is substituted in lieu thereof:

1295 [(1) A secured party must use reasonable care in the custody and
1296 preservation of collateral in his possession. In the case of an instrument
1297 or chattel paper reasonable care includes taking necessary steps to
1298 preserve rights against prior parties unless otherwise agreed.

1299 (2) Unless otherwise agreed, when collateral is in the secured party's
1300 possession (a) reasonable expenses, including the cost of any insurance
1301 and payment of taxes or other charges, incurred in the custody,
1302 preservation, use or operation of the collateral are chargeable to the
1303 debtor and are secured by the collateral; (b) the risk of accidental loss
1304 or damage is on the debtor to the extent of any deficiency in any
1305 effective insurance coverage; (c) the secured party may hold as
1306 additional security any increase or profits, except money, received
1307 from the collateral, but money so received, unless remitted to the
1308 debtor, shall be applied in reduction of the secured obligation; (d) the
1309 secured party must keep the collateral identifiable but fungible

1310 collateral may be commingled; (e) the secured party may repledge the
1311 collateral upon terms which do not impair the debtor's right to redeem
1312 it.

1313 (3) A secured party is liable for any loss caused by his failure to
1314 meet any obligation imposed by the preceding subsections but does
1315 not lose his security interest.

1316 (4) A secured party may use or operate the collateral for the purpose
1317 of preserving the collateral or its value or pursuant to the order of a
1318 court of appropriate jurisdiction or, except in the case of consumer
1319 goods, in the manner and to the extent provided in the security
1320 agreement.]

1321 (a) Except as otherwise provided in subsection (d), a secured party
1322 shall use reasonable care in the custody and preservation of collateral
1323 in the secured party's possession. In the case of chattel paper or an
1324 instrument, reasonable care includes taking necessary steps to preserve
1325 rights against prior parties unless otherwise agreed.

1326 (b) Except as otherwise provided in subsection (d), if a secured party
1327 has possession of collateral:

1328 (1) Reasonable expenses, including the cost of insurance and
1329 payment of taxes or other charges, incurred in the custody,
1330 preservation, use or operation of the collateral are chargeable to the
1331 debtor and are secured by the collateral;

1332 (2) The risk of accidental loss or damage is on the secured party to
1333 the extent of a deficiency in any effective insurance coverage;

1334 (3) The secured party shall keep the collateral identifiable, but
1335 fungible collateral may be commingled; and

1336 (4) The secured party may use or operate the collateral:

1337 (A) For the purpose of preserving the collateral or its value;

1338 (B) As permitted by an order of a court having competent
1339 jurisdiction; or

1340 (C) Except in the case of consumer goods, in the manner and to the
1341 extent agreed by the debtor.

1342 (c) Except as otherwise agreed by a debtor other than a consumer
1343 debtor or as otherwise provided in subsection (d), a secured party
1344 having possession of collateral or control of collateral under section
1345 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107, as amended by this act:

1346 (1) May hold as additional security any proceeds, except money or
1347 funds, received from the collateral;

1348 (2) Shall apply money or funds received from the collateral to
1349 reduce the secured obligation, unless remitted to the debtor; and

1350 (3) May create a security interest in the collateral.

1351 (d) If the secured party is a buyer of accounts, chattel paper,
1352 payment intangibles or promissory notes or a consignor:

1353 (1) Subsection (a) does not apply unless the secured party is entitled
1354 under an agreement:

1355 (A) To charge back uncollected collateral; or

1356 (B) Otherwise to full or limited recourse against the debtor or a
1357 secondary obligor based on the nonpayment or other default of an
1358 account debtor or other obligor on the collateral; and

1359 (2) Subsections (b) and (c) do not apply.

1360 Sec. 18. Section 42a-9-208 of the general statutes is repealed and the
1361 following is substituted in lieu thereof:

1362 [(1) A debtor may sign a statement indicating what he believes to be
1363 the aggregate amount of unpaid indebtedness as of a specified date
1364 and may send it to the secured party with a request that the statement

1365 be approved or corrected and returned to the debtor. When the
1366 security agreement or any other record kept by the secured party
1367 identifies the collateral a debtor may similarly request the secured
1368 party to approve or correct a list of the collateral.

1369 (2) The secured party must comply with such a request within two
1370 weeks after receipt by sending a written correction or approval. If the
1371 secured party claims a security interest in all of a particular type of
1372 collateral owned by the debtor he may indicate that fact in his reply
1373 and need not approve or correct an itemized list of such collateral. If
1374 the secured party without reasonable excuse fails to comply he is liable
1375 for any loss caused to the debtor thereby; and if the debtor has
1376 properly included in his request a good faith statement of the
1377 obligation or a list of the collateral or both the secured party may claim
1378 a security interest only as shown in the statement against persons
1379 misled by his failure to comply. If he no longer has an interest in the
1380 obligation or collateral at the time the request is received he must
1381 disclose the name and address of any successor in interest known to
1382 him and he is liable for any loss caused to the debtor as a result of
1383 failure to disclose. A successor in interest is not subject to this section
1384 until a request is received by him.

1385 (3) A debtor is entitled to such a statement once every six months
1386 without charge. The secured party may require payment of a charge
1387 not exceeding ten dollars for each additional statement furnished.]

1388 (a) This section applies to cases in which there is no outstanding
1389 secured obligation and the secured party is not committed to make
1390 advances, incur obligations or otherwise give value.

1391 (b) Within ten days after receiving an authenticated demand by the
1392 debtor:

1393 (1) A secured party having control of a deposit account under
1394 subdivision (2) of subsection (a) of section 42a-9-104, as amended by
1395 this act, shall send to the bank with which the deposit account is
1396 maintained an authenticated statement that releases the bank from any

1397 further obligation to comply with instructions originated by the
1398 secured party;

1399 (2) A secured party having control of a deposit account under
1400 subdivision (3) of subsection (a) of section 42a-9-104, as amended by
1401 this act, shall:

1402 (A) Pay the debtor the balance on deposit in the deposit account; or

1403 (B) Transfer the balance on deposit into a deposit account in the
1404 debtor's name;

1405 (3) A secured party, other than a buyer, having control of electronic
1406 chattel paper under section 42a-9-105, as amended by this act, shall:

1407 (A) Communicate the authoritative copy of the electronic chattel
1408 paper to the debtor or its designated custodian;

1409 (B) If the debtor designates a custodian that is the designated
1410 custodian with which the authoritative copy of the electronic chattel
1411 paper is maintained for the secured party, communicate to the
1412 custodian an authenticated record releasing the designated custodian
1413 from any further obligation to comply with instructions originated by
1414 the secured party and instructing the custodian to comply with
1415 instructions originated by the debtor; and

1416 (C) Take appropriate action to enable the debtor or its designated
1417 custodian to make copies of or revisions to the authoritative copy
1418 which add or change an identified assignee of the authoritative copy
1419 without the consent of the secured party;

1420 (4) A secured party having control of investment property under
1421 subdivision (2) of subsection (d) of section 42a-8-106 or subsection (b)
1422 of section 42a-9-106, as amended by this act, shall send to the securities
1423 intermediary or commodity intermediary with which the security
1424 entitlement or commodity contract is maintained an authenticated
1425 record that releases the securities intermediary or commodity
1426 intermediary from any further obligation to comply with entitlement

1427 orders or directions originated by the secured party; and

1428 (5) A secured party having control of a letter-of-credit right under
1429 section 42a-9-107, as amended by this act, shall send to each person
1430 having an unfulfilled obligation to pay or deliver proceeds of the letter
1431 of credit to the secured party an authenticated release from any further
1432 obligation to pay or deliver proceeds of the letter of credit to the
1433 secured party.

1434 Sec. 19. Section 42a-9-209 of the general statutes is repealed and the
1435 following is substituted in lieu thereof:

1436 [Any agreement for security in household furniture owned and in
1437 the possession of an individual or family and used primarily for
1438 housekeeping purposes shall be effective only to the extent that the
1439 agreement involves a purchase money security interest as defined in
1440 section 42a-9-107.]

1441 (a) Except as otherwise provided in subsection (c), this section
1442 applies if:

1443 (1) There is no outstanding secured obligation; and

1444 (2) The secured party is not committed to make advances, incur
1445 obligations or otherwise give value.

1446 (b) Within ten days after receiving an authenticated demand by the
1447 debtor, a secured party shall send to an account debtor that has
1448 received notification of an assignment to the secured party as assignee
1449 under subsection (a) of section 42a-9-406, as amended by this act, an
1450 authenticated record that releases the account debtor from any further
1451 obligation to the secured party.

1452 (c) This section does not apply to an assignment constituting the
1453 sale of an account, chattel paper or payment intangible.

1454 Sec. 20. (NEW) (a) In this section:

1455 (1) "Request" means a record of a type described in subdivision (2),
1456 (3) or (4) of this subsection.

1457 (2) "Request for an accounting" means a record authenticated by a
1458 debtor requesting that the recipient provide an accounting of the
1459 unpaid obligations secured by collateral and reasonably identifying the
1460 transaction or relationship that is the subject of the request.

1461 (3) "Request regarding a list of collateral" means a record
1462 authenticated by a debtor requesting that the recipient approve or
1463 correct a list of what the debtor believes to be the collateral securing an
1464 obligation and reasonably identifying the transaction or relationship
1465 that is the subject of the request.

1466 (4) "Request regarding a statement of account" means a record
1467 authenticated by a debtor requesting that the recipient approve or
1468 correct a statement indicating what the debtor believes to be the
1469 aggregate amount of unpaid obligations secured by collateral as of a
1470 specified date and reasonably identifying the transaction or
1471 relationship that is the subject of the request.

1472 (b) Subject to subsections (c), (d), (e) and (f), a secured party, other
1473 than a buyer of accounts, chattel paper, payment intangibles or
1474 promissory notes or a consignor, shall comply with a request within
1475 fourteen days after receipt:

1476 (1) In the case of a request for an accounting, by authenticating and
1477 sending to the debtor an accounting; and

1478 (2) In the case of a request regarding a list of collateral or a request
1479 regarding a statement of account, by authenticating and sending to the
1480 debtor an approval or correction.

1481 (c) A secured party that claims a security interest in all of a
1482 particular type of collateral owned by the debtor may comply with a
1483 request regarding a list of collateral by sending to the debtor an
1484 authenticated record including a statement to that effect within

1485 fourteen days after receipt.

1486 (d) A person that receives a request regarding a list of collateral,
1487 claims no interest in the collateral when it receives the request, and
1488 claimed an interest in the collateral at an earlier time shall comply with
1489 the request within fourteen days after receipt by sending to the debtor
1490 an authenticated record:

1491 (1) Disclaiming any interest in the collateral; and

1492 (2) If known to the recipient, providing the name and mailing
1493 address of any assignee of or successor to the recipient's interest in the
1494 collateral.

1495 (e) A person that receives a request for an accounting or a request
1496 regarding a statement of account, claims no interest in the obligations
1497 when it receives the request and claimed an interest in the obligations
1498 at an earlier time shall comply with the request within fourteen days
1499 after receipt by sending to the debtor an authenticated record:

1500 (1) Disclaiming any interest in the obligations; and

1501 (2) If known to the recipient, providing the name and mailing
1502 address of any assignee of or successor to the recipient's interest in the
1503 obligations.

1504 (f) A debtor is entitled without charge to one response to a request
1505 under this section during any six-month period. The secured party
1506 may require payment of a charge not exceeding twenty-five dollars for
1507 each additional response.

1508 Sec. 21. Section 42a-9-301 of the general statutes is repealed and the
1509 following is substituted in lieu thereof:

1510 [(1) Except as otherwise provided in subsection (2) of this section, an
1511 unperfected security interest is subordinate to the rights of (a) persons
1512 entitled to priority under section 42a-9-312; (b) a person who becomes
1513 a lien creditor before the security interest is perfected; (c) in the case of

1514 goods, instruments, documents, and chattel paper, a person who is not
1515 a secured party and who is a transferee in bulk or other buyer not in
1516 ordinary course of business, or is a buyer of farm products in ordinary
1517 course of business, to the extent that he gives value and receives
1518 delivery of the collateral without knowledge of the security interest
1519 and before it is perfected; (d) in the case of accounts, general
1520 intangibles and investment property, a person who is not a secured
1521 party and who is a transferee to the extent that he gives value without
1522 knowledge of the security interest and before it is perfected.

1523 (2) If the secured party files with respect to a purchase money
1524 security interest before or within twenty days after the debtor receives
1525 possession of the collateral, he takes priority over the rights of a
1526 transferee in bulk or of a lien creditor which arise between the time the
1527 security interest attaches and the time of filing.

1528 (3) A "lien creditor" means a creditor who has acquired a lien on the
1529 property involved by attachment, levy or the like and includes an
1530 assignee for benefit of creditors from the time of assignment, and a
1531 trustee in bankruptcy from the date of the filing of the petition or a
1532 receiver in equity from the time of appointment.

1533 (4) A person who becomes a lien creditor while a security interest is
1534 perfected takes subject to the security interest only to the extent that it
1535 secures advances made before he becomes a lien creditor or within
1536 forty-five days thereafter or made without knowledge of the lien or
1537 pursuant to a commitment entered into without knowledge of the
1538 lien.]

1539 Except as otherwise provided in sections 42a-9-303 to 42a-9-306,
1540 inclusive, as amended by this act, the following rules determine the
1541 law governing perfection, the effect of perfection or nonperfection and
1542 the priority of a security interest in collateral:

1543 (1) Except as otherwise provided in this section, while a debtor is
1544 located in a jurisdiction, the local law of that jurisdiction governs
1545 perfection, the effect of perfection or nonperfection and the priority of

1546 a security interest in collateral.

1547 (2) While collateral is located in a jurisdiction, the local law of that
1548 jurisdiction governs perfection, the effect of perfection or
1549 nonperfection and the priority of a possessory security interest in that
1550 collateral.

1551 (3) Except as otherwise provided in subdivision (4), while
1552 negotiable documents, goods, instruments, money or tangible chattel
1553 paper is located in a jurisdiction, the local law of that jurisdiction
1554 governs:

1555 (A) Perfection of a security interest in the goods by filing a fixture
1556 filing;

1557 (B) Perfection of a security interest in timber to be cut; and

1558 (C) The effect of perfection or nonperfection and the priority of a
1559 nonpossessory security interest in the collateral.

1560 (4) The local law of the jurisdiction in which the wellhead or
1561 minehead is located governs perfection, the effect of perfection or
1562 nonperfection and the priority of a security interest in as-extracted
1563 collateral.

1564 Sec. 22. Section 42a-9-302 of the general statutes is repealed and the
1565 following is substituted in lieu thereof:

1566 [(1) A financing statement must be filed to perfect all security
1567 interests except the following: (a) A security interest in collateral in
1568 possession of the secured party under section 42a-9-305; (b) a security
1569 interest temporarily perfected in instruments, certificated securities or
1570 documents without delivery under section 42a-9-304 or in proceeds for
1571 a ten-day period under section 42a-9-306; (c) a security interest created
1572 by an assignment of a beneficial interest in a trust or a decedent's
1573 estate; (d) a purchase money security interest in consumer goods; but
1574 filing is required for a motor vehicle required to be registered, and
1575 fixture filing is required for priority over conflicting interests in

1576 fixtures to the extent provided in section 42a-9-313; (e) an assignment
1577 of accounts which does not alone or in conjunction with other
1578 assignments to the same assignee transfer a significant part of the
1579 outstanding accounts of the assignor; (f) a security interest of a
1580 collecting bank as provided in section 42a-4-210 or arising under article
1581 3 of this title or covered in subsection (3) of this section; (g) an
1582 assignment for the benefit of all the creditors of the transferor, and
1583 subsequent transfers by the assignee thereunder; (h) a security interest
1584 in investment property which is perfected without filing under section
1585 42a-9-115 or 42a-9-116.

1586 (2) If a secured party assigns a perfected security interest, no filing
1587 under this article is required in order to continue the perfected status
1588 of the security interest against creditors of and transferees from the
1589 original debtor.

1590 (3) The filing of a financing statement otherwise required by this
1591 article is not necessary or effective to perfect a security interest in
1592 property subject to (a) a statute or treaty of the United States which
1593 provides for a national or international registration or a national or
1594 international certificate of title or which specifies a place of filing
1595 different from that specified in this article for filing of the security
1596 interest; or (b) chapter 247, but during any period in which collateral is
1597 inventory held for sale by a person who is in the business of selling
1598 goods of that kind, the filing provisions of part 4 of this article apply to
1599 a security interest in that collateral created by him as debtor; or (c) a
1600 certificate of title statute of another jurisdiction under the law of which
1601 indication of a security interest on the certificate is required as a
1602 condition of perfection.

1603 (4) Compliance with a statute or treaty described in subsection (3) of
1604 this section is equivalent to the filing of a financing statement under
1605 this article, and a security interest in property subject to the statute or
1606 treaty can be perfected only by compliance therewith except as
1607 provided in section 42a-9-103a on multiple state transactions. Duration
1608 and renewal of perfection of a security interest perfected by

1609 compliance with the statute or treaty are governed by the provisions of
1610 the statute or treaty; in other respects the security interest is subject to
1611 this article.

1612 (5) A financing statement need not be filed to perfect, and the filing
1613 provisions of this article do not apply to: (a) A security interest in the
1614 plant, equipment, apparatus, transmission or pipe lines, distribution
1615 systems or other property of a corporation which does a light, heat,
1616 gas, power, water, telephone or natural gas transmission business in,
1617 or owning property in, more than one town, if such security interest is
1618 perfected by recording under section 49-5; or (b) a security interest in
1619 the property of a railroad company if such security interest is perfected
1620 by recording under chapter 282; or (c) a security interest in the
1621 property of a telegraph company, if such security interest is perfected
1622 by recording under chapter 283.]

1623 While farm products are located in a jurisdiction, the local law of
1624 that jurisdiction governs perfection, the effect of perfection or
1625 nonperfection and the priority of an agricultural lien on the farm
1626 products.

1627 Sec. 23. Section 42a-9-303 of the general statutes is repealed and the
1628 following is substituted in lieu thereof:

1629 [(1) A security interest is perfected when it has attached and when
1630 all of the applicable steps required for perfection have been taken.
1631 Such steps are specified in sections 42a-9-302, 42a-9-304, 42a-9-305 and
1632 42a-9-306. If such steps are taken before the security interest attaches, it
1633 is perfected at the time when it attaches.

1634 (2) If a security interest is originally perfected in any way permitted
1635 under this article and is subsequently perfected in some other way
1636 under this article, without an intermediate period when it was
1637 unperfected, the security interest shall be deemed to be perfected
1638 continuously for the purposes of this article.]

1639 (a) This section applies to goods covered by a certificate of title, even

1640 if there is no other relationship between the jurisdiction under whose
1641 certificate of title the goods are covered and the goods or the debtor.

1642 (b) Goods become covered by a certificate of title when a valid
1643 application for the certificate of title and the applicable fee are
1644 delivered to the appropriate authority. Goods cease to be covered by a
1645 certificate of title at the earlier of the time the certificate of title ceases
1646 to be effective under the law of the issuing jurisdiction or the time the
1647 goods become covered subsequently by a certificate of title issued by
1648 another jurisdiction.

1649 (c) The local law of the jurisdiction under whose certificate of title
1650 the goods are covered governs perfection, the effect of perfection or
1651 nonperfection and the priority of a security interest in goods covered
1652 by a certificate of title from the time the goods become covered by the
1653 certificate of title until the goods cease to be covered by the certificate
1654 of title.

1655 Sec. 24. Section 42a-9-304 of the general statutes is repealed and the
1656 following is substituted in lieu thereof:

1657 [(1) A security interest in chattel paper or negotiable documents
1658 may be perfected by filing. A security interest in the rights to proceeds
1659 of a written letter of credit can be perfected only by the secured party's
1660 taking possession of the letter of credit. A security interest in money or
1661 instruments, other than instruments which constitute part of chattel
1662 paper, can be perfected only by the secured party's taking possession,
1663 except as provided in subsections (4) and (5) of this section and
1664 subsections (2) and (3) of section 42a-9-306, on proceeds.

1665 (2) During the period that goods are in the possession of the issuer
1666 of a negotiable document therefor, a security interest in the goods is
1667 perfected by perfecting a security interest in the document, and any
1668 security interest in the goods otherwise perfected during such period is
1669 subject thereto.

1670 (3) A security interest in goods in the possession of a bailee other

1671 than one who has issued a negotiable document therefor is perfected
1672 by issuance of a document in the name of the secured party or by the
1673 bailee's receipt of notification of the secured party's interest or by filing
1674 as to the goods.

1675 (4) A security interest in instruments, certificated securities or
1676 negotiable documents is perfected without filing or the taking of
1677 possession for a period of twenty-one days from the time it attaches to
1678 the extent that it arises for new value given under a written security
1679 agreement.

1680 (5) A security interest remains perfected for a period of twenty-one
1681 days without filing where a secured party having a perfected security
1682 interest in an instrument, a certificated security, a negotiable document
1683 or goods in possession of a bailee other than one who has issued a
1684 negotiable document therefor: (a) Makes available to the debtor the
1685 goods or documents representing the goods for the purpose of
1686 ultimate sale or exchange or for the purpose of loading, unloading,
1687 storing, shipping, transshipping, manufacturing, processing or
1688 otherwise dealing with them in a manner preliminary to their sale or
1689 exchange, but priority between conflicting security interests in the
1690 goods is subject to subsection (3) of section 42a-9-312; or (b) delivers
1691 the instrument or certificated security to the debtor for the purpose of
1692 ultimate sale or exchange or of presentation, collection, renewal or
1693 registration of transfer.

1694 (6) After the twenty-one-day period in subsections (4) and (5)
1695 perfection depends upon compliance with applicable provisions of this
1696 article.]

1697 (a) The local law of a bank's jurisdiction governs perfection, the
1698 effect of perfection or nonperfection and the priority of a security
1699 interest in a deposit account maintained with that bank.

1700 (b) The following rules determine a bank's jurisdiction for purposes
1701 of sections 42a-9-301 to 42a-9-318, inclusive, as amended by this act,
1702 and sections 39 to 62, inclusive, of this act:

1703 (1) If an agreement between the bank and the debtor governing the
1704 deposit account expressly provides that a particular jurisdiction is the
1705 bank's jurisdiction for purposes of sections 42a-9-301 to 42a-9-318,
1706 inclusive, as amended by this act, and sections 39 to 62, inclusive, of
1707 this act, this article or this title, that jurisdiction is the bank's
1708 jurisdiction.

1709 (2) If subdivision (1) does not apply and an agreement between the
1710 bank and its customer governing the deposit account expressly
1711 provides that the agreement is governed by the law of a particular
1712 jurisdiction, that jurisdiction is the bank's jurisdiction.

1713 (3) If neither subdivision (1) nor subdivision (2) applies and an
1714 agreement between the bank and its customer governing the deposit
1715 account expressly provides that the deposit account is maintained at an
1716 office in a particular jurisdiction, that jurisdiction is the bank's
1717 jurisdiction.

1718 (4) If none of the preceding subdivisions applies, the bank's
1719 jurisdiction is the jurisdiction in which the office identified in an
1720 account statement as the office serving the customer's account is
1721 located.

1722 (5) If none of the preceding subdivisions applies, the bank's
1723 jurisdiction is the jurisdiction in which the chief executive office of the
1724 bank is located.

1725 Sec. 25. Section 42a-9-305 of the general statutes is repealed and the
1726 following is substituted in lieu thereof:

1727 [A security interest in goods, instruments, money, negotiable
1728 documents or chattel paper may be perfected by the secured party's
1729 taking possession of the collateral. A security interest in the right to
1730 proceeds of a written letter of credit may be perfected by the secured
1731 party's taking possession of the letter of credit. If such collateral other
1732 than goods covered by a negotiable document is held by a bailee, the
1733 secured party is deemed to have possession from the time the bailee

1734 receives notification of the secured party's interest. A security interest
1735 is perfected by possession from the time possession is taken without
1736 relation back and continues only so long as possession is retained,
1737 unless otherwise specified in this article. The security interest may be
1738 otherwise perfected as provided in this article before or after the
1739 period of possession by the secured party.]

1740 (a) Except as otherwise provided in subsection (c), the following
1741 rules apply:

1742 (1) While a security certificate is located in a jurisdiction, the local
1743 law of that jurisdiction governs perfection, the effect of perfection or
1744 nonperfection and the priority of a security interest in the certificated
1745 security represented thereby.

1746 (2) The local law of the issuer's jurisdiction as specified in
1747 subsection (d) of section 42a-8-110 governs perfection, the effect of
1748 perfection or nonperfection and the priority of a security interest in an
1749 uncertificated security.

1750 (3) The local law of the securities intermediary's jurisdiction as
1751 specified in subsection (e) of section 42a-8-110, as amended by this act,
1752 governs perfection, the effect of perfection or nonperfection and the
1753 priority of a security interest in a security entitlement or securities
1754 account.

1755 (4) The local law of the commodity intermediary's jurisdiction
1756 governs perfection, the effect of perfection or nonperfection and the
1757 priority of a security interest in a commodity contract or commodity
1758 account.

1759 (b) The following rules determine a commodity intermediary's
1760 jurisdiction for purposes of sections 42a-9-301 to 42a-9-318, inclusive,
1761 as amended by this act, and sections 39 to 62, inclusive, of this act:

1762 (1) If an agreement between the commodity intermediary and
1763 commodity customer governing the commodity account expressly

1764 provides that a particular jurisdiction is the commodity intermediary's
1765 jurisdiction for purposes of sections 42a-9-301 to 42a-9-318, inclusive,
1766 as amended by this act, and sections 39 to 62, inclusive, of this act, this
1767 article or this title, that jurisdiction is the commodity intermediary's
1768 jurisdiction.

1769 (2) If subdivision (1) does not apply and an agreement between the
1770 commodity intermediary and commodity customer governing the
1771 commodity account expressly provides that the agreement is governed
1772 by the law of a particular jurisdiction, that jurisdiction is the
1773 commodity intermediary's jurisdiction.

1774 (3) If neither subdivision (1) nor subdivision (2) applies and an
1775 agreement between the commodity intermediary and commodity
1776 customer governing the commodity account expressly provides that
1777 the commodity account is maintained at an office in a particular
1778 jurisdiction, that jurisdiction is the commodity intermediary's
1779 jurisdiction.

1780 (4) If none of the preceding subdivisions applies, the commodity
1781 intermediary's jurisdiction is the jurisdiction in which the office
1782 identified in an account statement as the office serving the commodity
1783 customer's account is located.

1784 (5) If none of the preceding subdivisions applies, the commodity
1785 intermediary's jurisdiction is the jurisdiction in which the chief
1786 executive office of the commodity intermediary is located.

1787 (c) The local law of the jurisdiction in which the debtor is located
1788 governs:

1789 (1) Perfection of a security interest in investment property by filing;

1790 (2) Automatic perfection of a security interest in investment
1791 property created by a broker or securities intermediary; and

1792 (3) Automatic perfection of a security interest in a commodity
1793 contract or commodity account created by a commodity intermediary.

1794 Sec. 26. Section 42a-9-306 of the general statutes is repealed and the
1795 following is substituted in lieu thereof:

1796 [(1) "Proceeds" includes whatever is received upon the sale,
1797 exchange, collection or other disposition of collateral or proceeds.
1798 Insurance payable by reason of loss or damage to the collateral is
1799 proceeds, except to the extent that it is payable to a person other than a
1800 party to the security agreement. Money, checks, deposit accounts and
1801 the like are "cash proceeds". All other proceeds are "noncash proceeds".

1802 (2) Except where this article otherwise provides, a security interest
1803 continues in collateral notwithstanding sale, exchange or other
1804 disposition thereof unless the disposition was authorized by the
1805 secured party in the security agreement or otherwise, and also
1806 continues in any identifiable proceeds including collections received
1807 by the debtor.

1808 (3) The security interest in proceeds is a continuously perfected
1809 security interest if the interest in the original collateral was perfected
1810 but it ceases to be a perfected security interest and becomes
1811 unperfected ten days after receipt of the proceeds by the debtor unless
1812 (a) a filed financing statement covers the original collateral and the
1813 proceeds are collateral in which a security interest may be perfected by
1814 filing in the office or offices where the financing statement has been
1815 filed and, if the proceeds are acquired with cash proceeds, the
1816 description of collateral in the financing statement indicates the types
1817 of property constituting the proceeds; or (b) a filed financing statement
1818 covers the original collateral and the proceeds are identifiable cash
1819 proceeds; or (c) the original collateral was investment property and the
1820 proceeds are identifiable cash proceeds; or (d) the security interest in
1821 the proceeds is perfected before the expiration of the ten-day period.
1822 Except as provided in this section, a security interest in proceeds can
1823 be perfected only by the methods or under the circumstances
1824 permitted in this article for original collateral of the same type.

1825 (4) In the event of insolvency proceedings instituted by or against a

1826 debtor, a secured party with a perfected security interest in proceeds
1827 has a perfected security interest only in the following proceeds: (a) In
1828 identifiable noncash proceeds and in separate deposit accounts
1829 containing only proceeds; (b) in identifiable cash proceeds in the form
1830 of money which is neither commingled with other money nor
1831 deposited in a deposit account prior to the insolvency proceedings; (c)
1832 in identifiable cash proceeds in the form of checks and the like which
1833 are not deposited in a deposit account prior to the insolvency
1834 proceedings; and (d) in all cash and deposit accounts of the debtor, in
1835 which proceeds have been commingled with other funds, but the
1836 perfected security interest under this subdivision (d) is (i) subject to
1837 any right of set-off; and (ii) limited to an amount not greater than the
1838 amount of any cash proceeds received by the debtor within ten days
1839 before the institution of the insolvency proceedings less the sum of (A)
1840 the payments to the secured party on account of cash proceeds
1841 received by the debtor during such period and (B) the cash proceeds
1842 received by the debtor during such period to which the secured party
1843 is entitled under subdivisions (a) to (c), inclusive, of this subsection.

1844 (5) If a sale of goods results in an account or chattel paper which is
1845 transferred by the seller to a secured party, and if the goods are
1846 returned to or are repossessed by the seller or the secured party, the
1847 following rules determine priorities: (a) If the goods were collateral at
1848 the time of sale for an indebtedness of the seller which is still unpaid,
1849 the original security interest attaches again to the goods and continues
1850 as a perfected security interest if it was perfected at the time when the
1851 goods were sold. If the security interest was originally perfected by a
1852 filing which is still effective, nothing further is required to continue the
1853 perfected status; in any other case, the secured party must take
1854 possession of the returned or repossessed goods or must file. (b) An
1855 unpaid transferee of the chattel paper has a security interest in the
1856 goods against the transferor. Such security interest is prior to a security
1857 interest asserted under paragraph (a) to the extent that the transferee
1858 of the chattel paper was entitled to priority under section 42a-9-308. (c)
1859 An unpaid transferee of the account has a security interest in the goods

1860 against the transferor. Such security interest is subordinate to a
1861 security interest asserted under subdivision (a) of this subsection. (d) A
1862 security interest of an unpaid transferee asserted under subdivision (b)
1863 or (c) of this subsection has to be perfected for protection against
1864 creditors of the transferor and purchasers of the returned or
1865 repossessed goods.]

1866 (a) Subject to subsection (c), the local law of the issuer's jurisdiction
1867 or a nominated person's jurisdiction governs perfection, the effect of
1868 perfection or nonperfection and the priority of a security interest in a
1869 letter-of-credit right if the issuer's jurisdiction or nominated person's
1870 jurisdiction is a state.

1871 (b) For purposes of sections 42a-9-301 to 42a-9-318, inclusive, as
1872 amended by this act, and sections 39 to 62, inclusive, of this act, an
1873 issuer's jurisdiction or nominated person's jurisdiction is the
1874 jurisdiction whose law governs the liability of the issuer or nominated
1875 person with respect to the letter-of-credit right as provided in section
1876 42a-5-116.

1877 (c) This section does not apply to a security interest that is perfected
1878 only under subsection (d) of section 42a-9-308, as amended by this act.

1879 Sec. 27. Section 42a-9-307 of the general statutes is repealed and the
1880 following is substituted in lieu thereof:

1881 [(1) A buyer in ordinary course of business as defined by subsection
1882 (9) of section 42a-1-201 other than a person buying farm products from
1883 a person engaged in farming operations takes free of a security interest
1884 created by his seller even though the security interest is perfected and
1885 even though the buyer knows of its existence.

1886 (2) In the case of consumer goods a buyer takes free of a security
1887 interest even though perfected if he buys without knowledge of the
1888 security interest, for value and for his own personal, family or
1889 household purposes unless prior to the purchase the secured party has
1890 filed a financing statement covering such goods.

1891 (3) A buyer, other than a buyer in ordinary course of business, takes
1892 free of a security interest to the extent that it secures future advances
1893 made after the secured party acquires knowledge of the purchase, or
1894 more than forty-five days after the purchase, whichever first occurs,
1895 unless made pursuant to a commitment entered into without
1896 knowledge of the purchase and before the expiration of the forty-five-
1897 day period.]

1898 (a) In this section, "place of business" means a place where a debtor
1899 conducts its affairs.

1900 (b) Except as otherwise provided in this section, the following rules
1901 determine a debtor's location:

1902 (1) A debtor who is an individual is located at the individual's
1903 principal residence.

1904 (2) A debtor that is an organization and has only one place of
1905 business is located at its place of business.

1906 (3) A debtor that is an organization and has more than one place of
1907 business is located at its chief executive office.

1908 (c) Subsection (b) applies only if a debtor's residence, place of
1909 business or chief executive office, as applicable, is located in a
1910 jurisdiction whose law generally requires information concerning the
1911 existence of a nonpossessory security interest to be made generally
1912 available in a filing, recording or registration system as a condition or
1913 result of the security interest's obtaining priority over the rights of a
1914 lien creditor with respect to the collateral. If subsection (b) does not
1915 apply, the debtor is located in the District of Columbia.

1916 (d) A person that ceases to exist, have a residence or have a place of
1917 business continues to be located in the jurisdiction specified by
1918 subsections (b) and (c).

1919 (e) A registered organization that is organized under the law of a
1920 state is located in that state.

1921 (f) Except as otherwise provided in subsection (i), a registered
1922 organization that is organized under the law of the United States and a
1923 branch or agency of a bank that is not organized under the law of the
1924 United States or a state are located:

1925 (1) In the state that the law of the United States designates, if the law
1926 designates a state of location;

1927 (2) In the state that the registered organization, branch or agency
1928 designates, if the law of the United States authorizes the registered
1929 organization, branch or agency to designate its state of location; or

1930 (3) In the District of Columbia, if neither subdivision (1) nor
1931 subdivision (2) applies.

1932 (g) A registered organization continues to be located in the
1933 jurisdiction specified by subsection (e) or (f) notwithstanding:

1934 (1) The suspension, revocation, forfeiture or lapse of the registered
1935 organization's status as such in its jurisdiction of organization; or

1936 (2) The dissolution, winding up or cancellation of the existence of
1937 the registered organization.

1938 (h) The United States is located in the District of Columbia.

1939 (i) A branch or agency of a bank that is not organized under the law
1940 of the United States or a state is located in the state in which the branch
1941 or agency is licensed, if all branches and agencies of the bank are
1942 licensed in only one state.

1943 (j) A foreign air carrier under the Federal Aviation Act of 1958, as
1944 amended, is located at the designated office of the agent upon which
1945 service of process may be made on behalf of the carrier.

1946 (k) This section applies only for purposes of sections 42a-9-301 to
1947 42a-9-318, inclusive, as amended by this act, and sections 39 to 62,
1948 inclusive, of this act.

1949 Sec. 28. Section 42a-9-308 of the general statutes is repealed and the
1950 following is substituted in lieu thereof:

1951 [A purchaser of chattel paper or an instrument, who gives new
1952 value and takes possession of it in the ordinary course of his business
1953 has priority over a security interest in the chattel paper or instrument
1954 (a) which is perfected under section 42a-9-304 or under section 42a-9-
1955 306 if he acts without knowledge that the specific paper or instrument
1956 is subject to a security interest; or (b) which is claimed merely as
1957 proceeds of inventory subject to a security interest as provided in
1958 section 42a-9-306 even though he knows that the specific paper is
1959 subject to the security interest.]

1960 (a) Except as otherwise provided in this section and section 42a-9-
1961 309, as amended by this act, a security interest is perfected if it has
1962 attached and all of the applicable requirements for perfection in
1963 sections 42a-9-310 to 42a-9-316, inclusive, as amended by this act, have
1964 been satisfied. A security interest is perfected when it attaches if the
1965 applicable requirements are satisfied before the security interest
1966 attaches.

1967 (b) An agricultural lien is perfected if it has become effective and all
1968 of the applicable requirements for perfection in section 42a-9-310, as
1969 amended by this act, have been satisfied. An agricultural lien is
1970 perfected when it becomes effective if the applicable requirements are
1971 satisfied before the agricultural lien becomes effective.

1972 (c) A security interest or agricultural lien is perfected continuously if
1973 it is originally perfected by one method under this article and is later
1974 perfected by another method under this article, without an
1975 intermediate period when it was unperfected.

1976 (d) Perfection of a security interest in collateral also perfects a
1977 security interest in a supporting obligation for the collateral.

1978 (e) Perfection of a security interest in a right to payment or
1979 performance also perfects a security interest in a security interest,

1980 mortgage or other lien on personal or real property securing the right.

1981 (f) Perfection of a security interest in a securities account also
1982 perfects a security interest in the security entitlements carried in the
1983 securities account.

1984 (g) Perfection of a security interest in a commodity account also
1985 perfects a security interest in the commodity contracts carried in the
1986 commodity account.

1987 Sec. 29. Section 42a-9-309 of the general statutes is repealed and the
1988 following is substituted in lieu thereof:

1989 [Nothing in this article limits the rights of a holder in due course of
1990 a negotiable instrument, as defined in section 42a-3-302, or a holder to
1991 whom a negotiable document of title has been duly negotiated as
1992 provided in section 42a-7-501 or a protected purchaser of a security as
1993 provided in section 42a-8-303 and such holders or purchasers take
1994 priority over an earlier security interest even though perfected. Filing
1995 under this article does not constitute notice of the security interest to
1996 such holders or purchasers.]

1997 The following security interests are perfected when they attach:

1998 (1) A purchase-money security interest in consumer goods, except as
1999 otherwise provided in subsection (b) of section 42a-9-311, as amended
2000 by this act, with respect to consumer goods that are subject to a statute
2001 or treaty described in subsection (a) of section 42a-9-311, as amended
2002 by this act;

2003 (2) An assignment of accounts or payment intangibles which does
2004 not by itself or in conjunction with other assignments to the same
2005 assignee transfer a significant part of the assignor's outstanding
2006 accounts or payment intangibles;

2007 (3) A sale of a payment intangible;

2008 (4) A sale of a promissory note;

2009 (5) A security interest created by the assignment of a health-care-
2010 insurance receivable to the provider of the health-care goods or
2011 services;

2012 (6) A security interest arising under section 42a-2-401, section 42a-2-
2013 505 or subsection (3) of section 42a-2-711, until the debtor obtains
2014 possession of the collateral;

2015 (7) A security interest of a collecting bank arising under section 42a-
2016 4-210;

2017 (8) A security interest of an issuer or nominated person arising
2018 under section 42a-5-118, as amended by this act;

2019 (9) A security interest arising in the delivery of a financial asset
2020 under subsection (c) of section 42a-9-206, as amended by this act;

2021 (10) A security interest in investment property created by a broker or
2022 securities intermediary;

2023 (11) A security interest in a commodity contract or a commodity
2024 account created by a commodity intermediary;

2025 (12) An assignment for the benefit of all creditors of the transferor
2026 and subsequent transfers by the assignee thereunder; and

2027 (13) A security interest created by an assignment of a beneficial
2028 interest in a decedent's estate.

2029 Sec. 30. Section 42a-9-310 of the general statutes is repealed and the
2030 following is substituted in lieu thereof:

2031 [When a person in the ordinary course of his business furnishes
2032 services or materials with respect to goods subject to a security
2033 interest, a lien upon goods in the possession of such person given by
2034 statute or rule of law for such materials or services takes priority over a
2035 perfected security interest unless the lien is statutory and the statute
2036 expressly provides otherwise.]

2037 (a) Except as otherwise provided in subsection (b) of this section
2038 and subsection (b) of section 42a-9-312, as amended by this act, a
2039 financing statement must be filed to perfect all security interests and
2040 agricultural liens.

2041 (b) The filing of a financing statement is not necessary to perfect a
2042 security interest:

2043 (1) That is perfected under subsection (d), (e), (f) or (g) of section
2044 42a-9-308, as amended by this act;

2045 (2) That is perfected under section 42a-9-309, as amended by this act,
2046 when it attaches;

2047 (3) In property subject to a statute, regulation or treaty described in
2048 subsection (a) of section 42a-9-311, as amended by this act;

2049 (4) In goods in possession of a bailee which is perfected under
2050 subdivision (1) or (2) of subsection (d) of section 42a-9-312, as amended
2051 by this act;

2052 (5) In certificated securities, documents, goods or instruments which
2053 is perfected without filing or possession under subsection (e), (f) or (g)
2054 of section 42a-9-312, as amended by this act;

2055 (6) In collateral in the secured party's possession under section 42a-
2056 9-313, as amended by this act;

2057 (7) In a certificated security which is perfected by delivery of the
2058 security certificate to the secured party under section 42a-9-313, as
2059 amended by this act;

2060 (8) In deposit accounts, electronic chattel paper, investment property
2061 or letter-of-credit rights which is perfected by control under section
2062 42a-9-314, as amended by this act;

2063 (9) In proceeds which is perfected under section 42a-9-315, as
2064 amended by this act; or

2065 (10) That is perfected under section 42a-9-316, as amended by this
2066 act.

2067 (c) If a secured party assigns a perfected security interest or
2068 agricultural lien, a filing under this article is not required to continue
2069 the perfected status of the security interest against creditors of and
2070 transferees from the original debtor.

2071 Sec. 31. Section 42a-9-311 of the general statutes is repealed and the
2072 following is substituted in lieu thereof:

2073 [The debtor's rights in collateral may be voluntarily or involuntarily
2074 transferred, by way of sale, creation of a security interest, attachment,
2075 levy, garnishment or other judicial process, notwithstanding a
2076 provision in the security agreement prohibiting any transfer or making
2077 the transfer constitute a default.]

2078 (a) Except as otherwise provided in subsection (d) of this section,
2079 the filing of a financing statement is not necessary or effective to
2080 perfect a security interest in property subject to:

2081 (1) A statute, regulation or treaty of the United States whose
2082 requirements for a security interest's obtaining priority over the rights
2083 of a lien creditor with respect to the property preempt subsection (a) of
2084 section 42a-9-310, as amended by this act;

2085 (2) Any certificate-of-title statute covering automobiles, trailers,
2086 mobile homes, boats, farm tractors or the like, which provides for a
2087 security interest to be indicated on the certificate as a condition or
2088 result of perfection, and any non-Uniform Commercial Code central
2089 filing statute, including chapter 247, section 21-67a, section 49-5,
2090 chapter 282 and chapter 283; or

2091 (3) A certificate-of-title statute of another jurisdiction which
2092 provides for a security interest to be indicated on the certificate as a
2093 condition or result of the security interest's obtaining priority over the
2094 rights of a lien creditor with respect to the property.

2095 (b) Compliance with the requirements of a statute, regulation or
2096 treaty described in subsection (a) of this section for obtaining priority
2097 over the rights of a lien creditor is equivalent to the filing of a financing
2098 statement under this article. Except as otherwise provided in
2099 subsection (d) of this section, section 42a-9-313, as amended by this act,
2100 and subsections (d) and (e) of section 42a-9-316, as amended by this
2101 act, for goods covered by a certificate of title, a security interest in
2102 property subject to a statute, regulation or treaty described in
2103 subsection (a) of this section may be perfected only by compliance with
2104 those requirements, and a security interest so perfected remains
2105 perfected notwithstanding a change in the use or transfer of possession
2106 of the collateral.

2107 (c) Except as otherwise provided in subsection (d) of this section
2108 and subsections (d) and (e) of section 42a-9-316, as amended by this
2109 act, duration and renewal of perfection of a security interest perfected
2110 by compliance with the requirements prescribed by a statute,
2111 regulation or treaty described in subsection (a) of this section are
2112 governed by the statute, regulation or treaty. In other respects, the
2113 security interest is subject to this article.

2114 (d) During any period in which collateral subject to a statute
2115 specified in subdivision (2) of subsection (a) of this section is inventory
2116 held for sale or lease by a person or leased by that person as lessor and
2117 that person is in the business of selling goods of that kind, this section
2118 does not apply to a security interest in that collateral created by that
2119 person.

2120 Sec. 32. Section 42a-9-312 of the general statutes is repealed and the
2121 following is substituted in lieu thereof:

2122 [(1) The rules of priority stated in other sections of this part and in
2123 the following sections shall govern when applicable: Section 42a-4-210
2124 with respect to the security interest of collecting banks in items being
2125 collected, accompanying documents and proceeds; section 42a-9-103a
2126 on security interests related to other jurisdictions; section 42a-9-114 on

2127 consignments; section 42a-9-115 on security interests in investment
2128 property.

2129 (2) A perfected security interest in crops for new value given to
2130 enable the debtor to produce the crops during the production season
2131 and given not more than three months before the crops become
2132 growing crops by planting or otherwise takes priority over an earlier
2133 perfected security interest to the extent that such earlier interest
2134 secures obligations due more than six months before the crops become
2135 growing crops by planting or otherwise, even though the person
2136 giving new value had knowledge of the earlier security interest.

2137 (3) A perfected purchase money security interest in inventory has
2138 priority over a conflicting security interest in the same inventory and
2139 also has priority in identifiable cash proceeds received on or before the
2140 delivery of the inventory to a buyer if (a) the purchase money security
2141 interest is perfected at the time the debtor receives possession of the
2142 inventory; and (b) the purchase money secured party gives notification
2143 in writing to the holder of the conflicting security interest if the holder
2144 had filed a financing statement covering the same types of inventory
2145 (i) before the date of the filing made by the purchase money secured
2146 party, or (ii) before the beginning of the twenty-one-day period where
2147 the purchase money security interest is temporarily perfected without
2148 filing or possession; and (c) the holder of the conflicting security
2149 interest receives the notification within five years before the debtor
2150 receives possession of the inventory; and (d) the notification states that
2151 the person giving the notice has or expects to acquire a purchase
2152 money security interest in inventory of the debtor, describing such
2153 inventory by item or type.

2154 (4) A purchase money security interest in collateral other than
2155 inventory has priority over a conflicting security interest in the same
2156 collateral or its proceeds if the purchase money security interest is
2157 perfected at the time the debtor receives possession of the collateral or
2158 within twenty days thereafter.

2159 (5) In all cases not governed by other rules stated in this section,
2160 including cases of purchase money security interests which do not
2161 qualify for the special priorities set forth in subsections (3) and (4) of
2162 this section, priority between conflicting security interests in the same
2163 collateral shall be determined according to the following rules: (a)
2164 Conflicting security interests rank according to priority in time of filing
2165 or perfection. Priority dates from the time a filing is first made
2166 covering the collateral or the time the security interest is first perfected,
2167 whichever is earlier, provided there is no period thereafter when there
2168 is neither filing nor perfection; (b) so long as conflicting security
2169 interests are unperfected, the first to attach has priority.

2170 (6) For the purposes of subsection (5) of this section, a date of filing
2171 or perfection as to collateral is also a date of filing or perfection as to
2172 proceeds.

2173 (7) If future advances are made while a security interest is perfected
2174 by filing, the taking of possession, or under section 42a-9-115 or 42a-9-
2175 116 on investment property, the security interest has the same priority
2176 for the purposes of subsection (5) of this section with respect to the
2177 future advances as it does with respect to the first advance. If a
2178 commitment is made before or while the security interest is so
2179 perfected, the security interest has the same priority with respect to
2180 advances made pursuant thereto. In other cases a perfected security
2181 interest has priority from the date the advance is made.]

2182 (a) A security interest in chattel paper, negotiable documents,
2183 instruments or investment property may be perfected by filing.

2184 (b) Except as otherwise provided in subsections (c) and (d) of
2185 section 42a-9-315, as amended by this act, for proceeds:

2186 (1) A security interest in a deposit account may be perfected only by
2187 control under section 42a-9-314, as amended by this act;

2188 (2) And except as otherwise provided in subsection (d) of section
2189 42a-9-308, as amended by this act, a security interest in a letter-of-

2190 credit right may be perfected only by control under section 42a-9-314,
2191 as amended by this act; and

2192 (3) A security interest in money may be perfected only by the
2193 secured party's taking possession under section 42a-9-313, as amended
2194 by this act.

2195 (c) While goods are in the possession of a bailee that has issued a
2196 negotiable document covering the goods:

2197 (1) A security interest in the goods may be perfected by perfecting a
2198 security interest in the document; and

2199 (2) A security interest perfected in the document has priority over
2200 any security interest that becomes perfected in the goods by another
2201 method during that time.

2202 (d) While goods are in the possession of a bailee that has issued a
2203 nonnegotiable document covering the goods, a security interest in the
2204 goods may be perfected by:

2205 (1) Issuance of a document in the name of the secured party;

2206 (2) The bailee's receipt of notification of the secured party's interest;
2207 or

2208 (3) Filing as to the goods.

2209 (e) A security interest in certificated securities, negotiable
2210 documents or instruments is perfected without filing or the taking of
2211 possession for a period of twenty days from the time it attaches to the
2212 extent that it arises for new value given under an authenticated
2213 security agreement.

2214 (f) A perfected security interest in a negotiable document or goods
2215 in possession of a bailee, other than one that has issued a negotiable
2216 document for the goods, remains perfected for twenty days without
2217 filing if the secured party makes available to the debtor the goods or

2218 documents representing the goods for the purpose of:

2219 (1) Ultimate sale or exchange; or

2220 (2) Loading, unloading, storing, shipping, transshipping,
2221 manufacturing, processing or otherwise dealing with them in a
2222 manner preliminary to their sale or exchange.

2223 (g) A perfected security interest in a certificated security or
2224 instrument remains perfected for twenty days without filing if the
2225 secured party delivers the security certificate or instrument to the
2226 debtor for the purpose of:

2227 (1) Ultimate sale or exchange; or

2228 (2) Presentation, collection, enforcement, renewal or registration of
2229 transfer.

2230 (h) After the twenty-day period specified in subsection (e), (f) or (g)
2231 expires, perfection depends upon compliance with this article.

2232 Sec. 33. Section 42a-9-313 of the general statutes is repealed and the
2233 following is substituted in lieu thereof:

2234 [(1) In this section and in the provisions of part 4 of this article
2235 referring to fixture filing, unless the context otherwise requires (a)
2236 goods are "fixtures" when they become so related to particular real
2237 estate that an interest in them arises under real estate law; (b) a "fixture
2238 filing" is the filing in the office where a mortgage on the real estate
2239 would be filed or recorded of a financing statement covering goods
2240 which are or are to become fixtures and conforming to the
2241 requirements of subsection (5) of section 42a-9-402; (c) a mortgage is a
2242 "construction mortgage" to the extent that it secures an obligation
2243 incurred for the construction of an improvement on land including the
2244 acquisition cost of the land, if the recorded writing so indicates.

2245 (2) A security interest under this article may be created in goods
2246 which are fixtures or may continue in goods which become fixtures,

2247 but no security interest exists under this article in ordinary building
2248 materials incorporated into an improvement on land.

2249 (3) This article does not prevent creation of an encumbrance upon
2250 fixtures pursuant to real estate law.

2251 (4) A perfected security interest in fixtures has priority over the
2252 conflicting interest of an encumbrancer or owner of the real estate
2253 where (a) the security interest is a purchase money security interest,
2254 the interest of the encumbrancer or owner arises before the goods
2255 become fixtures, the security interest is perfected by a fixture filing
2256 before the goods become fixtures or within ten days thereafter, and the
2257 debtor has an interest of record in the real estate or is in possession of
2258 the real estate; or (b) the security interest is perfected by a fixture filing
2259 before the interest of the encumbrancer or owner is of record, the
2260 security interest has priority over any conflicting interest of a
2261 predecessor in title of the encumbrancer or owner, and the debtor has
2262 an interest of record in the real estate or is in possession of the real
2263 estate; or (c) the fixtures are readily removable factory or office
2264 machines or readily removable replacements of domestic appliances
2265 which are consumer goods, and before the goods become fixtures the
2266 security interest is perfected by any method permitted by this article;
2267 or (d) the conflicting interest is a lien on the real estate obtained by
2268 legal or equitable proceedings after the security interest was perfected
2269 by any method permitted by this article.

2270 (5) A security interest in fixtures, whether or not perfected, has
2271 priority over the conflicting interest of an encumbrancer or owner of
2272 the real estate where (a) the encumbrancer or owner has consented in
2273 writing to the security interest or has disclaimed an interest in the
2274 goods as fixtures; or (b) the debtor has a right to remove the goods as
2275 against the encumbrancer or owner. If the debtor's right terminates,
2276 the priority of the security interest continues for a reasonable time.

2277 (6) Notwithstanding subdivision (a) of subsection (4) of this section
2278 but otherwise subject to subsections (4) and (5) of this section, a

2279 security interest in fixtures is subordinate to a construction mortgage
2280 recorded before the goods become fixtures if the goods become
2281 fixtures before the completion of the construction. To the extent that it
2282 is given to refinance a construction mortgage, a mortgage has this
2283 priority to the same extent as the construction mortgage.

2284 (7) In cases not within subsections (1) to (6), inclusive, of this
2285 section, a security interest in fixtures is subordinate to the conflicting
2286 interest of an encumbrancer or owner of the related real estate who is
2287 not the debtor.

2288 (8) When the secured party has priority over all owners and
2289 encumbrancers of the real estate, he may, on default, subject to the
2290 provisions of part 5 of this article, remove his collateral from the real
2291 estate but he must reimburse any encumbrancer or owner of the real
2292 estate who is not the debtor and who has not otherwise agreed for the
2293 cost of repair of any physical injury, but not for any diminution in
2294 value of the real estate caused by the absence of the goods removed or
2295 by any necessity for replacing them. A person entitled to
2296 reimbursement may refuse permission to remove until the secured
2297 party gives adequate security for the performance of this obligation.]

2298 (a) Except as otherwise provided in subsection (b) of this section, a
2299 secured party may perfect a security interest in negotiable documents,
2300 goods, instruments, money or tangible chattel paper by taking
2301 possession of the collateral. A secured party may perfect a security
2302 interest in certificated securities by taking delivery of the certificated
2303 securities under section 42a-8-301, as amended by this act.

2304 (b) With respect to goods covered by a certificate of title issued by
2305 this state, a secured party may perfect a security interest in the goods
2306 by taking possession of the goods only in the circumstances described
2307 in subsection (d) of section 42a-9-316, as amended by this act.

2308 (c) With respect to collateral other than certificated securities and
2309 goods covered by a document, a secured party takes possession of
2310 collateral in the possession of a person other than the debtor, the

2311 secured party or a lessee of the collateral from the debtor in the
2312 ordinary course of the debtor's business, when:

2313 (1) The person in possession authenticates a record acknowledging
2314 that it holds possession of the collateral for the secured party's benefit;
2315 or

2316 (2) The person takes possession of the collateral after having
2317 authenticated a record acknowledging that it will hold possession of
2318 collateral for the secured party's benefit.

2319 (d) If perfection of a security interest depends upon possession of
2320 the collateral by a secured party, perfection occurs no earlier than the
2321 time the secured party takes possession and continues only while the
2322 secured party retains possession.

2323 (e) A security interest in a certificated security in registered form is
2324 perfected by delivery when delivery of the certificated security occurs
2325 under section 42a-8-301, as amended by this act, and remains perfected
2326 by delivery until the debtor obtains possession of the security
2327 certificate.

2328 (f) A person in possession of collateral is not required to
2329 acknowledge that it holds possession for a secured party's benefit.

2330 (g) If a person acknowledges that it holds possession for the secured
2331 party's benefit:

2332 (1) The acknowledgment is effective under subsection (c) of this
2333 section or subsection (a) of section 42a-8-301, as amended by this act,
2334 even if the acknowledgment violates the rights of a debtor; and

2335 (2) Unless the person otherwise agrees or law other than this article
2336 otherwise provides, the person does not owe any duty to the secured
2337 party and is not required to confirm the acknowledgment to another
2338 person.

2339 (h) A secured party having possession of collateral does not

2340 relinquish possession by delivering the collateral to a person other
2341 than the debtor or a lessee of the collateral from the debtor in the
2342 ordinary course of the debtor's business if the person was instructed
2343 before the delivery or is instructed contemporaneously with the
2344 delivery:

2345 (1) To hold possession of the collateral for the secured party's
2346 benefit; or

2347 (2) To redeliver the collateral to the secured party.

2348 (i) A secured party does not relinquish possession, even if a delivery
2349 under subsection (h) violates the rights of a debtor. A person to which
2350 collateral is delivered under subsection (h) does not owe any duty to
2351 the secured party and is not required to confirm the delivery to
2352 another person unless the person otherwise agrees or law other than
2353 this article otherwise provides.

2354 Sec. 34. Section 42a-9-314 of the general statutes is repealed and the
2355 following is substituted in lieu thereof:

2356 [(1) A security interest in goods which attaches before they are
2357 installed in or affixed to other goods takes priority as to the goods
2358 installed or affixed, called in this section "accessions", over the claims
2359 of all persons to the whole except as stated in subsection (3) and
2360 subject to section 42a-9-315(1).

2361 (2) A security interest which attaches to goods after they become
2362 part of a whole is valid against all persons subsequently acquiring
2363 interests in the whole except as stated in subsection (3) but is invalid
2364 against any person with an interest in the whole at the time the
2365 security interest attaches to the goods who has not in writing
2366 consented to the security interest or disclaimed an interest in the goods
2367 as part of the whole.

2368 (3) The security interests described in subsections (1) and (2) do not
2369 take priority over (a) a subsequent purchaser for value of any interest

2370 in the whole; or (b) a creditor with a lien on the whole subsequently
2371 obtained by judicial proceedings; or (c) a creditor with a prior
2372 perfected security interest in the whole to the extent that he makes
2373 subsequent advances if the subsequent purchase is made, the lien by
2374 judicial proceedings obtained or the subsequent advance under the
2375 prior perfected security interest is made or contracted for without
2376 knowledge of the security interest and before it is perfected. A
2377 purchaser of the whole at a foreclosure sale other than the holder of a
2378 perfected security interest purchasing at his own foreclosure sale is a
2379 subsequent purchaser within this section.

2380 (4) When under subsections (1) or (2) and (3) a secured party has an
2381 interest in accessions which has priority over the claims of all persons
2382 who have interests in the whole, he may on default subject to the
2383 provisions of part 5 remove his collateral from the whole but he must
2384 reimburse any encumbrancer or owner of the whole who is not the
2385 debtor and who has not otherwise agreed for the cost of repair of any
2386 physical injury but not for any diminution in value of the whole
2387 caused by the absence of the goods removed or by any necessity for
2388 replacing them. A person entitled to reimbursement may refuse
2389 permission to remove until the secured party gives adequate security
2390 for the performance of this obligation.]

2391 (a) A security interest in investment property, deposit accounts,
2392 letter-of-credit rights or electronic chattel paper may be perfected by
2393 control of the collateral under section 42a-9-104, as amended by this
2394 act, 42a-9-105, as amended by this act, 42a-9-106, as amended by this
2395 act, or 42a-9-107, as amended by this act.

2396 (b) A security interest in deposit accounts, electronic chattel paper or
2397 letter-of-credit rights is perfected by control under section 42a-9-104, as
2398 amended by this act, 42a-9-105, as amended by this act, or 42a-9-107, as
2399 amended by this act, when the secured party obtains control and
2400 remains perfected by control only while the secured party retains
2401 control.

2402 (c) A security interest in investment property is perfected by control
2403 under section 42a-9-106, as amended by this act, from the time the
2404 secured party obtains control and remains perfected by control until:

2405 (1) The secured party does not have control; and

2406 (2) One of the following occurs:

2407 (A) If the collateral is a certificated security, the debtor has or
2408 acquires possession of the security certificate;

2409 (B) If the collateral is an uncertificated security, the issuer has
2410 registered or registers the debtor as the registered owner; or

2411 (C) If the collateral is a security entitlement, the debtor is or becomes
2412 the entitlement holder.

2413 Sec. 35. Section 42a-9-315 of the general statutes is repealed and the
2414 following is substituted in lieu thereof:

2415 [(1) If a security interest in goods was perfected and subsequently
2416 the goods or a part thereof have become part of a product or mass, the
2417 security interest continues in the product or mass if (a) the goods are
2418 so manufactured, processed, assembled or commingled that their
2419 identity is lost in the product or mass; or (b) a financing statement
2420 covering the original goods also covers the product into which the
2421 goods have been manufactured, processed or assembled. In a case to
2422 which paragraph (b) applies, no separate security interest in that part
2423 of the original goods which has been manufactured, processed or
2424 assembled into the product may be claimed under section 42a-9-314.

2425 (2) When under subsection (1) more than one security interest
2426 attaches to the product or mass, they rank equally according to the
2427 ratio that the cost of the goods to which each interest originally
2428 attached bears to the cost of the total product or mass.]

2429 (a) Except as otherwise provided in this article and in subsection (2)
2430 of section 42a-2-403:

2431 (1) A security interest or agricultural lien continues in collateral
2432 notwithstanding sale, lease, license, exchange or other disposition
2433 thereof unless the secured party authorized the disposition free of the
2434 security interest or agricultural lien; and

2435 (2) A security interest attaches to any identifiable proceeds of
2436 collateral.

2437 (b) Proceeds that are commingled with other property are
2438 identifiable proceeds:

2439 (1) If the proceeds are goods, to the extent provided by section 56 of
2440 this act; and

2441 (2) If the proceeds are not goods, to the extent that the secured party
2442 identifies the proceeds by a method of tracing, including application of
2443 equitable principles, that is permitted under law other than this article
2444 with respect to commingled property of the type involved.

2445 (c) A security interest in proceeds is a perfected security interest if
2446 the security interest in the original collateral was perfected.

2447 (d) A perfected security interest in proceeds becomes unperfected on
2448 the twenty-first day after the security interest attaches to the proceeds
2449 unless:

2450 (1) The following conditions are satisfied:

2451 (A) A filed financing statement covers the original collateral;

2452 (B) The proceeds are collateral in which a security interest may be
2453 perfected by filing in the office in which the financing statement has
2454 been filed; and

2455 (C) The proceeds are not acquired with cash proceeds;

2456 (2) The proceeds are identifiable cash proceeds; or

2457 (3) The security interest in the proceeds is perfected other than

2458 under subsection (c) of this section when the security interest attaches
2459 to the proceeds or within twenty days thereafter.

2460 (e) If a filed financing statement covers the original collateral, a
2461 security interest in proceeds which remains perfected under
2462 subdivision (1) of subsection (d) of this section becomes unperfected at
2463 the later of:

2464 (1) When the effectiveness of the filed financing statement lapses
2465 under section 86 of this act, or is terminated under section 84 of this
2466 act; or

2467 (2) The twenty-first day after the security interest attaches to the
2468 proceeds.

2469 Sec. 36. Section 42a-9-316 of the general statutes is repealed and the
2470 following is substituted in lieu thereof:

2471 [Nothing in this article prevents subordination by agreement by any
2472 person entitled to priority.]

2473 (a) A security interest perfected pursuant to the law of the
2474 jurisdiction designated in subdivision (1) of section 42a-9-301, as
2475 amended by this act, or subsection (c) of section 42a-9-305, as amended
2476 by this act, remains perfected until the earliest of:

2477 (1) The time perfection would have ceased under the law of that
2478 jurisdiction;

2479 (2) The expiration of four months after a change of the debtor's
2480 location to another jurisdiction;

2481 (3) The expiration of one year after a transfer of collateral to a
2482 person that thereby becomes a debtor and is located in another
2483 jurisdiction; or

2484 (4) The expiration of one year after a new debtor located in another
2485 jurisdiction becomes bound under subsection (d) of section 42a-9-203,

2486 as amended by this act.

2487 (b) If a security interest described in subsection (a) becomes
2488 perfected under the law of the other jurisdiction before the earliest
2489 time or event described in that subsection, it remains perfected
2490 thereafter. If the security interest does not become perfected under the
2491 law of the other jurisdiction before the earliest time or event, it
2492 becomes unperfected and is deemed never to have been perfected as
2493 against a purchaser of the collateral for value.

2494 (c) A possessory security interest in collateral, other than goods
2495 covered by a certificate of title and as-extracted collateral consisting of
2496 goods, remains continuously perfected if:

2497 (1) The collateral is located in one jurisdiction and subject to a
2498 security interest perfected under the law of that jurisdiction;

2499 (2) Thereafter the collateral is brought into another jurisdiction; and

2500 (3) Upon entry into the other jurisdiction, the security interest is
2501 perfected under the law of the other jurisdiction.

2502 (d) Except as otherwise provided in subsection (e), a security
2503 interest in goods covered by a certificate of title which is perfected by
2504 any method under the law of another jurisdiction when the goods
2505 become covered by a certificate of title from this state remains
2506 perfected until the security interest would have become unperfected
2507 under the law of the other jurisdiction had the goods not become so
2508 covered.

2509 (e) A security interest described in subsection (d) becomes
2510 unperfected as against a purchaser of the goods for value and is
2511 deemed never to have been perfected as against a purchaser of the
2512 goods for value if the applicable requirements for perfection under
2513 subsection (b) of section 42a-9-311, as amended by this act, or section
2514 42a-9-313, as amended by this act, are not satisfied before the earlier of:

2515 (1) The time the security interest would have become unperfected

2516 under the law of the other jurisdiction had the goods not become
2517 covered by a certificate of title from this state; or

2518 (2) The expiration of four months after the goods had become so
2519 covered.

2520 (f) A security interest in deposit accounts, letter-of-credit rights or
2521 investment property which is perfected under the law of the bank's
2522 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,
2523 the securities intermediary's jurisdiction or the commodity
2524 intermediary's jurisdiction, as applicable, remains perfected until the
2525 earlier of:

2526 (1) The time the security interest would have become unperfected
2527 under the law of that jurisdiction; or

2528 (2) The expiration of four months after a change of the applicable
2529 jurisdiction to another jurisdiction.

2530 (g) If a security interest described in subsection (f) becomes
2531 perfected under the law of the other jurisdiction before the earlier of
2532 the time or the end of the period described in that subsection, it
2533 remains perfected thereafter. If the security interest does not become
2534 perfected under the law of the other jurisdiction before the earlier of
2535 that time or the end of that period, it becomes unperfected and is
2536 deemed never to have been perfected as against a purchaser of the
2537 collateral for value.

2538 Sec. 37. Section 42a-9-317 of the general statutes is repealed and the
2539 following is substituted in lieu thereof:

2540 [The mere existence of a security interest or authority given to the
2541 debtor to dispose of or use collateral does not impose contract or tort
2542 liability upon the secured party for the debtor's acts or omissions.]

2543 (a) A security interest or agricultural lien is subordinate to the rights
2544 of:

2545 (1) A person entitled to priority under section 42 of this act; and

2546 (2) Except as otherwise provided in subsection (e), a person that
2547 becomes a lien creditor before the security interest or agricultural lien
2548 is perfected.

2549 (b) Except as otherwise provided in subsection (e), a buyer, other
2550 than a secured party, of tangible chattel paper, documents, goods,
2551 instruments or a security certificate takes free of a security interest or
2552 agricultural lien if the buyer gives value and receives delivery of the
2553 collateral without knowledge of the security interest or agricultural
2554 lien and before it is perfected.

2555 (c) Except as otherwise provided in subsection (e), a lessee of goods
2556 takes free of a security interest or agricultural lien if the lessee gives
2557 value and receives delivery of the collateral without knowledge of the
2558 security interest or agricultural lien and before it is perfected.

2559 (d) A licensee of a general intangible or a buyer, other than a secured
2560 party, of accounts, electronic chattel paper, general intangibles or
2561 investment property other than a certificated security takes free of a
2562 security interest if the licensee or buyer gives value without
2563 knowledge of the security interest and before it is perfected.

2564 (e) Except as otherwise provided in sections 40 and 41 of this act, if a
2565 person files a financing statement with respect to a purchase-money
2566 security interest before or within twenty days after the debtor receives
2567 delivery of the collateral, the security interest takes priority over the
2568 rights of a buyer, lessee or lien creditor which arise between the time
2569 the security interest attaches and the time of filing.

2570 Sec. 38. Section 42a-9-318 of the general statutes is repealed and the
2571 following is substituted in lieu thereof:

2572 [(1) Unless an account debtor has made an enforceable agreement
2573 not to assert defenses or claims arising out of a sale as provided in
2574 section 42a-9-206 the rights of an assignee are subject to (a) all the

2575 terms of the contract between the account debtor and assignor and any
2576 defense or claim arising therefrom; and (b) any other defense or claim
2577 of the account debtor against the assignor which accrues before the
2578 account debtor receives notification of the assignment.

2579 (2) So far as the right to payment or a part thereof under an assigned
2580 contract right has not been fully earned by performance and
2581 notwithstanding notification of the assignment, any modification of or
2582 substitution for the contract made in good faith and in accordance with
2583 reasonable commercial standards is effective against an assignee
2584 unless the account debtor has otherwise agreed but the assignee
2585 acquires corresponding rights under the modified or substituted
2586 contract. The assignment may provide that such modification or
2587 substitution is a breach by the assignor.

2588 (3) The account debtor is authorized to pay the assignor until the
2589 account debtor receives notification that the amount due or to become
2590 due has been assigned and that payment is to be made to the assignee.
2591 A notification which does not reasonably identify the rights assigned is
2592 ineffective. If requested by the account debtor, the assignee must
2593 seasonably furnish reasonable proof that the assignment has been
2594 made and unless he does so the account debtor may pay the assignor.

2595 (4) A term in any contract between an account debtor and an
2596 assignor is ineffective if it prohibits assignment of an account or
2597 prohibits creation of a security interest in a general intangible for
2598 money due or to become due or requires the account debtor's consent
2599 to such assignment or security interest.]

2600 (a) A debtor that has sold an account, chattel paper, payment
2601 intangible or promissory note does not retain a legal or equitable
2602 interest in the collateral sold.

2603 (b) For purposes of determining the rights of creditors of, and
2604 purchasers for value of an account or chattel paper from, a debtor that
2605 has sold an account or chattel paper, while the buyer's security interest
2606 is unperfected, the debtor is deemed to have rights and title to the

2607 account or chattel paper identical to those the debtor sold.

2608 Sec. 39. (NEW) (a) Except as otherwise provided in subsection (b) of
2609 this section, for purposes of determining the rights of creditors of, and
2610 purchasers for value of goods from, a consignee, while the goods are in
2611 the possession of the consignee, the consignee is deemed to have rights
2612 and title to the goods identical to those the consignor had or had
2613 power to transfer.

2614 (b) For purposes of determining the rights of a creditor of a
2615 consignee, law other than this article determines the rights and title of
2616 a consignee while goods are in the consignee's possession if, under
2617 sections 42a-9-301 to 42a-9-318, inclusive, of the general statutes, as
2618 amended by this act, and sections 39 to 62, inclusive, of this act, a
2619 perfected security interest held by the consignor would have priority
2620 over the rights of the creditor.

2621 Sec. 40. (NEW) (a) Except as otherwise provided in subsection (e) of
2622 this section, a buyer in ordinary course of business, other than a person
2623 buying farm products from a person engaged in farming operations,
2624 takes free of a security interest created by the buyer's seller, even if the
2625 security interest is perfected and the buyer knows of its existence.

2626 (b) Except as otherwise provided in subsection (e) of this section, a
2627 buyer of goods from a person who used or bought the goods for use
2628 primarily for personal, family or household purposes takes free of a
2629 security interest, even if perfected, if the buyer buys:

2630 (1) Without knowledge of the security interest;

2631 (2) For value; and

2632 (3) Primarily for the buyer's personal, family or household
2633 purposes.

2634 (c) To the extent that it affects the priority of a security interest over
2635 a buyer of goods under subsection (b) of this section, the period of
2636 effectiveness of a filing made in the jurisdiction in which the seller is

2637 located is governed by subsections (a) and (b) of section 42a-9-316 of
2638 the general statutes, as amended by this act.

2639 (d) A buyer in ordinary course of business buying oil, gas or other
2640 minerals at the wellhead or minehead or after extraction takes free of
2641 an interest arising out of an encumbrance.

2642 (e) Subsections (a) and (b) do not affect a security interest in goods
2643 in the possession of the secured party under section 42a-9-313 of the
2644 general statutes, as amended by this act

2645 Sec. 41. (NEW) (a) In this section, "licensee in ordinary course of
2646 business" means a person that becomes a licensee of a general
2647 intangible in good faith, without knowledge that the license violates
2648 the rights of another person in the general intangible, and in the
2649 ordinary course from a person in the business of licensing general
2650 intangibles of that kind. A person becomes a licensee in the ordinary
2651 course if the license to the person comports with the usual or
2652 customary practices in the kind of business in which the licensor is
2653 engaged or with the licensor's own usual or customary practices.

2654 (b) A licensee in ordinary course of business takes its rights under a
2655 nonexclusive license free of a security interest in the general intangible
2656 created by the licensor, even if the security interest is perfected and the
2657 licensee knows of its existence.

2658 (c) A lessee in ordinary course of business takes its leasehold interest
2659 free of a security interest in the goods created by the lessor, even if the
2660 security interest is perfected and the lessee knows of its existence.

2661 Sec. 42. (NEW) (a) Except as otherwise provided in this section,
2662 priority among conflicting security interests and agricultural liens in
2663 the same collateral is determined according to the following rules:

2664 (1) Conflicting perfected security interests and agricultural liens
2665 rank according to priority in time of filing or perfection. Priority dates
2666 from the earlier of the time a filing covering the collateral is first made

2667 or the security interest or agricultural lien is first perfected, if there is
2668 no period thereafter when there is neither filing nor perfection.

2669 (2) A perfected security interest or agricultural lien has priority over
2670 a conflicting unperfected security interest or agricultural lien.

2671 (3) The first security interest or agricultural lien to attach or become
2672 effective has priority if conflicting security interests and agricultural
2673 liens are unperfected.

2674 (b) For the purposes of subdivision (1) of subsection (a) of this
2675 section:

2676 (1) The time of filing or perfection as to a security interest in
2677 collateral is also the time of filing or perfection as to a security interest
2678 in proceeds; and

2679 (2) The time of filing or perfection as to a security interest in
2680 collateral supported by a supporting obligation is also the time of filing
2681 or perfection as to a security interest in the supporting obligation.

2682 (c) Except as otherwise provided in subsection (f) of this section, a
2683 security interest in collateral which qualifies for priority over a
2684 conflicting security interest under section 47, 48, 49, 50 or 51 of this act
2685 also has priority over a conflicting security interest in:

2686 (1) Any supporting obligation for the collateral; and

2687 (2) Proceeds of the collateral if:

2688 (A) The security interest in proceeds is perfected;

2689 (B) The proceeds are cash proceeds or of the same type as the
2690 collateral; and

2691 (C) In the case of proceeds that are proceeds of proceeds, all
2692 intervening proceeds are cash proceeds, proceeds of the same type as
2693 the collateral or an account relating to the collateral.

2694 (d) Subject to subsection (e) of this section and except as otherwise
2695 provided in subsection (f) of this section, if a security interest in chattel
2696 paper, deposit accounts, negotiable documents, instruments,
2697 investment property or letter-of-credit rights is perfected by a method
2698 other than filing, conflicting perfected security interests in proceeds of
2699 the collateral rank according to priority in time of filing.

2700 (e) Subsection (d) of this section applies only if the proceeds of the
2701 collateral are not cash proceeds, chattel paper, negotiable documents,
2702 instruments, investment property or letter-of-credit rights.

2703 (f) Subsections (a) to (e), inclusive, of this section are subject to:

2704 (1) Subsection (g) of this section and the other provisions of sections
2705 42a-9-301 to 42a-9-318, inclusive, of the general statutes, as amended
2706 by this act, and sections 39 to 62, inclusive, of this act;

2707 (2) Section 42a-4-210 of the general statutes with respect to a security
2708 interest of a collecting bank;

2709 (3) Section 42a-5-118 of the general statutes, as amended by this act,
2710 with respect to a security interest of an issuer or nominated person;
2711 and

2712 (4) Section 42a-9-110 of the general statutes, as amended by this act,
2713 with respect to a security interest arising under article 2.

2714 (g) A perfected agricultural lien on collateral has priority over a
2715 conflicting security interest in or agricultural lien on the same
2716 collateral if the statute creating the agricultural lien so provides.

2717 Sec. 43. (NEW) (a) Except as otherwise provided in subsection (c) of
2718 this section, for purposes of determining the priority of a perfected
2719 security interest under subdivision (1) of subsection (a) of section 42 of
2720 this act, perfection of the security interest dates from the time an
2721 advance is made to the extent that the security interest secures an
2722 advance that:

2723 (1) Is made while the security interest is perfected only:

2724 (A) Under section 42a-9-309 of the general statutes, as amended by
2725 this act, when it attaches; or

2726 (B) Temporarily under subsection (e), (f) or (g) of section 42a-9-312
2727 of the general statutes, as amended by this act; and

2728 (2) Is not made pursuant to a commitment entered into before or
2729 while the security interest is perfected by a method other than under
2730 section 42a-9-309 of the general statutes, as amended by this act, or
2731 subsection (e), (f) or (g) of section 42a-9-312 of the general statutes, as
2732 amended by this act.

2733 (b) Except as otherwise provided in subsection (c) of this section, a
2734 security interest is subordinate to the rights of a person that becomes a
2735 lien creditor to the extent that the security interest secures an advance
2736 made more than forty-five days after the person becomes a lien
2737 creditor unless the advance is made:

2738 (1) Without knowledge of the lien; or

2739 (2) Pursuant to a commitment entered into without knowledge of
2740 the lien.

2741 (c) Subsections (a) and (b) of this section do not apply to a security
2742 interest held by a secured party that is a buyer of accounts, chattel
2743 paper, payment intangibles or promissory notes or a consignor.

2744 (d) Except as otherwise provided in subsection (e) of this section, a
2745 buyer of goods other than a buyer in ordinary course of business takes
2746 free of a security interest to the extent that it secures advances made
2747 after the earlier of:

2748 (1) The time the secured party acquires knowledge of the buyer's
2749 purchase; or

2750 (2) Forty-five days after the purchase.

2751 (e) Subsection (d) of this section does not apply if the advance is
2752 made pursuant to a commitment entered into without knowledge of
2753 the buyer's purchase and before the expiration of the forty-five-day
2754 period.

2755 (f) Except as otherwise provided in subsection (g) of this section, a
2756 lessee of goods, other than a lessee in ordinary course of business,
2757 takes the leasehold interest free of a security interest to the extent that
2758 it secures advances made after the earlier of:

2759 (1) The time the secured party acquires knowledge of the lease; or

2760 (2) Forty-five days after the lease contract becomes enforceable.

2761 (g) Subsection (f) of this section does not apply if the advance is
2762 made pursuant to a commitment entered into without knowledge of
2763 the lease and before the expiration of the forty-five-day period.

2764 Sec. 44. (NEW) (a) Except as otherwise provided in subsection (g), a
2765 perfected purchase-money security interest in goods other than
2766 inventory or livestock has priority over a conflicting security interest in
2767 the same goods, and, except as otherwise provided in section 47 of this
2768 act, a perfected security interest in its identifiable proceeds also has
2769 priority, if the purchase-money security interest is perfected when the
2770 debtor receives possession of the collateral or within twenty days
2771 thereafter.

2772 (b) Subject to subsection (c) and except as otherwise provided in
2773 subsection (g), a perfected purchase-money security interest in
2774 inventory has priority over a conflicting security interest in the same
2775 inventory, has priority over a conflicting security interest in chattel
2776 paper or an instrument constituting proceeds of the inventory and in
2777 proceeds of the chattel paper, if so provided in section 50 of this act,
2778 and, except as otherwise provided in section 47 of this act, also has
2779 priority in identifiable cash proceeds of the inventory to the extent the
2780 identifiable cash proceeds are received on or before the delivery of the
2781 inventory to a buyer, if:

2782 (1) The purchase-money security interest is perfected when the
2783 debtor receives possession of the inventory;

2784 (2) The purchase-money secured party sends an authenticated
2785 notification to the holder of the conflicting security interest;

2786 (3) The holder of the conflicting security interest receives the
2787 notification within five years before the debtor receives possession of
2788 the inventory; and

2789 (4) The notification states that the person sending the notification
2790 has or expects to acquire a purchase-money security interest in
2791 inventory of the debtor and describes the inventory.

2792 (c) Subdivisions (2) to (4), inclusive, of subsection (b) apply only if
2793 the holder of the conflicting security interest had filed a financing
2794 statement covering the same types of inventory:

2795 (1) If the purchase-money security interest is perfected by filing,
2796 before the date of the filing; or

2797 (2) If the purchase-money security interest is temporarily perfected
2798 without filing or possession under subsection (f) of section 42a-9-312 of
2799 the general statutes, as amended by this act, before the beginning of
2800 the twenty-day period thereunder.

2801 (d) Subject to subsection (e) and except as otherwise provided in
2802 subsection (g), a perfected purchase-money security interest in
2803 livestock that are farm products has priority over a conflicting security
2804 interest in the same livestock, and, except as otherwise provided in
2805 section 47 of this act, a perfected security interest in their identifiable
2806 proceeds and identifiable products in their unmanufactured states also
2807 has priority, if:

2808 (1) The purchase-money security interest is perfected when the
2809 debtor receives possession of the livestock;

2810 (2) The purchase-money secured party sends an authenticated

2811 notification to the holder of the conflicting security interest;

2812 (3) The holder of the conflicting security interest receives the
2813 notification within six months before the debtor receives possession of
2814 the livestock; and

2815 (4) The notification states that the person sending the notification
2816 has or expects to acquire a purchase-money security interest in
2817 livestock of the debtor and describes the livestock.

2818 (e) Subdivisions (2) to (4), inclusive, of subsection (d) apply only if
2819 the holder of the conflicting security interest had filed a financing
2820 statement covering the same types of livestock:

2821 (1) If the purchase-money security interest is perfected by filing,
2822 before the date of the filing; or

2823 (2) If the purchase-money security interest is temporarily perfected
2824 without filing or possession under subsection (f) of section 42a-9-312 of
2825 the general statutes, as amended by this act, before the beginning of
2826 the twenty-day period thereunder.

2827 (f) Except as otherwise provided in subsection (g), a perfected
2828 purchase-money security interest in software has priority over a
2829 conflicting security interest in the same collateral, and, except as
2830 otherwise provided in section 47 of this act, a perfected security
2831 interest in its identifiable proceeds also has priority, to the extent that
2832 the purchase-money security interest in the goods in which the
2833 software was acquired for use has priority in the goods and proceeds
2834 of the goods under this section.

2835 (g) If more than one security interest qualifies for priority in the
2836 same collateral under subsection (a), (b), (d) or (f):

2837 (1) A security interest securing an obligation incurred as all or part
2838 of the price of the collateral has priority over a security interest
2839 securing an obligation incurred for value given to enable the debtor to
2840 acquire rights in or the use of collateral; and

2841 (2) In all other cases, subsection (a) of section 42 of this act applies to
2842 the qualifying security interests.

2843 Sec. 45. (NEW) (a) Except as otherwise provided in subsection (b), a
2844 security interest created by a debtor is subordinate to a security interest
2845 in the same collateral created by another person if:

2846 (1) The debtor acquired the collateral subject to the security interest
2847 created by the other person;

2848 (2) The security interest created by the other person was perfected
2849 when the debtor acquired the collateral; and

2850 (3) There is no period thereafter when the security interest is
2851 unperfected.

2852 (b) Subsection (a) subordinates a security interest only if the security
2853 interest:

2854 (1) Otherwise would have priority solely under subsection (a) of
2855 section 42 of this act or section 44 of this act; or

2856 (2) Arose solely under subdivision (3) of section 42a-2-711 of the
2857 general statutes.

2858 Sec. 46. (NEW) (a) Subject to subsection (b), a security interest
2859 created by a new debtor which is perfected by a filed financing
2860 statement that is effective solely under section 79 of this act in
2861 collateral in which a new debtor has or acquires rights is subordinate
2862 to a security interest in the same collateral which is perfected other
2863 than by a filed financing statement that is effective solely under section
2864 79 of this act.

2865 (b) The other provisions of sections 42a-9-301 to 42a-9-318, inclusive,
2866 of the general statutes, as amended by this act, and sections 39 to 62,
2867 inclusive, of this act, determine the priority among conflicting security
2868 interests in the same collateral perfected by filed financing statements
2869 that are effective solely under section 79 of this act. However, if the

2870 security agreements to which a new debtor became bound as debtor
2871 were not entered into by the same original debtor, the conflicting
2872 security interests rank according to priority in time of the new debtor's
2873 having become bound.

2874 Sec. 47. (NEW) The following rules govern priority among
2875 conflicting security interests in the same deposit account:

2876 (1) A security interest held by a secured party having control of the
2877 deposit account under section 42a-9-104 of the general statutes, as
2878 amended by this act, has priority over a conflicting security interest
2879 held by a secured party that does not have control.

2880 (2) Except as otherwise provided in subdivisions (3) and (4), security
2881 interests perfected by control under section 42a-9-314 of the general
2882 statutes, as amended by this act, rank according to priority in time of
2883 obtaining control.

2884 (3) Except as otherwise provided in subdivision (4), a security
2885 interest held by the bank with which the deposit account is maintained
2886 has priority over a conflicting security interest held by another secured
2887 party.

2888 (4) A security interest perfected by control under subdivision (3) of
2889 subsection (a) of section 42a-9-104 of the general statutes, as amended
2890 by this act, has priority over a security interest held by the bank with
2891 which the deposit account is maintained.

2892 Sec. 48. (NEW) The following rules govern priority among
2893 conflicting security interests in the same investment property:

2894 (1) A security interest held by a secured party having control of
2895 investment property under section 42a-9-106 of the general statutes, as
2896 amended by this act, has priority over a security interest held by a
2897 secured party that does not have control of the investment property.

2898 (2) Except as otherwise provided in subdivisions (3) and (4),
2899 conflicting security interests held by secured parties each of which has

2900 control under section 42a-9-106 of the general statutes, as amended by
2901 this act, rank according to priority in time of:

2902 (A) If the collateral is a security, obtaining control;

2903 (B) If the collateral is a security entitlement carried in a securities
2904 account; and:

2905 (i) If the secured party obtained control under subdivision (1) of
2906 subsection (d) of section 42a-8-106 of the general statutes, as amended
2907 by this act, the secured party's becoming the person for which the
2908 securities account is maintained;

2909 (ii) If the secured party obtained control under subdivision (2) of
2910 subsection (d) of section 42a-8-106 of the general statutes, as amended
2911 by this act, the securities intermediary's agreement to comply with the
2912 secured party's entitlement orders with respect to security entitlements
2913 carried or to be carried in the securities account; or

2914 (iii) If the secured party obtained control through another person
2915 under subdivision (3) of subsection (d) of section 42a-8-106 of the
2916 general statutes, as amended by this act, the time on which priority
2917 would be based under this subdivision if the other person were the
2918 secured party; or

2919 (C) If the collateral is a commodity contract carried with a
2920 commodity intermediary, the satisfaction of the requirement for control
2921 specified in subdivision (2) of subsection (b) of section 42a-9-106 of the
2922 general statutes, as amended by this act, with respect to commodity
2923 contracts carried or to be carried with the commodity intermediary.

2924 (3) A security interest held by a securities intermediary in a security
2925 entitlement or a securities account maintained with the securities
2926 intermediary has priority over a conflicting security interest held by
2927 another secured party.

2928 (4) A security interest held by a commodity intermediary in a
2929 commodity contract or a commodity account maintained with the

2930 commodity intermediary has priority over a conflicting security
2931 interest held by another secured party.

2932 (5) A security interest in a certificated security in registered form
2933 which is perfected by taking delivery under subsection (a) of section
2934 42a-9-313 of the general statutes, as amended by this act, and not by
2935 control under section 42a-9-314 of the general statutes, as amended by
2936 this act, has priority over a conflicting security interest perfected by a
2937 method other than control.

2938 (6) Conflicting security interests created by a broker, securities
2939 intermediary or commodity intermediary which are perfected without
2940 control under section 42a-9-106 of the general statutes, as amended by
2941 this act, rank equally.

2942 (7) In all other cases, priority among conflicting security interests in
2943 investment property is governed by sections 42 and 43 of this act.

2944 Sec. 49. (NEW) The following rules govern priority among
2945 conflicting security interests in the same letter-of-credit right:

2946 (1) A security interest held by a secured party having control of the
2947 letter-of-credit right under section 42a-9-107 of the general statutes, as
2948 amended by this act, has priority to the extent of its control over a
2949 conflicting security interest held by a secured party that does not have
2950 control.

2951 (2) Security interests perfected by control under section 42a-9-314 of
2952 the general statutes, as amended by this act, rank according to priority
2953 in time of obtaining control.

2954 Sec. 50. (NEW) (a) A purchaser of chattel paper has priority over a
2955 security interest in the chattel paper which is claimed merely as
2956 proceeds of inventory subject to a security interest if:

2957 (1) In good faith and in the ordinary course of the purchaser's
2958 business, the purchaser gives new value and takes possession of the
2959 chattel paper or obtains control of the chattel paper under section 42a-

2960 9-105 of the general statutes, as amended by this act; and

2961 (2) The chattel paper does not indicate that it has been assigned to
2962 an identified assignee other than the purchaser.

2963 (b) A purchaser of chattel paper has priority over a security interest
2964 in the chattel paper which is claimed other than merely as proceeds of
2965 inventory subject to a security interest if the purchaser gives new value
2966 and takes possession of the chattel paper or obtains control of the
2967 chattel paper under section 42a-9-105 of the general statutes, as
2968 amended by this act, in good faith, in the ordinary course of the
2969 purchaser's business, and without knowledge that the purchase
2970 violates the rights of the secured party.

2971 (c) Except as otherwise provided in section 47 of this act, a
2972 purchaser having priority in chattel paper under subsection (a) or (b)
2973 also has priority in proceeds of the chattel paper to the extent that:

2974 (1) Section 42 of this act provides for priority in the proceeds; or

2975 (2) The proceeds consist of the specific goods covered by the chattel
2976 paper or cash proceeds of the specific goods, even if the purchaser's
2977 security interest in the proceeds is unperfected.

2978 (d) Except as otherwise provided in subsection (a) of section 51 of
2979 this act, a purchaser of an instrument has priority over a security
2980 interest in the instrument perfected by a method other than possession
2981 if the purchaser gives value and takes possession of the instrument in
2982 good faith and without knowledge that the purchase violates the rights
2983 of the secured party.

2984 (e) For purposes of subsections (a) and (b), the holder of a purchase-
2985 money security interest in inventory gives new value for chattel paper
2986 constituting proceeds of the inventory.

2987 (f) For purposes of subsections (b) and (d), if chattel paper or an
2988 instrument indicates that it has been assigned to an identified secured
2989 party other than the purchaser, a purchaser of the chattel paper or

2990 instrument has knowledge that the purchase violates the rights of the
2991 secured party.

2992 Sec. 51. (NEW) (a) This article does not limit the rights of a holder in
2993 due course of a negotiable instrument, a holder to which a negotiable
2994 document of title has been duly negotiated or a protected purchaser of
2995 a security. These holders or purchasers take priority over an earlier
2996 security interest, even if perfected, to the extent provided in articles 3, 7
2997 and 8.

2998 (b) This article does not limit the rights of or impose liability on a
2999 person to the extent that the person is protected against the assertion of
3000 a claim under article 8.

3001 (c) Filing under this article does not constitute notice of a claim or
3002 defense to the holders, or purchasers, or persons described in
3003 subsections (a) and (b).

3004 Sec. 52. (NEW) (a) A transferee of money takes the money free of a
3005 security interest unless the transferee acts in collusion with the debtor
3006 in violating the rights of the secured party.

3007 (b) A transferee of funds from a deposit account takes the funds free
3008 of a security interest in the deposit account unless the transferee acts in
3009 collusion with the debtor in violating the rights of the secured party.

3010 Sec. 53. (NEW) (a) In this section, "possessory lien" means an
3011 interest, other than a security interest or an agricultural lien:

3012 (1) Which secures payment or performance of an obligation for
3013 services or materials furnished with respect to goods by a person in the
3014 ordinary course of the person's business;

3015 (2) Which is created by statute or rule of law in favor of the person;
3016 and

3017 (3) Whose effectiveness depends on the person's possession of the
3018 goods.

3019 (b) A possessory lien on goods has priority over a security interest in
3020 the goods unless the lien is created by a statute that expressly provides
3021 otherwise.

3022 Sec. 54. (NEW) (a) A security interest under this article may be
3023 created in goods that are fixtures or may continue in goods that
3024 become fixtures. A security interest does not exist under this article in
3025 ordinary building materials incorporated into an improvement on
3026 land.

3027 (b) This article does not prevent creation of an encumbrance upon
3028 fixtures under real property law.

3029 (c) In cases not governed by subsections (d) to (h), inclusive, a
3030 security interest in fixtures is subordinate to a conflicting interest of an
3031 encumbrancer or owner of the related real property other than the
3032 debtor.

3033 (d) Except as otherwise provided in subsection (h), a perfected
3034 security interest in fixtures has priority over a conflicting interest of an
3035 encumbrancer or owner of the real property if the debtor has an
3036 interest of record in or is in possession of the real property and:

3037 (1) The security interest is a purchase-money security interest;

3038 (2) The interest of the encumbrancer or owner arises before the
3039 goods become fixtures; and

3040 (3) The security interest is perfected by a fixture filing before the
3041 goods become fixtures or within twenty days thereafter.

3042 (e) A perfected security interest in fixtures has priority over a
3043 conflicting interest of an encumbrancer or owner of the real property if:

3044 (1) The debtor has an interest of record in the real property or is in
3045 possession of the real property and the security interest:

3046 (A) Is perfected by a fixture filing before the interest of the

3047 encumbrancer or owner is of record; and

3048 (B) Has priority over any conflicting interest of a predecessor in title
3049 of the encumbrancer or owner;

3050 (2) Before the goods become fixtures, the security interest is
3051 perfected by any method permitted by this article and the fixtures are
3052 readily removable:

3053 (A) Factory or office machines;

3054 (B) Equipment that is not primarily used or leased for use in the
3055 operation of the real property; or

3056 (C) Replacements of domestic appliances that are consumer goods;

3057 (3) The conflicting interest is a lien on the real property obtained by
3058 legal or equitable proceedings after the security interest was perfected
3059 by any method permitted by this article; or

3060 (4) The security interest is:

3061 (A) Created in a manufactured home in a manufactured-home
3062 transaction; and

3063 (B) Perfected pursuant to a statute described in subdivision (2) of
3064 subsection (a) of section 42a-9-311 of the general statutes, as amended
3065 by this act.

3066 (f) A security interest in fixtures, whether or not perfected, has
3067 priority over a conflicting interest of an encumbrancer or owner of the
3068 real property if:

3069 (1) The encumbrancer or owner has, in an authenticated record,
3070 consented to the security interest or disclaimed an interest in the goods
3071 as fixtures; or

3072 (2) The debtor has a right to remove the goods as against the
3073 encumbrancer or owner.

3074 (g) The priority of the security interest under subdivision (2) of
3075 subsection (f) continues for a reasonable time if the debtor's right to
3076 remove the goods as against the encumbrancer or owner terminates.

3077 (h) A mortgage is a construction mortgage to the extent that it
3078 secures an obligation incurred for the construction of an improvement
3079 on land, including the acquisition cost of the land, if a recorded record
3080 of the mortgage so indicates. Except as otherwise provided in
3081 subsections (e) and (f), a security interest in fixtures is subordinate to a
3082 construction mortgage if a record of the mortgage is recorded before
3083 the goods become fixtures and the goods become fixtures before the
3084 completion of the construction. A mortgage has this priority to the
3085 same extent as a construction mortgage to the extent that it is given to
3086 refinance a construction mortgage.

3087 (i) A perfected security interest in crops growing on real property
3088 has priority over a conflicting interest of an encumbrancer or owner of
3089 the real property if the debtor has an interest of record in or is in
3090 possession of the real property.

3091 Sec. 55. (NEW) (a) A security interest may be created in an accession
3092 and continues in collateral that becomes an accession.

3093 (b) If a security interest is perfected when the collateral becomes an
3094 accession, the security interest remains perfected in the collateral.

3095 (c) Except as otherwise provided in subsection (d), the other
3096 provisions of sections 42a-9-301 to 42a-9-318, inclusive, of the general
3097 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
3098 act determine the priority of a security interest in an accession.

3099 (d) A security interest in an accession is subordinate to a security
3100 interest in the whole which is perfected by compliance with the
3101 requirements of a certificate-of-title statute under subsection (b) of
3102 section 42a-9-311 of the general statutes, as amended by this act.

3103 (e) After default, subject to sections 98 to 125, inclusive, of this act, a

3104 secured party may remove an accession from other goods if the
3105 security interest in the accession has priority over the claims of every
3106 person having an interest in the whole.

3107 (f) A secured party that removes an accession from other goods
3108 under subsection (e) shall promptly reimburse any holder of a security
3109 interest or other lien on, or owner of, the whole or of the other goods,
3110 for the cost of repair of any physical injury to the whole or the other
3111 goods. The secured party need not reimburse the holder or owner for
3112 any diminution in value of the whole or the other goods caused by the
3113 absence of the accession removed or by any necessity for replacing it. A
3114 person entitled to reimbursement, other than the debtor, may refuse
3115 permission to remove until the secured party gives adequate assurance
3116 for the performance of the obligation to reimburse.

3117 Sec. 56. (NEW) (a) In this section, "commingled goods" means goods
3118 that are physically united with other goods in such a manner that their
3119 identity is lost in a product or mass.

3120 (b) A security interest does not exist in commingled goods as such.
3121 However, a security interest may attach to a product or mass that
3122 results when goods become commingled goods.

3123 (c) If collateral becomes commingled goods, a security interest
3124 attaches to the product or mass.

3125 (d) If a security interest in collateral is perfected before the collateral
3126 becomes commingled goods, the security interest that attaches to the
3127 product or mass under subsection (c) is perfected.

3128 (e) Except as otherwise provided in subsection (f), the other
3129 provisions of sections 42a-9-301 to 42a-9-318, inclusive, of the general
3130 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
3131 act, determine the priority of a security interest that attaches to the
3132 product or mass under subsection (c).

3133 (f) If more than one security interest attaches to the product or mass

3134 under subsection (c), the following rules determine priority:

3135 (1) A security interest that is perfected under subsection (d) has
3136 priority over a security interest that is unperfected at the time the
3137 collateral becomes commingled goods.

3138 (2) If more than one security interest is perfected under subsection
3139 (d), the security interests rank equally in proportion to the value of the
3140 collateral at the time it became commingled goods.

3141 Sec. 57. (NEW) If, while a security interest in goods is perfected by
3142 any method under the law of another jurisdiction, this state issues a
3143 certificate of title that does not show that the goods are subject to the
3144 security interest or contain a statement that they may be subject to
3145 security interests not shown on the certificate:

3146 (1) A buyer of the goods, other than a person in the business of
3147 selling goods of that kind, takes free of the security interest if the buyer
3148 gives value and receives delivery of the goods after issuance of the
3149 certificate and without knowledge of the security interest; and

3150 (2) The security interest is subordinate to a conflicting security
3151 interest in the goods that attaches, and is perfected under subsection
3152 (b) of section 42a-9-311 of the general statutes, as amended by this act,
3153 after issuance of the certificate and without the conflicting secured
3154 party's knowledge of the security interest.

3155 Sec. 58. (NEW) If a security interest or agricultural lien is perfected
3156 by a filed financing statement providing information described in
3157 subdivision (5) of subsection (b) of section 87 of this act which is
3158 incorrect at the time the financing statement is filed:

3159 (1) The security interest or agricultural lien is subordinate to a
3160 conflicting perfected security interest in the collateral to the extent that
3161 the holder of the conflicting security interest gives value in reasonable
3162 reliance upon the incorrect information; and

3163 (2) A purchaser, other than a secured party, of the collateral takes

3164 free of the security interest or agricultural lien to the extent that, in
3165 reasonable reliance upon the incorrect information, the purchaser gives
3166 value and, in the case of chattel paper, documents, goods, instruments
3167 or a security certificate, receives delivery of the collateral.

3168 Sec. 59. (NEW) This article does not preclude subordination by
3169 agreement by a person entitled to priority.

3170 Sec. 60. (NEW) (a) Except as otherwise provided in subsection (c), a
3171 bank with which a deposit account is maintained may exercise any
3172 right of recoupment or set-off against a secured party that holds a
3173 security interest in the deposit account.

3174 (b) Except as otherwise provided in subsection (c), the application of
3175 this article to a security interest in a deposit account does not affect a
3176 right of recoupment or set-off of the secured party as to a deposit
3177 account maintained with the secured party.

3178 (c) The exercise by a bank of a set-off against a deposit account is
3179 ineffective against a secured party that holds a security interest in the
3180 deposit account which is perfected by control under subdivision (3) of
3181 subsection (a) of section 42a-9-104 of the general statutes, as amended
3182 by this act, if the set-off is based on a claim against the debtor.

3183 Sec. 61. (NEW) Except as otherwise provided in subsection (c) of
3184 section 60 of this act, and unless the bank otherwise agrees in an
3185 authenticated record, a bank's rights and duties with respect to a
3186 deposit account maintained with the bank are not terminated,
3187 suspended, or modified by:

3188 (1) The creation, attachment or perfection of a security interest in the
3189 deposit account;

3190 (2) The bank's knowledge of the security interest; or

3191 (3) The bank's receipt of instructions from the secured party.

3192 Sec. 62. (NEW) This article does not require a bank to enter into an

3193 agreement of the kind described in subdivision (2) of subsection (a) of
3194 section 42a-9-104 of the general statutes, as amended by this act, even
3195 if its customer so requests or directs. A bank that has entered into such
3196 an agreement is not required to confirm the existence of the agreement
3197 to another person unless requested to do so by its customer.

3198 Sec. 63. Section 42a-9-401 of the general statutes is repealed and the
3199 following is substituted in lieu thereof:

3200 [(1) The proper place to file in order to perfect a security interest is
3201 as follows: (a) When the collateral is timber to be cut or is minerals or
3202 the like, including oil and gas, or accounts subject to subsection (5) of
3203 section 42a-9-103a, or when the financing statement is filed as a fixture
3204 filing and the collateral is goods which are or are to become fixtures,
3205 then in the office where a mortgage on the real estate would be filed or
3206 recorded; (b) in all other cases, in the office of the Secretary of the State.

3207 (2) A filing which is made in good faith in an improper place or not
3208 in all of the places required by this section is nevertheless effective
3209 with regard to any collateral as to which the filing complied with the
3210 requirements of this article and is also effective with regard to
3211 collateral covered by the financing statement against any person who
3212 has knowledge of the contents of such financing statement.

3213 (3) A filing which is made in the proper place in this state continues
3214 effective even though the debtor's residence or place of business or the
3215 location of the collateral or its use, whichever controlled the original
3216 filing, is thereafter changed.

3217 (4) The rules stated in section 42a-9-103a determine whether filing is
3218 necessary in this state.

3219 (5) Notwithstanding subsections (1) to (4) inclusive, of this section,
3220 and subject to subsection (3) of section 42a-9-302, the proper place to
3221 file in order to perfect a security interest in collateral, including
3222 fixtures, of a transmitting utility is the office of the Secretary of the
3223 State. This filing constitutes a fixture filing as to the collateral

3224 described therein which is or is to become fixtures.]

3225 (a) Except as otherwise provided in subsection (b) and sections 42a-
3226 9-406 to 42a-9-409, inclusive, as amended by this act, whether a
3227 debtor's rights in collateral may be voluntarily or involuntarily
3228 transferred is governed by law other than this article.

3229 (b) An agreement between the debtor and secured party which
3230 prohibits a transfer of the debtor's rights in collateral or makes the
3231 transfer a default does not prevent the transfer from taking effect.

3232 Sec. 64. Section 42a-9-402 of the general statutes is repealed and the
3233 following is substituted in lieu thereof:

3234 [(1) A financing statement is sufficient if it gives the names of the
3235 debtor and the secured party, is signed by the debtor, gives an address
3236 of the secured party from which information concerning the security
3237 interest may be obtained, gives a mailing address of the debtor and
3238 contains a statement indicating the types, or describing the items, of
3239 collateral. A financing statement may be filed before a security
3240 agreement is made or a security interest otherwise attaches. When the
3241 financing statement covers crops growing or to be grown, the
3242 statement must also contain a general description of the real estate
3243 concerned. When the financing statement covers timber to be cut or
3244 covers minerals or the like, including oil and gas, or accounts subject to
3245 subsection (5) of section 42a-9-103a, or when the financing statement is
3246 filed as a fixture filing and the collateral is goods which are or are to
3247 become fixtures, the statement must also comply with subsection (5) of
3248 this section. A copy of the security agreement is sufficient as a
3249 financing statement if it contains the above information and is signed
3250 by the debtor. A carbon, photographic or other reproduction of a
3251 security agreement or a financing statement is sufficient as a financing
3252 statement if the security agreement so provides or if the original has
3253 been filed in this state.

3254 (2) A financing statement which otherwise complies with subsection
3255 (1) of this section is sufficient when it is signed by the secured party

3256 instead of the debtor if it is filed to perfect a security interest in (a)
3257 collateral already subject to a security interest in another jurisdiction
3258 when it is brought into this state, or when the debtor's location is
3259 changed to this state. Such a financing statement must state that the
3260 collateral was brought into this state or that the debtor's location was
3261 changed to this state under such circumstances; or (b) proceeds under
3262 section 42a-9-306 if the security interest in the original collateral was
3263 perfected. Such a financing statement must describe the original
3264 collateral; or (c) collateral as to which the filing has lapsed; or (d)
3265 collateral acquired after a change of name, identity or corporate
3266 structure of the debtor.

3267 (3) A form substantially as follows is sufficient to comply with
3268 subsection (1) of this section.

3269 Name of debtor (or assignor)

3270 Address

3271 Name of secured party (or assignee)

3272 Address

3273 1. This financing statement covers the following types (or items) of
3274 property: (Describe)

3275 2. (If collateral is crops) The above described crops are growing or
3276 are to be grown on: (Describe real estate)

3277 3. (If applicable) The above goods are to become fixtures on
3278 (Describe real estate) and this financing statement is to be filed for
3279 record in the real estate records. (If the debtor does not have an interest
3280 of record) The name of a record owner is

3281 4. (If products of collateral are claimed) Products of the collateral are
3282 also covered.

3283 USE WHICHEVER IS APPLICABLE

3284 Signature of Debtor (or Assignor)

3285 Signature of Secured Party (or Assignee)

3286 (4) A financing statement may be amended by filing a writing
3287 signed by both the debtor and the secured party. An amendment does
3288 not extend the period of effectiveness of a financing statement. If any
3289 amendment adds collateral, it is effective as to the added collateral
3290 only from the filing date of the amendment. In this article, unless the
3291 context otherwise requires, the term "financing statement" means the
3292 original financing statement and any amendments.

3293 (5) A financing statement covering timber to be cut or covering
3294 minerals or the like, including oil and gas, or accounts subject to
3295 subsection (5) of section 42a-9-103a, or a financing statement filed as a
3296 fixture filing where the debtor is not a transmitting utility, shall show
3297 that it covers this type of collateral, shall recite that it is to be filed for
3298 record in the real estate records, and the financing statement shall
3299 contain a description of the real estate sufficient if it were contained in
3300 a mortgage of the real estate under the law of this state. If the debtor
3301 does not have an interest of record in the real estate, the financing
3302 statement shall show the name of a record owner.

3303 (6) A mortgage is effective as a financing statement filed as a fixture
3304 filing from the date of its recording if (a) the goods are described in the
3305 mortgage by item or type, (b) the goods are or are to become fixtures
3306 related to the real estate described in the mortgage, (c) the mortgage
3307 complies with the requirements for a financing statement in this
3308 section other than a recital that it is to be filed in the real estate records,
3309 and (d) the mortgage is duly recorded. No fee with reference to the
3310 financing statement is required other than the regular recording and
3311 satisfaction fees with respect to the mortgage.

3312 (7) A financing statement sufficiently shows the name of the debtor
3313 if it gives the individual, partnership or corporate name of the debtor,
3314 whether or not it adds other trade names or the names of partners.
3315 Where the debtor so changes his name or in the case of an

3316 organization, its name, identity or corporate structure that a filed
3317 financing statement becomes seriously misleading, the filing is not
3318 effective to perfect a security interest in collateral acquired by the
3319 debtor more than four months after the change, unless a new
3320 appropriate financing statement is filed before the expiration of that
3321 time. A filed financing statement remains effective with respect to
3322 collateral transferred by the debtor even though the secured party
3323 knows of or consents to the transfer.

3324 (8) A financing statement substantially complying with the
3325 requirements of this section is effective even though it contains minor
3326 errors which are not seriously misleading.]

3327 The existence of a security interest, agricultural lien or authority
3328 given to a debtor to dispose of or use collateral, without more, does not
3329 subject a secured party to liability in contract or tort for the debtor's
3330 acts or omissions.

3331 Sec. 65. Section 42a-9-403 of the general statutes is repealed and the
3332 following is substituted in lieu thereof:

3333 [(1) Presentation for filing of a financing statement and tender of the
3334 filing fee, or where use by a filing party of a system for the electronic
3335 receipt, indexing and storage of information required for the filing of
3336 financing statements or notices of federal, state or municipal tax liens
3337 has been approved in writing by the Secretary of the State, the
3338 electronic transmission by such filing party of such information to, and
3339 its receipt by, the filing officer, or acceptance of the statement by the
3340 filing officer, or by the town clerk if the financing statement covers
3341 fixtures, constitutes filing under this article. As used in this part, "filing
3342 officer" means a filing officer in the office of the Secretary of the State
3343 and excludes a town clerk.

3344 (2) Except as provided in subsection (6) of this section, a filed
3345 financing statement is effective for a period of five years from the date
3346 of filing. The effectiveness of a filed financing statement lapses on the
3347 expiration of the five-year period unless a continuation statement is

3348 filed prior to the lapse. If a security interest perfected by filing exists at
3349 the time insolvency proceedings are commenced by or against the
3350 debtor, the security interest remains perfected until termination of the
3351 insolvency proceedings and thereafter for a period of sixty days or
3352 until expiration of the five-year period, whichever occurs later. Upon
3353 lapse the security interest becomes unperfected, unless it is perfected
3354 without filing. If the security interest becomes unperfected upon lapse,
3355 it is deemed to have been unperfected as against a person who became
3356 a purchaser or lien creditor before lapse.

3357 (3) A continuation statement may be filed by the secured party
3358 within six months prior to the expiration of the five-year period
3359 specified in subsection (2) of this section. Any such continuation
3360 statement must be signed by the secured party, identify the original
3361 statement by file number and state that the original statement is still
3362 effective. A continuation statement signed by a person other than the
3363 secured party of record must be accompanied by a separate written
3364 statement of assignment signed by the secured party of record and
3365 complying with subsection (2) of section 42a-9-405, including payment
3366 of the required fee. Upon timely filing of the continuation statement,
3367 the effectiveness of the original statement is continued for five years
3368 after the last date to which the filing was effective whereupon it lapses
3369 in the same manner as provided in subsection (2) of this section unless
3370 another continuation statement is filed prior to such lapse. Succeeding
3371 continuation statements may be filed in the same manner to continue
3372 the effectiveness of the original statement.

3373 (4) Except as provided in subsection (7) a filing officer shall mark
3374 each statement with a file number and with the date and hour of filing,
3375 or where the information that would otherwise be required in a
3376 financing statement is stored in an electronic system approved by the
3377 Secretary of the State, such system shall incorporate in the electronic
3378 record of each such statement, a file number and the date and hour of
3379 the receipt of the electronic record of each such statement. The filing
3380 officer shall hold the statement or a microfilm or other photographic or
3381 electronic reproduction thereof for public inspection. The secretary

3382 shall charge a fee for inspection of such statements as follows: For
3383 inspection of statements filed in the alphabetical index, regardless of
3384 the number of statements, ten dollars for each debtor; for inspection of
3385 each fifteen statements or less filed in the numerical index, ten dollars.
3386 The filing officer shall index the statements according to the name of
3387 the debtor and shall note in the index the file number and the address
3388 of the debtor given in the statement. The index may be made up of the
3389 statements themselves, copies thereof, separate cards or otherwise.

3390 (5) The Secretary of the State shall charge and collect the following
3391 fees: (a) The uniform fee for filing and indexing an original financing
3392 statement shall be twenty-five dollars. The secured party shall set forth
3393 on such financing statement each debtor name to be indexed. The
3394 secured party may at his option show a trade name for any person; (b)
3395 for filing and indexing a termination statement, twenty-five dollars; (c)
3396 for filing and indexing a separate written statement of assignment,
3397 twenty-five dollars; (d) for filing and indexing an amendment, twenty-
3398 five dollars; (e) for filing and noting a statement of release, twenty-five
3399 dollars; (f) for filing and indexing a continuation statement, twenty-
3400 five dollars. No fee shall be charged (A) to the state when the original
3401 statement, continuation statement, amendment, statement of
3402 assignment, statement of release or termination statement is filed by or
3403 at the request of the Attorney General or an assistant attorney general
3404 or by a duly authorized official of the state or any of its agencies,
3405 boards or commissions acting in his official capacity, or (B) to a
3406 municipality when the original statement, continuation statement,
3407 amendment, statement of assignment, statement of release or
3408 termination statement is filed by the tax collector or other municipal
3409 officer of such municipality pursuant to the provisions of sections 12-
3410 195a to 12-195g, inclusive, or (C) for any filing accomplished solely by
3411 electronic means, and without the physical submission of any
3412 document, instrument, or paper, in accordance with a plan approved
3413 by the Secretary of the State.

3414 (6) If the debtor is a transmitting utility and a filed financing
3415 statement so states, it is effective until a termination statement is filed.

3416 A real estate mortgage which is effective as a fixture filing under
3417 subsection (6) of section 42a-9-402 remains effective as a fixture filing
3418 until the mortgage is released or satisfied of record or its effectiveness
3419 otherwise terminates as to the real estate.

3420 (7) When a financing statement covers timber to be cut or covers
3421 minerals or the like, including oil and gas, or accounts subject to
3422 subsection (5) of section 42a-9-103a or is filed as a fixture filing, it shall
3423 be filed for record and the filing officer shall index it under the names
3424 of the debtor and any owner of record shown on the financing
3425 statement in the same fashion as if they were the mortgagors in a
3426 mortgage of the real estate described, and under the name of the
3427 secured party as if he were the mortgagee thereunder.]

3428 (a) In this section, "value" has the meaning provided in subsection
3429 (a) of section 42a-3-303.

3430 (b) Except as otherwise provided in this section, an agreement
3431 between an account debtor and an assignor not to assert against an
3432 assignee any claim or defense that the account debtor may have
3433 against the assignor is enforceable by an assignee that takes an
3434 assignment:

3435 (1) For value;

3436 (2) In good faith;

3437 (3) Without notice of a claim of a property or possessory right to the
3438 property assigned; and

3439 (4) Without notice of a defense or claim in recoupment of the type
3440 that may be asserted against a person entitled to enforce a negotiable
3441 instrument under subsection (a) of section 42a-3-305.

3442 (c) Subsection (b) does not apply to defenses of a type that may be
3443 asserted against a holder in due course of a negotiable instrument
3444 under subsection (b) of section 42a-3-305.

3445 (d) In a consumer transaction, if a record evidences the account
3446 debtor's obligation, law other than this article requires that the record
3447 include a statement to the effect that the rights of an assignee are
3448 subject to claims or defenses that the account debtor could assert
3449 against the original obligee, and the record does not include such a
3450 statement:

3451 (1) The record has the same effect as if the record included such a
3452 statement; and

3453 (2) The account debtor may assert against an assignee those claims
3454 and defenses that would have been available if the record included
3455 such a statement.

3456 (e) This section is subject to law other than this article which
3457 establishes a different rule for an account debtor who is an individual
3458 and who incurred the obligation primarily for personal, family or
3459 household purposes.

3460 (f) Except as otherwise provided in subsection (d), this section does
3461 not displace law other than this article which gives effect to an
3462 agreement by an account debtor not to assert a claim or defense against
3463 an assignee.

3464 Sec. 66. Section 42a-9-404 of the general statutes is repealed and the
3465 following is substituted in lieu thereof:

3466 [(1) If a financing statement covering consumer goods is filed on or
3467 after October 1, 1976, then within one month or within ten days
3468 following written demand by the debtor after there is no outstanding
3469 secured obligation and no commitment to make advances, incur
3470 obligations or otherwise give value, the secured party must file, with
3471 each filing officer with whom the financing statement was filed, a
3472 termination statement to the effect that he no longer claims a security
3473 interest under the financing statement, which shall be identified by file
3474 number. In other cases whenever there is no outstanding secured
3475 obligation and no commitment to make advances, incur obligations or

3476 otherwise give value, the secured party must on written demand by
3477 the debtor send the debtor, for each filing officer with whom the
3478 financing statement was filed, a termination statement to the effect that
3479 he no longer claims a security interest under the financing statement,
3480 which shall be identified by file number. A termination statement
3481 signed by a person other than the secured party of record must be
3482 accompanied by a separate written statement of assignment signed by
3483 the secured party of record complying with subsection (2) of section
3484 42a-9-405, including payment of the required fee. If the affected
3485 secured party fails to file such a termination statement as required by
3486 this subsection, or to send such a termination statement within ten
3487 days after proper demand therefor he shall be liable to the debtor for
3488 one hundred dollars, and in addition for any loss caused to the debtor
3489 by such failure.

3490 (2) On presentation to the filing officer of such a termination
3491 statement he must note it in the index. If he has received the
3492 termination statement in duplicate, he shall return one copy of the
3493 termination statement to the secured party stamped to show the time
3494 of receipt thereof. If the filing officer has a microfilm or other
3495 photographic record of the financing statement, and of any related
3496 continuation statement, statement of assignment and statement of
3497 release, he may remove the originals from the files at any time after
3498 receipt of the termination statement, or if he has no such record, he
3499 may remove them from the files at any time after one year after receipt
3500 of the termination statement. The secured party shall set forth on such
3501 termination statement each debtor name to be indexed.]

3502 (a) Unless an account debtor has made an enforceable agreement
3503 not to assert defenses or claims, and subject to subsections (b) to (e),
3504 inclusive, the rights of an assignee are subject to:

3505 (1) All terms of the agreement between the account debtor and
3506 assignor and any defense or claim in recoupment arising from the
3507 transaction that gave rise to the contract; and

3508 (2) Any other defense or claim of the account debtor against the
3509 assignor which accrues before the account debtor receives a
3510 notification of the assignment authenticated by the assignor or the
3511 assignee.

3512 (b) Subject to subsection (c) and except as otherwise provided in
3513 subsection (d), the claim of an account debtor against an assignor may
3514 be asserted against an assignee under subsection (a) only to reduce the
3515 amount the account debtor owes.

3516 (c) This section is subject to law other than this article which
3517 establishes a different rule for an account debtor who is an individual
3518 and who incurred the obligation primarily for personal, family or
3519 household purposes.

3520 (d) In a consumer transaction, if a record evidences the account
3521 debtor's obligation, law other than this article requires that the record
3522 include a statement to the effect that the account debtor's recovery
3523 against an assignee with respect to claims and defenses against the
3524 assignor may not exceed amounts paid by the account debtor under
3525 the record, and the record does not include such a statement, the extent
3526 to which a claim of an account debtor against the assignor may be
3527 asserted against an assignee is determined as if the record included
3528 such a statement.

3529 (e) This section does not apply to an assignment of a health-care-
3530 insurance receivable.

3531 Sec. 67. Section 42a-9-405 of the general statutes is repealed and the
3532 following is substituted in lieu thereof:

3533 [(1) A financing statement may disclose an assignment of a security
3534 interest in the collateral described in the financing statement by
3535 indication in the financing statement of the name and address of the
3536 assignee or by an assignment itself or a copy thereof on the face or
3537 back of the statement. On presentation to the filing officer of such a
3538 financing statement and the required fee, the filing officer shall mark

3539 the same as provided in subsection (4) of section 42a-9-403.

3540 (2) A secured party may assign of record all or a part of his rights
3541 under a financing statement by the filing in the place where the
3542 original financing statement was filed of a separate written statement
3543 of assignment signed by the secured party of record and setting forth
3544 the name of the secured party of record and the debtor, the file number
3545 and the date of filing of the financing statement and the name and
3546 address of the assignee and containing a description of the collateral
3547 assigned. A copy of the assignment is sufficient as a separate statement
3548 if it complies with the preceding sentence. On presentation to the filing
3549 officer of such a separate statement and the required fee, the filing
3550 officer shall mark such separate statement with the date and hour of
3551 the filing. He shall note the assignment on the index of the financing
3552 statement, or in the case of a fixture filing, or a filing covering timber to
3553 be cut, or covering minerals or the like, including oil and gas, or
3554 accounts subject to subsection (5) of section 42a-9-103a, he shall index
3555 the assignment under the name of the assignor as grantor and under
3556 the name of the assignee. The secured party shall set forth each debtor
3557 name against which said separate written statement of assignment is to
3558 be indexed. Notwithstanding the provisions of this subsection, an
3559 assignment of record of a security interest in a fixture contained in a
3560 mortgage effective as a fixture filing may be made only by an
3561 assignment of the mortgage in the manner provided by the law of this
3562 state other than this article.

3563 (3) After the disclosure or filing of an assignment under this section,
3564 the assignee is the secured party of record.]

3565 (a) A modification of or substitution for an assigned contract is
3566 effective against an assignee if made in good faith. The assignee
3567 acquires corresponding rights under the modified or substituted
3568 contract. The assignment may provide that the modification or
3569 substitution is a breach of contract by the assignor. This subsection is
3570 subject to subsections (b) to (d), inclusive.

3571 (b) Subsection (a) applies to the extent that:

3572 (1) The right to payment or a part thereof under an assigned
3573 contract has not been fully earned by performance; or

3574 (2) The right to payment or a part thereof has been fully earned by
3575 performance and the account debtor has not received notification of
3576 the assignment under subsection (a) of section 42a-9-406, as amended
3577 by this act.

3578 (c) This section is subject to law other than this article which
3579 establishes a different rule for an account debtor who is an individual
3580 and who incurred the obligation primarily for personal, family or
3581 household purposes.

3582 (d) This section does not apply to an assignment of a health-care-
3583 insurance receivable.

3584 Sec. 68. Section 42a-9-406 of the general statutes is repealed and the
3585 following is substituted in lieu thereof:

3586 [A secured party of record may by his signed statement release all
3587 or a part of any collateral described in a filed financing statement. The
3588 statement of release is sufficient if it contains a description of the
3589 collateral being released, the name and address of the debtor, the name
3590 and address of the secured party, and the file number of the financing
3591 statement. A statement of release signed by a person other than the
3592 secured party of record shall be accompanied by a separate written
3593 statement of assignment signed by the secured party of record and
3594 complying with subsection (2) of section 42a-9-405, including payment
3595 of the required fee. Upon presentation of such a statement of release
3596 and required fee to the filing officer he shall mark the statement with
3597 the hour and date of filing and shall note the same upon the margin of
3598 the index of the filing of the financing statement. The secured party
3599 shall set forth on such statement of release each debtor name to be
3600 indexed.]

3601 (a) Subject to subsections (b) to (i), inclusive, an account debtor on
3602 an account, chattel paper or a payment intangible may discharge its
3603 obligation by paying the assignor until, but not after, the account
3604 debtor receives a notification, authenticated by the assignor or the
3605 assignee, that the amount due or to become due has been assigned and
3606 that payment is to be made to the assignee. After receipt of the
3607 notification, the account debtor may discharge its obligation by paying
3608 the assignee and may not discharge the obligation by paying the
3609 assignor. An assignor who receives payment after notification is given
3610 must return the payment to the account debtor or forward the
3611 payment to the assignee.

3612 (b) Subject to subsection (h), notification is ineffective under
3613 subsection (a):

3614 (1) If it does not reasonably identify the rights assigned;

3615 (2) To the extent that an agreement between an account debtor and a
3616 seller of a payment intangible limits the account debtor's duty to pay a
3617 person other than the seller and the limitation is effective under law
3618 other than this article; or

3619 (3) At the option of an account debtor, if the notification notifies the
3620 account debtor to make less than the full amount of any installment or
3621 other periodic payment to the assignee, even if:

3622 (A) Only a portion of the account, chattel paper or payment
3623 intangible has been assigned to that assignee;

3624 (B) A portion has been assigned to another assignee; or

3625 (C) The account debtor knows that the assignment to that assignee
3626 is limited.

3627 (c) Subject to subsection (h), if requested by the account debtor, an
3628 assignee shall seasonably furnish reasonable proof that the assignment
3629 has been made. Unless the assignee complies, the account debtor may
3630 discharge its obligation by paying the assignor, even if the account

3631 debtor has received a notification under subsection (a).

3632 (d) Except as otherwise provided in subsection (e) and section 42a-9-
3633 407, as amended by this act, and subject to subsection (h), a term in an
3634 agreement between an account debtor and an assignor or in a
3635 promissory note is ineffective to the extent that it:

3636 (1) Prohibits, restricts or requires the consent of the account debtor
3637 or person obligated on the promissory note to the assignment or
3638 transfer of, or the creation, attachment, perfection or enforcement of a
3639 security interest in, the account, chattel paper, payment intangible or
3640 promissory note; or

3641 (2) Provides that the assignment or transfer or the creation,
3642 attachment, perfection or enforcement of the security interest may give
3643 rise to a default, breach, right of recoupment, claim, defense,
3644 termination, right of termination or remedy under the account, chattel
3645 paper, payment intangible or promissory note.

3646 (e) Subsection (d) does not apply to the sale of a payment intangible
3647 or promissory note.

3648 (f) Except as otherwise provided in section 42a-9-407, as amended
3649 by this act, and subject to subsections (h) and (i), a rule of law, statute
3650 or regulation that prohibits, restricts or requires the consent of a
3651 government, governmental body or official or account debtor to the
3652 assignment or transfer of, or creation of a security interest in, an
3653 account or chattel paper is ineffective to the extent that the rule of law,
3654 statute or regulation:

3655 (1) Prohibits, restricts or requires the consent of the government,
3656 governmental body or official or account debtor to the assignment or
3657 transfer of, or the creation, attachment, perfection or enforcement of a
3658 security interest in the account or chattel paper; or

3659 (2) Provides that the assignment or transfer or the creation,
3660 attachment, perfection or enforcement of the security interest may give

3661 rise to a default, breach, right of recoupment, claim, defense,
3662 termination, right of termination or remedy under the account or
3663 chattel paper.

3664 (g) Subject to subsection (h), an account debtor may not waive or
3665 vary its option under subdivision (3) of subsection (b).

3666 (h) This section is subject to law other than this article which
3667 establishes a different rule for an account debtor who is an individual
3668 and who incurred the obligation primarily for personal, family or
3669 household purposes.

3670 (i) (1) This section does not apply to:

3671 (A) An assignment of a health-care-insurance receivable;

3672 (B) An assignment or transfer of or creation of a security interest in:

3673 (i) A claim or right to receive compensation for injuries or sickness
3674 as described in 26 USC 104(a)(1) or (2), as amended from time to time,
3675 or

3676 (ii) A claim or right to receive benefits under a special needs trust as
3677 described in 42 USC 1396p(d)(4), as amended from time to time.

3678 (2) Subsection (f) of this section does not apply to an assignment or
3679 transfer of, or the creation, attachment, perfection or enforcement of a
3680 security interest in, a right the transfer of which is prohibited or
3681 restricted by any of the following statutes to the extent that the statute
3682 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

3683 Sec. 69. Section 42a-9-407 of the general statutes is repealed and the
3684 following is substituted in lieu thereof:

3685 [Upon request of any person, the filing officer shall issue his
3686 certificate showing whether there is on file on the date and hour stated
3687 therein, any presently effective financing statement naming a
3688 particular debtor and any statement of assignment thereof and if there

3689 is, giving the date and hour of filing of each such statement and the
3690 names and addresses of each secured party named therein. The
3691 uniform fee for such a certificate shall be twenty-five dollars. Upon
3692 request the filing officer shall furnish a photographic or electronic copy
3693 of any filed financing statement, continuation statement, termination
3694 statement, statement of assignment or statement of release for a
3695 uniform fee of five dollars and, if such statement consists of more than
3696 three pages, an additional uniform fee of five dollars for the fourth and
3697 each succeeding page. No fee shall be charged to the state when a
3698 certificate showing whether there is on file, on the date and hour stated
3699 therein, any presently effective financing statement, naming a
3700 particular debtor and any assignment or amendment thereof, is
3701 requested by the Attorney General or an assistant attorney general or
3702 by an authorized official of the state or any of its agencies, boards or
3703 commissions acting in his official capacity, and no fee shall be charged
3704 to a municipality when such certificate is requested by the tax collector
3705 or other municipal officer of such municipality, pursuant to the
3706 provisions of sections 12-195a to 12-195g, inclusive.]

3707 (a) Except as otherwise provided in subsection (b), a term in a lease
3708 agreement is ineffective to the extent that it:

3709 (1) Prohibits, restricts or requires the consent of a party to the lease
3710 to the assignment or transfer of, or the creation, attachment, perfection
3711 or enforcement of a security interest in, an interest of a party under the
3712 lease contract or in the lessor's residual interest in the goods; or

3713 (2) Provides that the assignment or transfer or the creation,
3714 attachment, perfection or enforcement of the security interest may give
3715 rise to a default, breach, right of recoupment, claim, defense,
3716 termination, right of termination or remedy under the lease.

3717 (b) A term described in subdivision (2) of subsection (a) is effective
3718 to the extent that there is:

3719 (1) A transfer by the lessee of the lessee's right of possession or use
3720 of the goods in violation of the term; or

3721 (2) A delegation of a material performance of either party to the
3722 lease contract in violation of the term.

3723 (c) The creation, attachment, perfection or enforcement of a security
3724 interest in the lessor's interest under the lease contract or the lessor's
3725 residual interest in the goods is not a transfer that materially impairs
3726 the lessee's prospect of obtaining return performance or materially
3727 changes the duty of or materially increases the burden or risk imposed
3728 on the lessee unless, and then only to the extent that, enforcement
3729 actually results in a delegation of material performance of the lessor.

3730 Sec. 70. Section 42a-9-408 of the general statutes is repealed and the
3731 following is substituted in lieu thereof:

3732 [Unless a filing officer has notice of an action pending relative
3733 thereto, he may remove from the files and destroy (a) a lapsed
3734 financing statement, a lapsed continuation statement, a statement of
3735 assignment or release relating to either, and any index of any of them,
3736 one year or more after lapse; and (b) a termination statement and the
3737 index on which it is noted, one year or more after the filing of the
3738 termination statement.]

3739 (a) Except as otherwise provided in subsection (b), a term in a
3740 promissory note or in an agreement between an account debtor and a
3741 debtor which relates to a health-care-insurance receivable or a general
3742 intangible, including a contract, permit, license or franchise, and which
3743 term prohibits, restricts or requires the consent of the person obligated
3744 on the promissory note or the account debtor to, the assignment or
3745 transfer of, or creation, attachment or perfection of a security interest
3746 in, the promissory note, health-care-insurance receivable or general
3747 intangible, is ineffective to the extent that the term:

3748 (1) Would impair the creation, attachment or perfection of a security
3749 interest; or

3750 (2) Provides that the assignment or transfer or the creation,
3751 attachment or perfection of the security interest may give rise to a

3752 default, breach, right of recoupment, claim, defense, termination, right
3753 of termination or remedy under the promissory note, health-care-
3754 insurance receivable or general intangible.

3755 (b) Subsection (a) applies to a security interest in a payment
3756 intangible or promissory note only if the security interest arises out of
3757 a sale of the payment intangible or promissory note.

3758 (c) Except as provided in subsection (f), a rule of law, statute or
3759 regulation that prohibits, restricts or requires the consent of a
3760 government, governmental body or official, person obligated on a
3761 promissory note or account debtor to the assignment or transfer of, or
3762 creation of a security interest in, a promissory note, health-care-
3763 insurance receivable or general intangible, including a contract, permit,
3764 license or franchise between an account debtor and a debtor, is
3765 ineffective to the extent that the rule of law, statute or regulation:

3766 (1) Would impair the creation, attachment or perfection of a security
3767 interest; or

3768 (2) Provides that the assignment or transfer or the creation,
3769 attachment or perfection of the security interest may give rise to a
3770 default, breach, right of recoupment, claim, defense, termination, right
3771 of termination or remedy under the promissory note, health-care-
3772 insurance receivable or general intangible.

3773 (d) To the extent that a term in a promissory note or in an agreement
3774 between an account debtor and a debtor which relates to a health-care-
3775 insurance receivable or general intangible or a rule of law, statute or
3776 regulation described in subsection (c) would be effective under law
3777 other than this article but is ineffective under subsection (a) or (c), the
3778 creation, attachment or perfection of a security interest in the
3779 promissory note, health-care-insurance receivable or general
3780 intangible:

3781 (1) Is not enforceable against the person obligated on the promissory
3782 note or the account debtor;

3783 (2) Does not impose a duty or obligation on the person obligated on
3784 the promissory note or the account debtor;

3785 (3) Does not require the person obligated on the promissory note or
3786 the account debtor to recognize the security interest, pay or render
3787 performance to the secured party, or accept payment or performance
3788 from the secured party;

3789 (4) Does not entitle the secured party to use or assign the debtor's
3790 rights under the promissory note, health-care-insurance receivable or
3791 general intangible, including any related information or materials
3792 furnished to the debtor in the transaction giving rise to the promissory
3793 note, health-care-insurance receivable or general intangible;

3794 (5) Does not entitle the secured party to use, assign, possess or have
3795 access to any trade secrets or confidential information of the person
3796 obligated on the promissory note or the account debtor; and

3797 (6) Does not entitle the secured party to enforce the security interest
3798 in the promissory note, health-care-insurance receivable or general
3799 intangible.

3800 (e) Except as provided in subsection (f) of this section, this section
3801 prevails over any inconsistent provision of any statute or regulation of
3802 this state unless the provision is contained in a statute of this state,
3803 refers expressly to this section and states that the provision prevails
3804 over this section.

3805 (f) (1) This section does not apply to an assignment or transfer of or
3806 creation of a security interest in:

3807 (i) A claim or right to receive compensation for injuries or sickness
3808 as described in 26 USC 104(a)(1) or (2), as amended from time to time,
3809 or

3810 (ii) A claim or right to receive benefits under a special needs trust as
3811 described in 42 USC 1396p(d)(4), as amended from time to time.

3812 (2) Subsection (c) of this section does not apply to an assignment or
3813 transfer of, or the creation, attachment, perfection or enforcement of a
3814 security interest in, a right the transfer of which is prohibited or
3815 restricted by any of the following statutes to the extent that the statute
3816 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

3817 Sec. 71. Section 42a-9-409 of the general statutes is repealed and the
3818 following is substituted in lieu thereof:

3819 [(1) Financing statements, security agreements, continuation
3820 statements, amendments, termination statements, statements of
3821 assignment and statements of release which are filed in the office of the
3822 town clerk pursuant to section 42a-9-401 (1) (a) and which comply with
3823 the requirements of this part shall be recorded, indexed and handled
3824 as would be similar instruments relating to a mortgage upon the real
3825 estate concerned. In particular, each financing statement, security
3826 agreement, continuation statement and amendment shall be indexed in
3827 the grantor index according to the name of the debtor and if it shows
3828 the name of a record owner of the real estate which is other than that
3829 of the debtor, it shall also be indexed according to the name of such
3830 owner; all such items shall also be indexed in the grantee index
3831 according to the name of the secured party. The fees for recording and
3832 indexing shall be as provided in subsection (a) of section 7-34a.

3833 (2) In addition to other requirements of this part, a continuation
3834 statement, amendment, termination statement, statement of
3835 assignment or statement of release which is filed in the office of a town
3836 clerk must refer to the record of the original financing statement by
3837 book and page. The town clerk shall enter upon the margin of the
3838 record of the original financing statement a notation of the record of
3839 the subsequent statement or amendment.

3840 (3) Provision for a security interest in goods which are or are to
3841 become fixtures may be included in a mortgage or other like
3842 instrument transferring an interest in the real estate concerned. If such
3843 instrument complies with the requirements for a financing statement

3844 of section 42a-9-402, except the signature of the secured party, is
3845 recorded as an instrument affecting real estate, and has the appropriate
3846 recording fee paid therefor, such recording or registering and payment
3847 of fee shall be an effective filing under this part in the office of the
3848 town clerk without the necessity of any separate filing or payment of
3849 any separate fee to the town clerk under this part.

3850 (4) If a person filing any financing statement, continuation
3851 statement, amendment, termination statement, statement of
3852 assignment or statement of release furnishes the town clerk a copy
3853 thereof at the time of filing, the town clerk shall upon request note
3854 upon such copy the date and hour of the filing of the original and
3855 promptly deliver or send the copy to such person.]

3856 (a) A term in a letter of credit or a rule of law, statute, regulation,
3857 custom or practice applicable to the letter of credit which prohibits,
3858 restricts or requires the consent of an applicant, issuer or nominated
3859 person to a beneficiary's assignment of or creation of a security interest
3860 in a letter-of-credit right is ineffective to the extent that the term or rule
3861 of law, statute, regulation, custom or practice:

3862 (1) Would impair the creation, attachment or perfection of a security
3863 interest in the letter-of-credit right; or

3864 (2) Provides that the assignment or the creation, attachment or
3865 perfection of the security interest may give rise to a default, breach,
3866 right of recoupment, claim, defense, termination, right of termination
3867 or remedy under the letter-of-credit right.

3868 (b) To the extent that a term in a letter of credit is ineffective under
3869 subsection (a) but would be effective under law other than this article
3870 or a custom or practice applicable to the letter of credit, to the transfer
3871 of a right to draw or otherwise demand performance under the letter
3872 of credit or to the assignment of a right to proceeds of the letter of
3873 credit, the creation, attachment or perfection of a security interest in
3874 the letter-of-credit right:

3875 (1) Is not enforceable against the applicant, issuer, nominated person
3876 or transferee beneficiary;

3877 (2) Imposes no duties or obligations on the applicant, issuer,
3878 nominated person or transferee beneficiary; and

3879 (3) Does not require the applicant, issuer, nominated person or
3880 transferee beneficiary to recognize the security interest, pay or render
3881 performance to the secured party, or accept payment or other
3882 performance from the secured party.

3883 Sec. 72. Section 42a-9-501 of the general statutes is repealed and the
3884 following is substituted in lieu thereof:

3885 [(1) When a debtor is in default under a security agreement, a
3886 secured party has the rights and remedies provided in this part and
3887 except as limited by subsection (3) those provided in the security
3888 agreement. He may reduce his claim to judgment, foreclose or
3889 otherwise enforce the security interest by any available judicial
3890 procedure. If the collateral is documents the secured party may
3891 proceed either as to the documents or as to the goods covered thereby.
3892 A secured party in possession has the rights, remedies and duties
3893 provided in section 42a-9-207. The rights and remedies referred to in
3894 this subsection are cumulative.

3895 (2) After default, the debtor has the rights and remedies provided in
3896 this part, those provided in the security agreement and those provided
3897 in section 42a-9-207.

3898 (3) To the extent that they give rights to the debtor and impose
3899 duties on the secured party, the rules stated in the subsections referred
3900 to below may not be waived or varied except as provided with respect
3901 to compulsory disposition of collateral by subsection (3) of section 42a-
3902 9-504 and section 42a-9-505 and with respect to redemption of
3903 collateral by section 42a-9-506 but the parties may by agreement
3904 determine the standards by which the fulfillment of these rights and
3905 duties is to be measured if such standards are not manifestly

3906 unreasonable: (a) Subsection (2) of section 42a-9-502 and subsection (2)
3907 of section 42a-9-504 insofar as they require accounting for surplus
3908 proceeds of collateral; (b) subsection (3) of section 42a-9-504 and
3909 subsection (1) of section 42a-9-505 which deal with disposition of
3910 collateral; (c) subsection (2) of section 42a-9-505 which deals with
3911 acceptance of collateral as discharge of obligation; (d) section 42a-9-506
3912 which deals with redemption of collateral; and (e) subsection (1) of
3913 section 42a-9-507 which deals with the secured party's liability for
3914 failure to comply with this part.

3915 (4) If the security agreement covers both real and personal property,
3916 the secured party may proceed under this part as to the personal
3917 property or he may proceed as to both the real and the personal
3918 property in accordance with his rights and remedies in respect of the
3919 real property in which case the provisions of this part do not apply.

3920 (5) When a secured party has reduced his claim to judgment the lien
3921 of any levy which may be made upon his collateral by virtue of any
3922 execution based upon the judgment shall relate back to the date of the
3923 perfection of the security interest in such collateral. A judicial sale,
3924 pursuant to such execution, is a foreclosure of the security interest by
3925 judicial procedure within the meaning of this section, and the secured
3926 party may purchase at the sale and thereafter hold the collateral free of
3927 any other requirements of this article.]

3928 (a) Except as otherwise provided in subsection (b), if the local law of
3929 this state governs perfection of a security interest or agricultural lien,
3930 the office in which to file a financing statement to perfect the security
3931 interest or agricultural lien is:

3932 (1) The office designated for the filing or recording of a record of a
3933 mortgage on the related real property, if:

3934 (A) The collateral is as-extracted collateral or timber to be cut; or

3935 (B) The financing statement is filed as a fixture filing and the
3936 collateral is goods that are or are to become fixtures; or

3937 (2) The Office of the Secretary of the State, in all other cases,
3938 including a case in which the collateral is goods that are or are to
3939 become fixtures and the financing statement is not filed as a fixture
3940 filing.

3941 (b) The office in which to file a financing statement to perfect a
3942 security interest in collateral, including fixtures, of a transmitting
3943 utility is the Office of the Secretary of the State. The financing
3944 statement also constitutes a fixture filing as to the collateral indicated
3945 in the financing statement which is or is to become fixtures.

3946 Sec. 73. Section 42a-9-502 of the general statutes is repealed and the
3947 following is substituted in lieu thereof:

3948 [(1) When so agreed and in any event on default the secured party is
3949 entitled to notify an account debtor or the obligor on an instrument to
3950 make payment to him whether or not the assignor was theretofore
3951 making collections on the collateral, and also to take control of any
3952 proceeds to which he is entitled under section 42a-9-306.

3953 (2) A secured party who by agreement is entitled to charge back
3954 uncollected collateral or otherwise to full or limited recourse against
3955 the debtor and who undertakes to collect from the account debtors or
3956 obligors must proceed in a commercially reasonable manner and may
3957 deduct his reasonable expenses of realization from the collections. If
3958 the security agreement secures an indebtedness, the secured party
3959 must account to the debtor for any surplus and, unless otherwise
3960 agreed, the debtor is liable for any deficiency; but, if the underlying
3961 transaction was a sale of accounts or chattel paper, the debtor is
3962 entitled to any surplus or is liable for any deficiency only if the security
3963 agreement so provides.]

3964 (a) Subject to subsection (b), a financing statement is sufficient only
3965 if it:

3966 (1) Provides the name of the debtor;

3967 (2) Provides the name of the secured party or a representative of the
3968 secured party; and

3969 (3) Indicates the collateral covered by the financing statement.

3970 (b) Except as otherwise provided in subsection (b) of section 42a-9-
3971 501, as amended by this act, to be sufficient, a financing statement that
3972 covers as-extracted collateral or timber to be cut, or which is filed as a
3973 fixture filing and covers goods that are or are to become fixtures, must
3974 satisfy subsection (a) and also:

3975 (1) Indicate that it covers this type of collateral;

3976 (2) Indicate that it is to be filed in the real property records;

3977 (3) Provide a description of the real property to which the collateral
3978 is related sufficient to give constructive notice of a mortgage under the
3979 law of this state if the description were contained in a record of the
3980 mortgage of the real property; and

3981 (4) If the debtor does not have an interest of record in the real
3982 property, provide the name of a record owner.

3983 (c) A record of a mortgage is effective, from the date of recording, as
3984 a financing statement filed as a fixture filing or as a financing
3985 statement covering as-extracted collateral or timber to be cut only if:

3986 (1) The record indicates the goods or accounts that it covers;

3987 (2) The goods are or are to become fixtures related to the real
3988 property described in the record or the collateral is related to the real
3989 property described in the record and is as-extracted collateral or timber
3990 to be cut;

3991 (3) The record satisfies the requirements for a financing statement in
3992 this section other than an indication that it is to be recorded in the real
3993 property records; and

3994 (4) The record is recorded.

3995 (d) A financing statement may be filed or recorded before a security
3996 agreement is made or a security interest otherwise attaches.

3997 Sec. 74. Section 42a-9-503 of the general statutes is repealed and the
3998 following is substituted in lieu thereof:

3999 [Unless otherwise agreed a secured party has on default the right to
4000 take possession of the collateral. In taking possession a secured party
4001 may proceed without judicial process if this can be done without
4002 breach of the peace or may proceed by action. If the security agreement
4003 so provides the secured party may require the debtor to assemble the
4004 collateral and make it available to the secured party at a place to be
4005 designated by the secured party which is reasonably convenient to
4006 both parties. Without removal a secured party may render equipment
4007 unusable, and may dispose of collateral on the debtor's premises under
4008 section 42a-9-504.]

4009 (a) A financing statement sufficiently provides the name of the
4010 debtor:

4011 (1) If the debtor is a registered organization, only if the financing
4012 statement provides the name of the debtor indicated on the public
4013 record of the debtor's jurisdiction of organization which shows the
4014 debtor to have been organized;

4015 (2) If the debtor is a decedent's estate, only if the financing
4016 statement provides the name of the decedent and indicates that the
4017 debtor is an estate;

4018 (3) If the debtor is a trust or a trustee acting with respect to property
4019 held in trust, only if the financing statement:

4020 (A) Provides the name specified for the trust in its organic
4021 documents or, if no name is specified, provides the name of the settlor
4022 and additional information sufficient to distinguish the debtor from
4023 other trusts having one or more of the same settlors; and

4024 (B) Indicates, in the debtor's name or otherwise, that the debtor is a

4025 trust or is a trustee acting with respect to property held in trust; and

4026 (4) In other cases:

4027 (A) If the debtor has a name, only if it provides the individual or
4028 organizational name of the debtor; and

4029 (B) If the debtor does not have a name, only if it provides the names
4030 of the partners, members, associates or other persons comprising the
4031 debtor.

4032 (b) A financing statement that provides the name of the debtor in
4033 accordance with subsection (a) is not rendered ineffective by the
4034 absence of:

4035 (1) A trade name or other name of the debtor; or

4036 (2) Unless required under subparagraph (B) of subdivision (4) of
4037 subsection (a) of this section, names of partners, members, associates
4038 or other persons comprising the debtor.

4039 (c) A financing statement that provides only the debtor's trade name
4040 does not sufficiently provide the name of the debtor.

4041 (d) Failure to indicate the representative capacity of a secured party
4042 or representative of a secured party does not affect the sufficiency of a
4043 financing statement.

4044 (e) A financing statement may provide the name of more than one
4045 debtor and the name of more than one secured party.

4046 Sec. 75. Section 42a-9-504 of the general statutes is repealed and the
4047 following is substituted in lieu thereof:

4048 [(1) A secured party after default may sell, lease or otherwise
4049 dispose of any or all of the collateral in its then condition or following
4050 any commercially reasonable preparation or processing. Any sale of
4051 goods is subject to article 2. The proceeds of disposition shall be
4052 applied in the order following to (a) the reasonable expenses of

4053 retaking, holding, preparing for sale or lease, selling, leasing and the
4054 like and, to the extent provided for in the agreement and not
4055 prohibited by law, the reasonable attorneys' fees and legal expenses
4056 incurred by the secured party; (b) the satisfaction of indebtedness
4057 secured by the security interest under which the disposition is made;
4058 (c) the satisfaction of indebtedness secured by any subordinate security
4059 interest in the collateral if written notification of demand therefor is
4060 received before distribution of the proceeds is completed. If requested
4061 by the secured party, the holder of a subordinate security interest must
4062 seasonably furnish reasonable proof of his interest, and unless he does
4063 so, the secured party need not comply with his demand.

4064 (2) If the security interest secures an indebtedness, the secured party
4065 must account to the debtor for any surplus and, unless otherwise
4066 agreed, the debtor is liable for any deficiency; but if the underlying
4067 transaction was a sale of accounts or chattel paper, the debtor is
4068 entitled to any surplus or is liable for any deficiency only if the security
4069 agreement so provides.

4070 (3) Disposition of the collateral may be by public or private
4071 proceedings and may be made by way of one or more contracts. Sale or
4072 other disposition may be as a unit or in parcels and at any time and
4073 place and on any terms but every aspect of the disposition including
4074 the method, manner, time, place and terms must be commercially
4075 reasonable. Unless collateral is perishable or threatens to decline
4076 speedily in value or is of a type customarily sold on a recognized
4077 market, reasonable notification of the time and place of any public sale
4078 or reasonable notification of the time after which any private sale or
4079 other intended disposition is to be made shall be sent by the secured
4080 party to the debtor, if he has not signed after default a statement
4081 renouncing or modifying his right to notification of sale. In the case of
4082 consumer goods no other notification need be sent. In other cases
4083 notification shall be sent to any other secured party from whom the
4084 secured party has received, before sending his notification to the
4085 debtor or before the debtor's renunciation of his rights, written notice
4086 of a claim of an interest in the collateral. The secured party may buy at

4087 any public sale and if the collateral is of a type customarily sold in a
4088 recognized market or is of a type which is the subject of widely
4089 distributed standard price quotations he may buy at private sale.

4090 (4) When collateral is disposed of by a secured party after default,
4091 the disposition transfers to a purchaser for value all of the debtor's
4092 rights therein, discharges the security interest under which it is made
4093 and any security interest or lien subordinate thereto. The purchaser
4094 takes free of all such rights and interests even though the secured party
4095 fails to comply with the requirements of this part or of any judicial
4096 proceedings (a) in the case of a public sale, if the purchaser has no
4097 knowledge of any defects in the sale and if he does not buy in collusion
4098 with the secured party, other bidders or the person conducting the
4099 sale; or (b) in any other case, if the purchaser acts in good faith.

4100 (5) A person who is liable to a secured party under a guaranty,
4101 endorsement, repurchase agreement or the like and who receives a
4102 transfer of collateral from the secured party or is subrogated to his
4103 rights has thereafter the rights and duties of the secured party. Such a
4104 transfer of collateral is not a sale or disposition of the collateral under
4105 this article.]

4106 A financing statement sufficiently indicates the collateral that it
4107 covers if the financing statement provides:

4108 (1) A description of the collateral pursuant to section 42a-9-108, as
4109 amended by this act; or

4110 (2) An indication that the financing statement covers all assets or all
4111 personal property.

4112 Sec. 76. Section 42a-9-505 of the general statutes is repealed and the
4113 following is substituted in lieu thereof:

4114 [(1) If the debtor has paid sixty per cent of the cash price in the case
4115 of a purchase money security interest in consumer goods or sixty per
4116 cent of the loan in the case of another security interest in consumer

4117 goods, and has not signed after default a statement renouncing or
4118 modifying his rights under this part a secured party who has taken
4119 possession of collateral must dispose of it under section 42a-9-504 and
4120 if he fails to do so within ninety days after he takes possession the
4121 debtor at his option may recover in conversion or under section 42a-9-
4122 507 (1) on secured party's liability.

4123 (2) In any other case involving consumer goods or any other
4124 collateral a secured party in possession may, after default, propose to
4125 retain the collateral in satisfaction of the obligation. Written notice of
4126 such proposal shall be sent to the debtor if he has not signed after
4127 default a statement renouncing or modifying his rights under this
4128 subsection. In the case of consumer goods no other notice need be
4129 given. In other cases notice shall be sent to any other secured party
4130 from whom the secured party has received, before sending his notice
4131 to the debtor or before the debtor's renunciation of his rights, written
4132 notice of a claim of an interest in the collateral. If the secured party
4133 receives objection in writing from a person entitled to receive
4134 notification within twenty-one days after the notice was sent, the
4135 secured party must dispose of the collateral under section 42a-9-504. In
4136 the absence of such written objection the secured party may retain the
4137 collateral in satisfaction of the debtor's obligation.]

4138 (a) A consignor, lessor or other bailor of goods, a licensor or a buyer
4139 of a payment intangible or promissory note may file a financing
4140 statement, or may comply with a statute or treaty described in
4141 subsection (a) of section 42a-9-311, as amended by this act, using the
4142 terms "consignor", "consignee", "lessor", "lessee", "bailor", "bailee",
4143 "licensor", "licensee", "owner", "registered owner", "buyer", "seller" or
4144 words of similar import, instead of the terms "secured party" and
4145 "debtor".

4146 (b) Sections 42a-9-501 to 42a-9-507, inclusive, as amended by this
4147 act, and sections 79 to 97, inclusive, of this act apply to the filing of a
4148 financing statement under subsection (a) and, as appropriate, to
4149 compliance that is equivalent to filing a financing statement under

4150 subsection (b) of section 42a-9-311, as amended by this act, but the
4151 filing or compliance is not of itself a factor in determining whether the
4152 collateral secures an obligation. If it is determined for another reason
4153 that the collateral secures an obligation, a security interest held by the
4154 consignor, lessor, bailor, licensor, owner or buyer which attaches to the
4155 collateral is perfected by the filing or compliance.

4156 Sec. 77. Section 42a-9-506 of the general statutes is repealed and the
4157 following is substituted in lieu thereof:

4158 [At any time before the secured party has disposed of collateral or
4159 entered into a contract for its disposition under section 42a-9-504 or
4160 before the obligation has been discharged under section 42a-9-505(2)
4161 the debtor or any other secured party may unless otherwise agreed in
4162 writing after default redeem the collateral by tendering fulfillment of
4163 all obligations secured by the collateral as well as the expenses
4164 reasonably incurred by the secured party in retaking, holding and
4165 preparing the collateral for disposition, in arranging for the sale, and to
4166 the extent provided in the agreement and not prohibited by law, his
4167 reasonable attorney's fees and legal expenses.]

4168 (a) A financing statement substantially satisfying the requirements
4169 of sections 42a-9-501 to 42a-9-507, inclusive, as amended by this act,
4170 and sections 79 to 97, inclusive, of this act is effective, even if it has
4171 minor errors or omissions, unless the errors or omissions make the
4172 financing statement seriously misleading.

4173 (b) Except as otherwise provided in subsection (c), a financing
4174 statement that fails sufficiently to provide the name of the debtor in
4175 accordance with subsection (a) of section 42a-9-503, as amended by this
4176 act, is seriously misleading.

4177 (c) If a search of the records of the filing office under the debtor's
4178 correct name, using the filing office's standard search logic, if any,
4179 would disclose a financing statement that fails sufficiently to provide
4180 the name of the debtor in accordance with subsection (a) of section 42a-
4181 9-503, as amended by this act, the name provided does not make the

4182 financing statement seriously misleading.

4183 (d) For purposes of subsection (b) of section 79 of this act, the
4184 "debtor's correct name" in subsection (c) means the correct name of the
4185 new debtor.

4186 Sec. 78. Section 42a-9-507 of the general statutes is repealed and the
4187 following is substituted in lieu thereof:

4188 [(1) If it is established that the secured party is not proceeding in
4189 accordance with the provisions of this part disposition may be ordered
4190 or restrained on appropriate terms and conditions. If the disposition
4191 has occurred the debtor or any person entitled to notification or whose
4192 security interest has been made known to the secured party prior to
4193 the disposition has a right to recover from the secured party any loss
4194 caused by a failure to comply with the provisions of this part. If the
4195 collateral is consumer goods, the debtor has a right to recover in any
4196 event an amount not less than the credit service charge plus ten per
4197 cent of the principal amount of the debt or the time price differential
4198 plus ten per cent of the cash price.

4199 (2) The fact that a better price could have been obtained by a sale at
4200 a different time or in a different method from that selected by the
4201 secured party is not of itself sufficient to establish that the sale was not
4202 made in a commercially reasonable manner. If the secured party either
4203 sells the collateral in the usual manner in any recognized market
4204 therefor or if he sells at the price current in such market at the time of
4205 his sale or if he has otherwise sold in conformity with reasonable
4206 commercial practices among dealers in the type of property sold he has
4207 sold in a commercially reasonable manner. The principles stated in the
4208 two preceding sentences with respect to sales also apply as may be
4209 appropriate to other types of disposition. A disposition which has been
4210 approved in any judicial proceeding or by any bona fide creditors'
4211 committee or representative of creditors shall conclusively be deemed
4212 to be commercially reasonable, but this sentence does not indicate that
4213 any such approval must be obtained in any case nor does it indicate

4214 that any disposition not so approved is not commercially reasonable.]

4215 (a) A filed financing statement remains effective with respect to
4216 collateral that is sold, exchanged, leased, licensed or otherwise
4217 disposed of and in which a security interest or agricultural lien
4218 continues, even if the secured party knows of or consents to the
4219 disposition.

4220 (b) Except as otherwise provided in subsection (c) and section 79 of
4221 this act, a financing statement is not rendered ineffective if, after the
4222 financing statement is filed, the information provided in the financing
4223 statement becomes seriously misleading under section 42a-9-506, as
4224 amended by this act.

4225 (c) If a debtor so changes its name that a filed financing statement
4226 becomes seriously misleading under section 42a-9-506, as amended by
4227 this act:

4228 (1) The financing statement is effective to perfect a security interest
4229 in collateral acquired by the debtor before, or within four months after,
4230 the change; and

4231 (2) The financing statement is not effective to perfect a security
4232 interest in collateral acquired by the debtor more than four months
4233 after the change, unless an amendment to the financing statement
4234 which renders the financing statement not seriously misleading is filed
4235 within four months after the change.

4236 Sec. 79. (NEW) (a) Except as otherwise provided in this section, a
4237 filed financing statement naming an original debtor is effective to
4238 perfect a security interest in collateral in which a new debtor has or
4239 acquires rights to the extent that the financing statement would have
4240 been effective had the original debtor acquired rights in the collateral.

4241 (b) If the difference between the name of the original debtor and that
4242 of the new debtor causes a filed financing statement that is effective
4243 under subsection (a) to be seriously misleading under section 42a-

4244 9-506 of the general statutes, as amended by this act:

4245 (1) The financing statement is effective to perfect a security interest
4246 in collateral acquired by the new debtor before, and within four
4247 months after, the new debtor becomes bound under subsection (d) of
4248 section 42a-9-203 of the general statutes, as amended by this act; and

4249 (2) The financing statement is not effective to perfect a security
4250 interest in collateral acquired by the new debtor more than four
4251 months after the new debtor becomes bound under subsection (d) of
4252 section 42a-9-203 of the general statutes, as amended by this act, unless
4253 an initial financing statement providing the name of the new debtor is
4254 filed before the expiration of that time.

4255 (c) This section does not apply to collateral as to which a filed
4256 financing statement remains effective against the new debtor under
4257 subsection (a) of section 42a-9-507 of the general statutes, as amended
4258 by this act.

4259 Sec. 80. (NEW) (a) A person may file an initial financing statement,
4260 amendment that adds collateral covered by a financing statement or
4261 amendment that adds a debtor to a financing statement only if:

4262 (1) The debtor authorizes the filing in an authenticated record or
4263 pursuant to subsection (b) or (c); or

4264 (2) The person holds an agricultural lien that has become effective at
4265 the time of filing and the financing statement covers only collateral in
4266 which the person holds an agricultural lien.

4267 (b) By authenticating or becoming bound as debtor by a security
4268 agreement, a debtor or new debtor authorizes the filing of an initial
4269 financing statement, and an amendment, covering:

4270 (1) The collateral described in the security agreement; and

4271 (2) Property that becomes collateral under subdivision (2) of
4272 subsection (a) of section 42a-9-315 of the general statutes, as amended

4273 by this act, whether or not the security agreement expressly covers
4274 proceeds.

4275 (c) By acquiring collateral in which a security interest or agricultural
4276 lien continues under subdivision (1) of subsection (a) of section 42a-9-
4277 315 of the general statutes, as amended by this act, a debtor authorizes
4278 the filing of an initial financing statement, and an amendment,
4279 covering the collateral and property that becomes collateral under
4280 subdivision (2) of subsection (a) of section 42-9-315 of the general
4281 statutes, as amended by this act.

4282 (d) A person may file an amendment other than an amendment that
4283 adds collateral covered by a financing statement or an amendment that
4284 adds a debtor to a financing statement only if:

4285 (1) The secured party of record authorizes the filing; or

4286 (2) The amendment is a termination statement for a financing
4287 statement as to which the secured party of record has failed to file or
4288 send a termination statement as required by subsection (a) or (c) of
4289 section 84 of this act, the debtor authorizes the filing, and the
4290 termination statement indicates that the debtor authorized it to be
4291 filed.

4292 (e) If there is more than one secured party of record for a financing
4293 statement, each secured party of record may authorize the filing of an
4294 amendment under subsection (d).

4295 Sec. 81. (NEW) (a) A filed record is effective only to the extent that it
4296 was filed by a person that may file it under section 80 of this act.

4297 (b) A record authorized by one secured party of record does not
4298 affect the financing statement with respect to another secured party of
4299 record.

4300 (c) A continuation statement that is not filed within the six-month
4301 period prescribed by subsection (d) of section 86 of this act is
4302 ineffective.

4303 Sec. 82. (NEW) (a) A secured party of record with respect to a
4304 financing statement is a person whose name is provided as the name of
4305 the secured party or a representative of the secured party in an initial
4306 financing statement that has been filed. If an initial financing statement
4307 is filed under subsection (a) of section 85 of this act, the assignee
4308 named in the initial financing statement is the secured party of record
4309 with respect to the financing statement.

4310 (b) If an amendment of a financing statement which provides the
4311 name of a person as a secured party or a representative of a secured
4312 party is filed, the person named in the amendment is a secured party
4313 of record. If an amendment is filed under subsection (b) of section 85 of
4314 this act, the assignee named in the amendment is a secured party of
4315 record.

4316 (c) A person remains a secured party of record until the filing of an
4317 amendment of the financing statement which deletes the person.

4318 Sec. 83. (NEW) (a) Subject to section 80 of this act, a person may add
4319 or delete collateral covered by, continue or terminate the effectiveness
4320 of, or, subject to subsection (e), otherwise amend the information
4321 provided in, a financing statement by filing an amendment that:

4322 (1) Identifies, by its file number, the initial financing statement to
4323 which the amendment relates; or

4324 (2) If the amendment relates to an initial financing statement
4325 recorded in a filing office described in subdivision (1) of subsection (a)
4326 of section 42a-9-501 of the general statutes, as amended by this act,
4327 identifies the initial financing statement to which the amendment
4328 relates by book and page or the date that the initial financing statement
4329 was recorded.

4330 (b) Except as otherwise provided in section 86 of this act, the filing
4331 of an amendment does not extend the period of effectiveness of the
4332 financing statement.

4333 (c) A financing statement that is amended by an amendment that
4334 adds collateral is effective as to the added collateral only from the date
4335 of the filing of the amendment.

4336 (d) A financing statement that is amended by an amendment that
4337 adds a debtor is effective as to the added debtor only from the date of
4338 the filing of the amendment.

4339 (e) An amendment is ineffective to the extent it:

4340 (1) Purports to delete all debtors and fails to provide the name of a
4341 debtor to be covered by the financing statement; or

4342 (2) Purports to delete all secured parties of record and fails to
4343 provide the name of a new secured party of record.

4344 Sec. 84. (NEW) (a) A secured party shall cause the secured party of
4345 record for a financing statement to file a termination statement for the
4346 financing statement if the financing statement covers consumer goods
4347 and:

4348 (1) There is no obligation secured by the collateral covered by the
4349 financing statement and no commitment to make an advance, incur an
4350 obligation or otherwise give value; or

4351 (2) The debtor did not authorize the filing of the initial financing
4352 statement.

4353 (b) To comply with subsection (a), a secured party shall cause the
4354 secured party of record to file the termination statement:

4355 (1) Within one month after there is no obligation secured by the
4356 collateral covered by the financing statement and no commitment to
4357 make an advance, incur an obligation or otherwise give value; or

4358 (2) If earlier, within twenty days after the secured party receives an
4359 authenticated demand from a debtor.

4360 (c) In cases not governed by subsection (a), within twenty days after

4361 a secured party receives an authenticated demand from a debtor, the
4362 secured party shall cause the secured party of record for a financing
4363 statement to send to the debtor a termination statement for the
4364 financing statement or file the termination statement in the filing office
4365 if:

4366 (1) Except in the case of a financing statement covering accounts or
4367 chattel paper that has been sold or goods that are the subject of a
4368 consignment, there is no obligation secured by the collateral covered
4369 by the financing statement and no commitment to make an advance,
4370 incur an obligation or otherwise give value;

4371 (2) The financing statement covers accounts or chattel paper that has
4372 been sold but as to which the account debtor or other person obligated
4373 has discharged its obligation;

4374 (3) The financing statement covers goods that were the subject of a
4375 consignment to the debtor but are not in the debtor's possession; or

4376 (4) The debtor did not authorize the filing of the initial financing
4377 statement.

4378 (d) Except as otherwise provided in section 81 of this act, upon the
4379 filing of a termination statement with the filing office, the financing
4380 statement to which the termination statement relates ceases to be
4381 effective. Except as otherwise provided in section 81 of this act, for
4382 purposes of subsection (f) of section 90 of this act, subsection (a) of
4383 section 93 of this act and subsection (c) of section 94 of this act, the
4384 filing with the filing office of a termination statement relating to a
4385 financing statement that indicates that the debtor is a transmitting
4386 utility also causes the effectiveness of the financing statement to lapse.

4387 Sec. 85. (NEW) (a) Except as otherwise provided in subsection (c), an
4388 initial financing statement may reflect an assignment of all of the
4389 secured party's power to authorize an amendment to the financing
4390 statement by providing the name and mailing address of the assignee
4391 as the name and address of the secured party.

4392 (b) Except as otherwise provided in subsection (c), a secured party
4393 of record may assign of record all or part of its power to authorize an
4394 amendment to a financing statement by filing in the filing office an
4395 amendment of the financing statement which:

4396 (1) Identifies, by its file number, the initial financing statement to
4397 which it relates;

4398 (2) Provides the name of the assignor; and

4399 (3) Provides the name and mailing address of the assignee.

4400 (c) An assignment of record of a security interest in a fixture covered
4401 by a fixture filing or record of a mortgage which is effective as a
4402 financing statement filed as a fixture filing under subsection (c) of
4403 section 42a-9-502 of the general statutes, as amended by this act, may
4404 be made only by an assignment of record of the fixture filing or
4405 mortgage in the manner provided by law of this state other than title
4406 42a of the general statutes.

4407 Sec. 86. (NEW) (a) Except as otherwise provided in subsections (b),
4408 (e), (f) and (g), a filed financing statement is effective for a period of
4409 five years after the date of filing.

4410 (b) Except as otherwise provided in subsections (e), (f) and (g), an
4411 initial financing statement filed in connection with a manufactured-
4412 home transaction is effective for a period of thirty years after the date
4413 of filing if it indicates that it is filed in connection with a
4414 manufactured-home transaction.

4415 (c) The effectiveness of a filed financing statement lapses on the
4416 expiration of the period of its effectiveness unless before the lapse a
4417 continuation statement is filed pursuant to subsection (d). Upon lapse,
4418 a financing statement ceases to be effective and any security interest or
4419 agricultural lien that was perfected by the financing statement
4420 becomes unperfected, unless the security interest is perfected
4421 otherwise. If the security interest or agricultural lien becomes

4422 unperfected upon lapse, it is deemed never to have been perfected as
4423 against a purchaser of the collateral for value.

4424 (d) A continuation statement may be filed only within six months
4425 before the expiration of the five-year period specified in subsection (a)
4426 or the thirty-year period specified in subsection (b), whichever is
4427 applicable.

4428 (e) Except as otherwise provided in section 81 of this act, upon
4429 timely filing of a continuation statement, the effectiveness of the initial
4430 financing statement continues for a period of five years commencing
4431 on the day on which the financing statement would have become
4432 ineffective in the absence of the filing. Upon the expiration of the five-
4433 year period, the financing statement lapses in the same manner as
4434 provided in subsection (c), unless, before the lapse, another
4435 continuation statement is filed pursuant to subsection (d). Succeeding
4436 continuation statements may be filed in the same manner to continue
4437 the effectiveness of the initial financing statement.

4438 (f) If a debtor is a transmitting utility and a filed financing statement
4439 so indicates, the financing statement is effective until a termination
4440 statement is filed.

4441 (g) A record of a mortgage that is effective as a financing statement
4442 filed as a fixture filing under subsection (c) of section 42a-9-502 of the
4443 general statutes, as amended by this act, remains effective as a
4444 financing statement filed as a fixture filing until the mortgage is
4445 released or satisfied of record or its effectiveness otherwise terminates
4446 as to the real property.

4447 Sec. 87. (NEW) (a) Except as otherwise provided in subsection (b),
4448 communication of a record to a filing office and tender of the filing fee
4449 or acceptance of the record by the filing office constitutes filing. In the
4450 case of the recording of a record in a filing office described in
4451 subdivision (1) of subsection (a) of section 42a-9-501 of the general
4452 statutes, as amended by this act, tender of the filing fee means tender
4453 of the fee specified in section 7-34a of the general statutes.

4454 (b) Filing does not occur with respect to a record that a filing office
4455 refuses to accept because:

4456 (1) The record is not communicated by a method or medium of
4457 communication authorized by the filing office;

4458 (2) An amount equal to or greater than the applicable filing fee is not
4459 tendered;

4460 (3) The filing office is unable to index the record because:

4461 (A) In the case of an initial financing statement, the record does not
4462 provide a name for the debtor;

4463 (B) In the case of an amendment or correction statement, the record:

4464 (i) Does not identify the initial financing statement as required by
4465 section 83 or 89 of this act, as applicable; or

4466 (ii) Identifies an initial financing statement whose effectiveness has
4467 lapsed under section 86 of this act; or

4468 (C) In the case of an initial financing statement that provides the
4469 name of a debtor identified as an individual or an amendment that
4470 provides a name of a debtor identified as an individual which was not
4471 previously provided in the financing statement to which the record
4472 relates, the record does not identify the debtor's last name;

4473 (4) In the case of an initial financing statement or an amendment
4474 that adds a secured party of record, the record does not provide a
4475 name and mailing address for the secured party of record;

4476 (5) In the case of an initial financing statement or an amendment
4477 that provides a name of a debtor which was not previously provided in
4478 the financing statement to which the amendment relates, the record
4479 does not:

4480 (A) Provide a mailing address for the debtor;

4481 (B) Indicate whether the debtor is an individual or an organization;
4482 or

4483 (C) If the financing statement indicates that the debtor is an
4484 organization, provide:

4485 (i) A type of organization for the debtor; and

4486 (ii) A jurisdiction of organization for the debtor;

4487 (6) In the case of an assignment reflected in an initial financing
4488 statement under subsection (a) of section 85 of this act, or an
4489 amendment filed under subsection (b) of section 85 of this act, the
4490 record does not provide a name and mailing address for the assignee;
4491 or

4492 (7) In the case of a continuation statement, the record is not filed
4493 within the six-month period prescribed by subsection (d) of section 86
4494 of this act.

4495 (c) For purposes of subsection (b):

4496 (1) A record does not provide information if the filing office is
4497 unable to read or decipher the information; and

4498 (2) A record that does not indicate that it is an amendment or
4499 identify an initial financing statement to which it relates, as required
4500 by section 83, 85 or 89 of this act, is an initial financing statement.

4501 (d) A record that is communicated to the filing office with tender of
4502 the filing fee, but which the filing office refuses to accept for a reason
4503 other than one set forth in subsection (b), is effective as a filed record
4504 except as against a purchaser of the collateral which gives value in
4505 reasonable reliance upon the absence of the record from the files.

4506 Sec. 88. (NEW) The failure of the filing office to index a record
4507 correctly does not affect the effectiveness of the filed record.

4508 Sec. 89. (NEW) (a) A person may file in the filing office a correction

4509 statement with respect to a record indexed there under the person's
4510 name if the person believes that the record is inaccurate or was
4511 wrongfully filed.

4512 (b) A correction statement must:

4513 (1) Identify the record to which it relates by:

4514 (A) The file number assigned to the initial financing statement to
4515 which the record relates; or

4516 (B) If the correction statement relates to a record recorded in a filing
4517 office described in subdivision (1) of subsection (a) of section 42a-9-501
4518 of the general statutes, as amended by this act, the book and page on
4519 which or the date and time that the initial financing statement was
4520 recorded;

4521 (2) Indicate that it is a correction statement; and

4522 (3) Provide the basis for the person's belief that the record is
4523 inaccurate and indicate the manner in which the person believes the
4524 record should be amended to cure any inaccuracy or provide the basis
4525 for the person's belief that the record was wrongfully filed.

4526 (c) The filing of a correction statement does not affect the
4527 effectiveness of an initial financing statement or other filed record.

4528 Sec. 90. (NEW) (a) For each record filed in a filing office, the filing
4529 office shall:

4530 (1) In the case of a record filed in the filing office described in
4531 subdivision (2) of subsection (a) of section 42a-9-501 of the general
4532 statutes, as amended by this act, assign a unique number to the filed
4533 record;

4534 (2) In the case of a record filed in the filing office described in
4535 subdivision (2) of subsection (a) of section 42a-9-501 of the general
4536 statutes, as amended by this act, create a record that bears the number

4537 assigned to the filed record and the date and time of filing;

4538 (3) Maintain the filed record for public inspection; and

4539 (4) Index the filed record in accordance with subsections (b), (c) and
4540 (d).

4541 (b) Except as otherwise provided in subsections (c) and (d), the
4542 filing office shall:

4543 (1) Index an initial financing statement according to the name of the
4544 debtor and index all filed records relating to the initial financing
4545 statement in a manner that associates with one another an initial
4546 financing statement and all filed records relating to the initial financing
4547 statement; and

4548 (2) Index a record that provides a name of a debtor which was not
4549 previously provided in the financing statement to which the record
4550 relates also according to the name that was not previously provided.

4551 (c) If a financing statement is filed as a fixture filing or covers as-
4552 extracted collateral or timber to be cut, it must be filed for record and
4553 the filing office shall index it:

4554 (1) In the grantor index under the names of the debtor and of each
4555 owner of record shown on the financing statement as if they were the
4556 mortgagors under a mortgage of the real property described; and

4557 (2) In the grantee index under the name of the secured party as if the
4558 secured party were the mortgagee thereunder, or, if indexing is by
4559 description, as if the financing statement were a record of a mortgage
4560 of the real property described.

4561 (d) If a financing statement is filed as a fixture filing or covers as-
4562 extracted collateral or timber to be cut, the filing office shall index an
4563 assignment filed under subsection (a) of section 85 of this act or an
4564 amendment filed under subsection (b) of section 85 of this act:

4565 (1) In the grantor index under the name of the assignor as grantor;
4566 and

4567 (2) In the grantee index under the name of the assignee as grantee.
4568 The filing officer shall also enter upon the margin of the record of such
4569 initial financing statement a notation of the record of the subsequent
4570 assignment or amendment and of any continuation statement,
4571 termination statement or correction statement.

4572 (e) The filing office shall maintain a capability:

4573 (1) To retrieve a record by the name of the debtor and:

4574 (A) If the filing office is described in subdivision (1) of subsection (a)
4575 of section 42a-9-501 of the general statutes, as amended by this act, by
4576 the book and page number assigned to the initial financing statement
4577 to which the record relates; or

4578 (B) If the filing office is described in subdivision (2) of subsection (a)
4579 of section 42a-9-501 of the general statutes, as amended by this act, by
4580 the file number assigned to the initial financing statement to which the
4581 record relates; and

4582 (2) To associate and retrieve with one another an initial financing
4583 statement and each filed record relating to the initial financing
4584 statement.

4585 (f) The filing office may not remove a debtor's name from the index
4586 until one year after the effectiveness of a financing statement naming
4587 the debtor lapses under section 86 of this act with respect to all secured
4588 parties of record.

4589 (g) The filing office shall perform the acts required by subsections
4590 (a) to (d), inclusive, at the time and in the manner prescribed by filing-
4591 office regulation, but not later than five business days after the filing
4592 office receives the record in question.

4593 (h) Subsection (g) does not apply to a filing office described in

4594 subdivision (1) of subsection (a) of section 42a-9-501 of the general
4595 statutes, as amended by this act.

4596 Sec. 91. (NEW) (a) A filing office shall refuse to accept a record for
4597 filing for a reason set forth in subsection (b) of section 87 of this act and
4598 may refuse to accept a record for filing only for a reason set forth in
4599 subsection (b) of section 87 of this act.

4600 (b) If a filing office refuses to accept a record for filing, it shall
4601 communicate to the person that presented the record the fact of and
4602 reason for the refusal and the date and time the record would have
4603 been filed had the filing office accepted it. The communication must be
4604 made at the time and in the manner prescribed by filing-office
4605 regulation but, in the case of a filing office described in subdivision (2)
4606 of subsection (a) of section 42a-9-501 of the general statutes, as
4607 amended by this act, in no event more than five business days after the
4608 filing office receives the record.

4609 (c) A filed financing statement satisfying subsections (a) and (b) of
4610 section 42a-9-502 of the general statutes, as amended by this act, is
4611 effective, even if the filing office is required to refuse to accept it for
4612 filing under subsection (a). However, section 58 of this act applies to a
4613 filed financing statement providing information described in
4614 subdivision (5) of subsection (b) of section 87 of this act which is
4615 incorrect at the time the financing statement is filed.

4616 (d) If a record communicated to a filing office provides information
4617 that relates to more than one debtor, sections 42a-9-501 to 42a-9-507,
4618 inclusive, of the general statutes, as amended by this act, and sections
4619 79 to 97, inclusive, of this act, apply as to each debtor separately.

4620 Sec. 92. (NEW) A filing office that accepts written records may not
4621 refuse to accept a written initial financing statement, an amendment to
4622 a financing statement or other written record in a form and format
4623 prescribed by the Secretary of the State except for a reason set forth in
4624 subsection (b) of section 87 of this act.

4625 Sec. 93. (NEW) (a) The filing office shall maintain a record of the
4626 information provided in a filed financing statement for at least one
4627 year after the effectiveness of the financing statement has lapsed under
4628 section 86 of this act with respect to all secured parties of record. The
4629 record must be retrievable by using the name of the debtor and:

4630 (1) If the record was recorded in the filing office described in
4631 subdivision (1) of subsection (a) of section 42a-9-501 of the general
4632 statutes, as amended by this act, by using the book and page number
4633 assigned to the initial financing statement to which the record relates
4634 or the date and time that the record was recorded; or

4635 (2) If the record was filed in the filing office described in subdivision
4636 (2) of subsection (a) of section 42a-9-501 of the general statutes, as
4637 amended by this act, by using the file number assigned to the initial
4638 financing statement to which the record relates.

4639 (b) Except to the extent that a statute governing disposition of public
4640 records provides otherwise, the filing office immediately may destroy
4641 any written record evidencing a financing statement. However, if the
4642 filing office destroys a written record, it shall maintain another record
4643 of the financing statement which complies with subsection (a).

4644 Sec. 94. (NEW) (a) If a person that files a written record requests an
4645 acknowledgment of the filing, the filing office, in the case of a filing
4646 office described in subdivision (2) of subsection (a) of section 42a-9-501
4647 of the general statutes, as amended by this act, shall send to the person
4648 an acknowledgment of the filing of the record showing the number
4649 assigned to the record pursuant to subdivision (1) of subsection (a) of
4650 section 90 of this act and the date and time of the filing of the record
4651 and, in the case of a filing office described in subdivision (1) of
4652 subsection (a) of section 42a-9-501 of the general statutes, as amended
4653 by this act, shall send to the person an acknowledgment of the filing of
4654 the record showing the book and page number and the date and time
4655 of the filing of the record.

4656 (b) If a person files a record other than a written record, the filing

4657 office shall communicate to the person an acknowledgment that
4658 provides:

4659 (1) The information in the record;

4660 (2) In the case of a filing office described in subdivision (2) of
4661 subsection (a) of section 42a-9-501 of the general statutes, as amended
4662 by this act, the number assigned to the record pursuant to subdivision
4663 (1) of subsection (a) of section 90 of this act or, in the case of a filing
4664 office described in subdivision (1) of subsection (a) of section 42a-9-501
4665 of the general statutes, as amended by this act, the book and page
4666 number assigned to the record; and

4667 (3) The date and time of the filing of the record.

4668 (c) The filing office shall communicate or otherwise make available
4669 in a record the following information to any person that requests it:

4670 (1) Whether there is on file on a date and time specified by the filing
4671 office, but not a date earlier than six business days before the filing
4672 office receives the request, any financing statement that:

4673 (A) Designates a particular debtor;

4674 (B) Has not lapsed under section 86 of this act with respect to all
4675 secured parties of record; and

4676 (C) If the request so states, has lapsed under section 86 of this act
4677 and a record of which is maintained by the filing office under
4678 subsection (a) of section 93 of this act;

4679 (2) The date and time of filing of each financing statement; and

4680 (3) The information provided in each financing statement except
4681 information as to collateral.

4682 (d) In complying with its duty under subsection (c), the filing office
4683 may communicate information in any medium. However, if requested,
4684 the filing office shall communicate information by issuing its written

4685 certificate.

4686 (e) The filing office described in subdivision (2) of subsection (a) of
4687 section 42a-9-501 of the general statutes, as amended by this act, shall
4688 perform the acts required by subsections (a) to (d), inclusive, at the
4689 time and in the manner prescribed by filing-office regulation, but not
4690 later than five business days after the filing office receives the request.

4691 (f) At least monthly, the Secretary of the State shall offer to sell or
4692 license to the public on a nonexclusive basis, in bulk, copies of all
4693 records filed in it under sections 42a-9-501 to 42a-9-507, inclusive, of
4694 the general statutes, as amended by this act, and sections 79 to 97,
4695 inclusive, of this act, in every medium from time to time available to
4696 the filing office described in subdivision (2) of subsection (a) of section
4697 42a-9-501 of the general statutes, as amended by this act.

4698 Sec. 95. (NEW) Delay by the filing office beyond a time limit
4699 prescribed by sections 42a-9-501 to 42a-9-507, inclusive, of the general
4700 statutes, as amended by this act, and sections 79 to 97, inclusive, of this
4701 act, is excused if:

4702 (1) The delay is caused by interruption of communication or
4703 computer facilities, war, emergency conditions, failure of equipment or
4704 other circumstances beyond control of the filing office; and

4705 (2) The filing office exercises reasonable diligence under the
4706 circumstances.

4707 Sec. 96. (NEW) (a) The Secretary of the State shall charge and collect
4708 the following uniform fee: For filing and indexing an initial financing
4709 statement, a correction statement or an amendment, twenty-five
4710 dollars. No fee shall be charged (1) to the state when the initial
4711 financing statement, correction statement or amendment is filed by or
4712 at the request of the Attorney General or an assistant attorney general
4713 or by a duly authorized official of the state or any of its agencies,
4714 boards or commissions acting in an official capacity, or (2) to a
4715 municipality when the initial financing statement, correction statement

4716 or amendment is filed by a tax collector or other municipal officer of
4717 such municipality pursuant to the provisions of sections 12-195a to 12-
4718 195g, inclusive, of the general statutes, as amended by this act, or (3)
4719 for any filing accomplished solely by electronic means and without the
4720 physical submission of any document, instrument or paper, in
4721 accordance with a plan approved by the Secretary of the State.

4722 (b) The uniform fee for responding to a request for information from
4723 the filing office, including issuing a certificate showing whether there
4724 is on file, on the date and hour stated therein, any financing statement
4725 naming a particular debtor and any amendment thereof and, if there is,
4726 giving the date and hour of filing such amendment and the name and
4727 address of each secured party named therein, is twenty-five dollars.
4728 Upon request, the filing officer shall furnish a photographic or
4729 electronic copy of any filed financing statement or amendment for a
4730 uniform fee of twenty dollars regardless of the number of pages and
4731 affix such filing officer's certification and official seal thereto for a fee
4732 of five dollars. No fee shall be charged to the state when a certificate
4733 showing whether there is on file, on the date and hour stated therein,
4734 any presently effective financing statement naming a particular debtor
4735 and any amendment thereof, is requested by the Attorney General or
4736 an assistant attorney general or by an authorized official of the state or
4737 any of its agencies, boards or commissions acting in an official
4738 capacity, and no fee shall be charged to a municipality when such
4739 certificate is requested by the tax collector or other municipal officer of
4740 such municipality pursuant to the provisions of sections 12-195a to 12-
4741 195g, inclusive, of the general statutes, as amended by this act.

4742 (c) This section does not require a fee with respect to a record of a
4743 mortgage which is effective as a financing statement filed as a fixture
4744 filing or as a financing statement covering as-extracted collateral or
4745 timber to be cut under subsection (c) of section 42a-9-502 of the general
4746 statutes, as amended by this act. However, the recording and
4747 satisfaction fees that otherwise would be applicable to the record of the
4748 mortgage apply.

4749 Sec. 97. (NEW) The Secretary of the State shall adopt regulations in
4750 accordance with the provisions of chapter 54 of the general statutes to
4751 implement this article.

4752 Sec. 98. (NEW) (a) After default, a secured party has the rights
4753 provided in sections 98 to 125, inclusive, of this act and, except as
4754 otherwise provided in section 99 of this act, those provided by
4755 agreement of the parties. A secured party:

4756 (1) May reduce a claim to judgment, foreclose or otherwise enforce
4757 the claim, security interest or agricultural lien by any available judicial
4758 procedure; and

4759 (2) If the collateral is documents, may proceed either as to the
4760 documents or as to the goods they cover.

4761 (b) A secured party in possession of collateral or control of collateral
4762 under section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107 of the
4763 general statutes, as amended by this act, has the rights and duties
4764 provided in section 42a-9-207 of the general statutes, as amended by
4765 this act.

4766 (c) The rights under subsections (a) and (b) are cumulative and,
4767 except as may otherwise be prohibited under other law in a consumer
4768 transaction, may be exercised simultaneously.

4769 (d) Except as otherwise provided in subsection (g) and section 102 of
4770 this act, after default, a debtor and an obligor have the rights provided
4771 in sections 98 to 125, inclusive, of this act and by agreement of the
4772 parties.

4773 (e) If a secured party has reduced its claim to judgment, the lien of
4774 any levy that may be made upon the collateral by virtue of an
4775 execution based upon the judgment relates back to the earliest of:

4776 (1) The date of perfection of the security interest or agricultural lien
4777 in the collateral;

4778 (2) The date of filing a financing statement covering the collateral; or

4779 (3) Any date specified in a statute under which the agricultural lien
4780 was created.

4781 (f) A sale pursuant to an execution is a foreclosure of the security
4782 interest or agricultural lien by judicial procedure within the meaning of
4783 this section. A secured party may purchase at the sale and thereafter
4784 hold the collateral free of any other requirements of this article.

4785 (g) Except as otherwise provided in subsection (c) of section 104 of
4786 this act, sections 98 to 125, inclusive, of this act, impose no duties upon
4787 a secured party that is a consignor or is a buyer of accounts, chattel
4788 paper, payment intangibles or promissory notes.

4789 Sec. 99. (NEW) Except as otherwise provided in section 121 of this
4790 act, to the extent that they give rights to a debtor or obligor and impose
4791 duties on a secured party, the debtor or obligor may not waive or vary
4792 the rules stated in the following listed sections:

4793 (1) Subparagraph (C) of subdivision (4) of subsection (b) of section
4794 42a-9-207 of the general statutes, as amended by this act, which deals
4795 with use and operation of the collateral by the secured party;

4796 (2) Section 20 of this act, which deals with requests for an
4797 accounting and requests concerning a list of collateral and statement of
4798 account;

4799 (3) Subsection (c) of section 104 of this act, which deals with
4800 collection and enforcement of collateral;

4801 (4) Subsection (a) of section 105 of this act and subsection (c) of
4802 section 112 of this act to the extent that they deal with application or
4803 payment of noncash proceeds of collection, enforcement or disposition;

4804 (5) Subsection (a) of section 105 of this act and subsection (d) of
4805 section 112 of this act to the extent that they require accounting for or
4806 payment of surplus proceeds of collateral;

4807 (6) Section 106 of this act to the extent that it imposes upon a
4808 secured party that takes possession of collateral without judicial
4809 process the duty to do so without breach of the peace;

4810 (7) Subsection (b) of section 107 of this act and sections 108, 110 and
4811 111 of this act, which deal with disposition of collateral;

4812 (8) Subsection (f) of section 112 of this act, which deals with
4813 calculation of a deficiency or surplus when a disposition is made to the
4814 secured party, a person related to the secured party, or a secondary
4815 obligor;

4816 (9) Section 113 of this act, which deals with explanation of the
4817 calculation of a surplus or deficiency;

4818 (10) Sections 117, 118 and 119 of this act, which deal with acceptance
4819 of collateral in satisfaction of obligation;

4820 (11) Section 120 of this act, which deals with redemption of
4821 collateral;

4822 (12) Section 121 of this act, which deals with permissible waivers;
4823 and

4824 (13) Sections 122 and 123 of this act, which deal with the secured
4825 party's liability for failure to comply with this article.

4826 Sec. 100. (NEW) (a) The parties may determine by agreement the
4827 standards measuring the fulfillment of the rights of a debtor or obligor
4828 and the duties of a secured party under a rule stated in section 99 of
4829 this act if the standards are not manifestly unreasonable or, in the case
4830 of a consumer transaction, if the standards are not unreasonable.

4831 (b) Subsection (a) does not apply to the duty under section 106 of
4832 this act to refrain from breaching the peace.

4833 Sec. 101. (NEW) (a) If a security agreement covers both personal and
4834 real property, a secured party may proceed:

4835 (1) Under sections 98 to 125, inclusive, of this act, as to the personal
4836 property without prejudicing any rights with respect to the real
4837 property; or

4838 (2) As to both the personal property and the real property in
4839 accordance with the rights with respect to the real property, in which
4840 case the other provisions of sections 98 to 125, inclusive, of this act, do
4841 not apply.

4842 (b) Subject to subsection (c), if a security agreement covers goods
4843 that are or become fixtures, a secured party may proceed:

4844 (1) Under sections 98 to 125, inclusive, of this act, or

4845 (2) In accordance with the rights with respect to real property, in
4846 which case the other provisions of sections 98 to 125, inclusive, of this
4847 act, do not apply.

4848 (c) Subject to the other provisions of sections 98 to 125, inclusive, of
4849 this act, if a secured party holding a security interest in fixtures has
4850 priority over all owners and encumbrancers of the real property, the
4851 secured party, after default, may remove the collateral from the real
4852 property.

4853 (d) A secured party that removes collateral shall promptly
4854 reimburse any encumbrancer or owner of the real property for the cost
4855 of repair of any physical injury caused by the removal. The secured
4856 party need not reimburse the encumbrancer or owner for any
4857 diminution in value of the real property caused by the absence of the
4858 goods removed or by any necessity of replacing them. A person
4859 entitled to reimbursement, other than the debtor, may refuse
4860 permission to remove until the secured party gives adequate assurance
4861 for the performance of the obligation to reimburse.

4862 Sec. 102. (NEW) (a) A secured party does not owe a duty based on
4863 its status as secured party:

4864 (1) To a person that is a debtor or obligor, unless the secured party

4865 knows:

4866 (A) That the person is a debtor or obligor;

4867 (B) The identity of the person; and

4868 (C) How to communicate with the person; or

4869 (2) To a secured party or lienholder that has filed a financing
4870 statement against a person, unless the secured party knows:

4871 (A) That the person is a debtor; and

4872 (B) The identity of the person.

4873 (b) What the secured party knows is to be determined in the light of
4874 the good faith obligations of the secured party.

4875 Sec. 103. (NEW) For purposes of sections 98 to 125, inclusive, of this
4876 act, a default occurs in connection with an agricultural lien at the time
4877 the secured party becomes entitled to enforce the lien in accordance
4878 with the statute under which it was created.

4879 Sec. 104. (NEW) (a) If so agreed, and in any event after default, a
4880 secured party:

4881 (1) May notify an account debtor or other person obligated on
4882 collateral to make payment or otherwise render performance to or for
4883 the benefit of the secured party;

4884 (2) May take any proceeds to which the secured party is entitled
4885 under section 42a-9-315 of the general statutes, as amended by this act;

4886 (3) May enforce the obligations of an account debtor or other person
4887 obligated on collateral and exercise the rights of the debtor with
4888 respect to the obligation of the account debtor or other person
4889 obligated on collateral to make payment or otherwise render
4890 performance to the debtor, and with respect to any property that
4891 secures the obligations of the account debtor or other person obligated

4892 on the collateral;

4893 (4) If it holds a security interest in a deposit account perfected by
4894 control under subdivision (1) of subsection (a) of section 42a-9-104 of
4895 the general statutes, as amended by this act, may apply the balance of
4896 the deposit account to the obligation secured by the deposit account;
4897 and

4898 (5) If it holds a security interest in a deposit account perfected by
4899 control under subdivision (2) or (3) of subsection (a) of section 42a-9-
4900 104 of the general statutes, as amended by this act, may instruct the
4901 bank to pay the balance of the deposit account to or for the benefit of
4902 the secured party.

4903 (b) If necessary to enable a secured party to exercise under
4904 subdivision (3) of subsection (a) of this section the right, if any, of a
4905 debtor to enforce a mortgage nonjudicially, the secured party may
4906 record in the office in which a record of the mortgage is recorded:

4907 (1) A copy of the security agreement that creates or provides for a
4908 security interest in the obligation secured by the mortgage; and

4909 (2) The secured party's sworn affidavit in recordable form stating
4910 that:

4911 (A) A default has occurred; and

4912 (B) The secured party is entitled to enforce the mortgage
4913 nonjudicially.

4914 (c) A secured party shall proceed in a commercially reasonable
4915 manner if the secured party:

4916 (1) Undertakes to collect from or enforce an obligation of an account
4917 debtor or other person obligated on collateral; and

4918 (2) Is entitled to charge back uncollected collateral or otherwise to
4919 full or limited recourse against the debtor or a secondary obligor.

4920 (d) A secured party may deduct from the collections made pursuant
4921 to subsection (c) reasonable expenses of collection and enforcement,
4922 including reasonable attorney's fees and legal expenses incurred by the
4923 secured party.

4924 (e) This section does not determine whether an account debtor, bank
4925 or other person obligated on collateral owes a duty to a secured party.

4926 Sec. 105. (NEW) (a) If a security interest or agricultural lien secures
4927 payment or performance of an obligation, the following rules apply:

4928 (1) A secured party shall apply or pay over for application the cash
4929 proceeds of collection or enforcement under section 104 of this act in
4930 the following order to:

4931 (A) The reasonable expenses of collection and enforcement and, to
4932 the extent provided for by agreement and not prohibited by law,
4933 reasonable attorney's fees and legal expenses incurred by the secured
4934 party;

4935 (B) The satisfaction of obligations secured by the security interest or
4936 agricultural lien under which the collection or enforcement is made;
4937 and

4938 (C) The satisfaction of obligations secured by any subordinate
4939 security interest in or other lien on the collateral subject to the security
4940 interest or agricultural lien under which the collection or enforcement
4941 is made if the secured party receives an authenticated demand for
4942 proceeds before distribution of the proceeds is completed.

4943 (2) If requested by a secured party, a holder of a subordinate
4944 security interest or other lien shall furnish reasonable proof of the
4945 interest or lien within a reasonable time. Unless the holder complies,
4946 the secured party need not comply with the holder's demand under
4947 subparagraph (C) of subdivision (1) of this subsection.

4948 (3) A secured party need not apply or pay over for application
4949 noncash proceeds of collection and enforcement under section 104 of

4950 this act unless the failure to do so would be commercially
4951 unreasonable. A secured party that applies or pays over for application
4952 noncash proceeds shall do so in a commercially reasonable manner.

4953 (4) A secured party shall account to and pay a debtor for any
4954 surplus, and the obligor is liable for any deficiency.

4955 (b) If the underlying transaction is a sale of accounts, chattel paper,
4956 payment intangibles or promissory notes, the debtor is not entitled to
4957 any surplus, and the obligor is not liable for any deficiency.

4958 Sec. 106. (NEW) (a) After default, a secured party:

4959 (1) May take possession of the collateral;

4960 (2) Without removal, may render equipment unusable and dispose
4961 of collateral on a debtor's premises under section 107 of this act.

4962 (b) A secured party may proceed under subsection (a):

4963 (1) Pursuant to judicial process; or

4964 (2) Without judicial process, if it proceeds without breach of the
4965 peace.

4966 (c) If so agreed, and in any event after default, a secured party may
4967 require the debtor to assemble the collateral and make it available to
4968 the secured party at a place to be designated by the secured party
4969 which is reasonably convenient to both parties.

4970 (d) (1) In this subsection, "electronic self-help" means the use of
4971 electronic means to exercise a secured party's rights pursuant to
4972 sections 98 to 125, inclusive, of this act, with respect to the security
4973 agreement, and "electronic" means relating to technology that has
4974 electrical, digital, magnetic or wireless optical electromagnetic
4975 properties or similar capabilities.

4976 (2) Electronic self-help is permitted only if the debtor separately
4977 agrees to a term of the security agreement authorizing electronic self-

4978 help that requires notice of exercise as provided in subdivision (3) of
4979 this subsection.

4980 (3) Before resorting to electronic self-help authorized by a term of
4981 the security agreement, the secured party shall give notice to the
4982 debtor stating:

4983 (i) That the secured party intends to resort to electronic self-help as a
4984 remedy on or after fifteen days following communication of the notice
4985 to the debtor;

4986 (ii) The nature of the claimed breach which entitled the secured
4987 party to resort to self-help; and

4988 (iii) The name, title, address and telephone number of a person
4989 representing the secured party with whom the debtor may
4990 communicate concerning the security interest.

4991 (4) A debtor may recover direct and incidental damages caused by
4992 wrongful use of electronic self-help. The debtor may also recover
4993 consequential damages for wrongful use of electronic self-help even if
4994 such damages are excluded by the terms of the security agreement.

4995 (5) Even if the secured party complies with subdivisions (2) and (3)
4996 of this subsection, electronic self-help may not be used if the secured
4997 party has reason to know that its use will result in substantial injury or
4998 harm to the public health or safety or grave harm to the public interest
4999 substantially affecting third parties not involved in the dispute.

5000 Sec. 107. (NEW) (a) After default, a secured party may sell, lease,
5001 license or otherwise dispose of any or all of the collateral in its present
5002 condition or following any commercially reasonable preparation or
5003 processing.

5004 (b) Every aspect of a disposition of collateral, including the method,
5005 manner, time, place and other terms, must be commercially reasonable.
5006 If commercially reasonable, a secured party may dispose of collateral
5007 by public or private proceedings, by one or more contracts, as a unit or

5008 in parcels, and at any time and place and on any terms.

5009 (c) A secured party may purchase collateral:

5010 (1) At a public disposition; or

5011 (2) At a private disposition only if the collateral is of a kind that is
5012 customarily sold on a recognized market or the subject of widely
5013 distributed standard price quotations.

5014 (d) A contract for sale, lease, license or other disposition includes the
5015 warranties relating to title, possession, quiet enjoyment and the like
5016 which by operation of law accompany a voluntary disposition of
5017 property of the kind subject to the contract.

5018 (e) A secured party may disclaim or modify warranties under
5019 subsection (d):

5020 (1) In a manner that would be effective to disclaim or modify the
5021 warranties in a voluntary disposition of property of the kind subject to
5022 the contract of disposition; or

5023 (2) By communicating to the purchaser a record evidencing the
5024 contract for disposition and including an express disclaimer or
5025 modification of the warranties.

5026 (f) A record is sufficient to disclaim warranties under subsection (e)
5027 if it indicates "There is no warranty relating to title, possession, quiet
5028 enjoyment or the like in this disposition" or uses words of similar
5029 import.

5030 Sec. 108. (NEW) (a) In this section, "notification date" means the
5031 earlier of the date on which:

5032 (1) A secured party sends to the debtor and any secondary obligor
5033 an authenticated notification of disposition; or

5034 (2) The debtor and any secondary obligor waive the right to
5035 notification.

5036 (b) Except as otherwise provided in subsection (d), a secured party
5037 that disposes of collateral under section 107 of this act shall send to the
5038 persons specified in subsection (c) a reasonable authenticated
5039 notification of disposition.

5040 (c) To comply with subsection (b), the secured party shall send an
5041 authenticated notification of disposition to:

5042 (1) The debtor;

5043 (2) Any secondary obligor; and

5044 (3) If the collateral is other than consumer goods:

5045 (A) Any other person from which the secured party has received,
5046 before the notification date, an authenticated notification of a claim of
5047 an interest in the collateral;

5048 (B) Any other secured party or lienholder that, ten days before the
5049 notification date, held a security interest in or other lien on the
5050 collateral perfected by the filing of a financing statement that:

5051 (i) Identified the collateral;

5052 (ii) Was indexed under the debtor's name as of that date; and

5053 (iii) Was filed in the office in which to file a financing statement
5054 against the debtor covering the collateral as of that date; and

5055 (C) Any other secured party that, ten days before the notification
5056 date, held a security interest in the collateral perfected by compliance
5057 with a statute, regulation or treaty described in subsection (a) of
5058 section 42a-9-311 of the general statutes, as amended by this act.

5059 (d) Subsection (b) does not apply if the collateral is perishable or
5060 threatens to decline speedily in value or is of a type customarily sold
5061 on a recognized market.

5062 (e) A secured party complies with the requirement for notification

5063 prescribed by subparagraph (B) of subdivision (3) of subsection (c) of
5064 this section if:

5065 (1) Not later than twenty days or earlier than thirty days before the
5066 notification date, the secured party requests, in a commercially
5067 reasonable manner, information concerning financing statements
5068 indexed under the debtor's name in the office indicated in
5069 subparagraph (B) of subdivision (3) of subsection (c) of this section;
5070 and

5071 (2) Before the notification date, the secured party:

5072 (A) Did not receive a response to the request for information; or

5073 (B) Received a response to the request for information and sent an
5074 authenticated notification of disposition to each secured party or other
5075 lienholder named in that response whose financing statement covered
5076 the collateral.

5077 Sec. 109. (NEW) (a) Except as otherwise provided in subsection (b),
5078 whether a notification is sent within a reasonable time is a question of
5079 fact.

5080 (b) In a transaction other than a consumer transaction, a notification
5081 of disposition sent after default and ten days or more before the
5082 earliest time of disposition set forth in the notification is sent within a
5083 reasonable time before the disposition.

5084 Sec. 110. (NEW) Except in a consumer-goods transaction, the
5085 following rules apply:

5086 (1) The contents of a notification of disposition are sufficient if the
5087 notification:

5088 (A) Describes the debtor and the secured party;

5089 (B) Describes the collateral that is the subject of the intended
5090 disposition;

5091 (C) States the method of intended disposition;

5092 (D) States that the debtor is entitled to an accounting of the unpaid
5093 indebtedness and states the charge, if any, for an accounting; and

5094 (E) States the time and place of a public disposition or the time after
5095 which any other disposition is to be made.

5096 (2) Whether the contents of a notification that lacks any of the
5097 information specified in subdivision (1) are nevertheless sufficient is a
5098 question of fact.

5099 (3) The contents of a notification providing substantially the
5100 information specified in subdivision (1) are sufficient, even if the
5101 notification includes:

5102 (A) Information not specified by that subdivision; or

5103 (B) Minor errors that are not seriously misleading.

5104 (4) A particular phrasing of the notification is not required.

5105 (5) The following form of notification and the form appearing in
5106 subdivision (3) of section 111 of this act, when completed, each
5107 provides sufficient information:

5108 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

5109 To: (Name of debtor, obligor or other person to which the
5110 notification is sent)

5111 From: ... (Name, address and telephone number of secured party)

5112 Name of Debtor(s): (Include only if debtor(s) are not an
5113 addressee)

5114 (For a public disposition:)

5115 We will sell (or lease or license, as applicable) the (describe
5116 collateral) (to the highest qualified bidder) in public as follows:

5117 Day and Date:

5118 Time:

5119 Place:

5120 (For a private disposition:)

5121 We will sell (or lease or license, as applicable) the (describe
5122 collateral) privately sometime after (day and date).

5123 You are entitled to an accounting of the unpaid indebtedness
5124 secured by the property that we intend to sell (or lease or license, as
5125 applicable) (for a charge of \$) You may request an accounting by
5126 calling us at (telephone number).

5127 Sec. 111. (NEW) In a consumer-goods transaction, the following
5128 rules apply:

5129 (1) A notification of disposition must provide the following
5130 information:

5131 (A) The information specified in subdivision (1) of section 110 of this
5132 act;

5133 (B) A description of any liability for a deficiency of the person to
5134 which the notification is sent;

5135 (C) A telephone number from which the amount that must be paid
5136 to the secured party to redeem the collateral under section 120 of this
5137 act is available; and

5138 (D) A telephone number or mailing address from which additional
5139 information concerning the disposition and the obligation secured is
5140 available.

5141 (2) A particular phrasing of the notification is not required.

5142 (3) The following form of notification, when completed, provides

5143 sufficient information:

5144 (Name and address of secured party.)

5145 (Date)

5146 **NOTICE OF OUR PLAN TO SELL PROPERTY**

5147 (Name and address of any obligor who is also a debtor.)

5148 Subject: (Identification of transaction)

5149 We have your (describe collateral), because you broke promises
5150 in our agreement.

5151 (For a public disposition:)

5152 We will sell (describe collateral) at public sale. A sale could
5153 include a lease or license. The sale will be held as follows:

5154 Date:

5155 Time:

5156 Place:

5157 You may attend the sale and bring bidders if you want.

5158 (For a private disposition:)

5159 We will sell (describe collateral) at private sale sometime after
5160 (date). A sale could include a lease or license.

5161 The money that we get from the sale (after paying our costs) will
5162 reduce the amount you owe. If we get less money than you owe, you
5163 (will or will not, as applicable) still owe us the difference. If we get
5164 more money than you owe, you will get the extra money, unless we
5165 must pay it to someone else.

5166 You can get the property back at any time before we sell it by paying

5167 us the full amount you owe (not just the past due payments), including
5168 our expenses. To learn the exact amount you must pay, call us at
5169 (telephone number).

5170 If you want us to explain to you in writing how we have figured the
5171 amount that you owe us, you may call us at (telephone number) or
5172 write us at (secured party's address) and request a written
5173 explanation. (We will charge you \$.... for the explanation if we sent
5174 you another written explanation of the amount you owe us within the
5175 last six months.)

5176 If you need more information about the sale call us at (telephone
5177 number) or write us at (secured party's address).

5178 We are sending this notice to the following other people who have
5179 an interest in (describe collateral) or who owe money under your
5180 agreement:

5181 (Names of all other debtors and obligors, if any.)

5182 (4) A notification in the form of subdivision (3) is sufficient, even if
5183 additional information appears at the end of the form.

5184 (5) A notification in the form of subdivision (3) is sufficient, even if it
5185 includes errors in information not required by subdivision (1), unless
5186 the error is misleading with respect to rights arising under this article.

5187 (6) If a notification under this section is not in the form of
5188 subdivision (3), law other than this article determines the effect of
5189 including information not required by subdivision (1).

5190 Sec. 112. (NEW) (a) A secured party shall apply or pay over for
5191 application the cash proceeds of disposition under section 107 of this
5192 act in the following order to:

5193 (1) The reasonable expenses of retaking, holding, preparing for
5194 disposition, processing and disposing, and, to the extent provided for
5195 by agreement and not prohibited by law, reasonable attorney's fees

5196 and legal expenses incurred by the secured party;

5197 (2) The satisfaction of obligations secured by the security interest or
5198 agricultural lien under which the disposition is made;

5199 (3) The satisfaction of obligations secured by any subordinate
5200 security interest in or other subordinate lien on the collateral if:

5201 (A) The secured party receives from the holder of the subordinate
5202 security interest or other lien an authenticated demand for proceeds
5203 before distribution of the proceeds is completed; and

5204 (B) In a case in which a consignor has an interest in the collateral,
5205 the subordinate security interest or other lien is senior to the interest of
5206 the consignor; and

5207 (4) A secured party that is a consignor of the collateral if the secured
5208 party receives from the consignor an authenticated demand for
5209 proceeds before distribution of the proceeds is completed.

5210 (b) If requested by a secured party, a holder of a subordinate
5211 security interest or other lien shall furnish reasonable proof of the
5212 interest or lien within a reasonable time. Unless the holder does so, the
5213 secured party need not comply with the holder's demand under
5214 subdivision (3) of subsection (a) of this section.

5215 (c) A secured party need not apply or pay over for application
5216 noncash proceeds of disposition under section 107 of this act unless the
5217 failure to do so would be commercially unreasonable. A secured party
5218 that applies or pays over for application noncash proceeds shall do so
5219 in a commercially reasonable manner.

5220 (d) If the security interest under which a disposition is made secures
5221 payment or performance of an obligation, after making the payments
5222 and applications required by subsection (a) and permitted by
5223 subsection (c):

5224 (1) Unless subdivision (4) of subsection (a) of this section requires

5225 the secured party to apply or pay over cash proceeds to a consignor,
5226 the secured party shall account to and pay a debtor for any surplus;
5227 and

5228 (2) The obligor is liable for any deficiency.

5229 (e) If the underlying transaction is a sale of accounts, chattel paper,
5230 payment intangibles or promissory notes:

5231 (1) The debtor is not entitled to any surplus; and

5232 (2) The obligor is not liable for any deficiency.

5233 (f) The surplus or deficiency following a disposition is calculated
5234 based on the amount of proceeds that would have been realized in a
5235 disposition complying with sections 98 to 125, inclusive, of this act, to a
5236 transferee other than the secured party, a person related to the secured
5237 party or a secondary obligor if:

5238 (1) The transferee in the disposition is the secured party, a person
5239 related to the secured party or a secondary obligor; and

5240 (2) The amount of proceeds of the disposition is significantly below
5241 the range of proceeds that a complying disposition to a person other
5242 than the secured party, a person related to the secured party or a
5243 secondary obligor would have brought.

5244 (g) A secured party that receives cash proceeds of a disposition in
5245 good faith and without knowledge that the receipt violates the rights
5246 of the holder of a security interest or other lien that is not subordinate
5247 to the security interest or agricultural lien under which the disposition
5248 is made:

5249 (1) Takes the cash proceeds free of the security interest or other lien;

5250 (2) Is not obligated to apply the proceeds of the disposition to the
5251 satisfaction of obligations secured by the security interest or other lien;
5252 and

5253 (3) Is not obligated to account to or pay the holder of the security
5254 interest or other lien for any surplus.

5255 Sec. 113. (NEW) (a) In this section:

5256 (1) "Explanation" means a writing that:

5257 (A) States the amount of the surplus or deficiency;

5258 (B) Provides an explanation in accordance with subsection (c) of
5259 how the secured party calculated the surplus or deficiency;

5260 (C) States, if applicable, that future debits, credits, charges,
5261 including additional credit service charges or interest, rebates and
5262 expenses may affect the amount of the surplus or deficiency; and

5263 (D) Provides a telephone number or mailing address from which
5264 additional information concerning the transaction is available.

5265 (2) "Request" means a record:

5266 (A) Authenticated by a debtor or consumer obligor;

5267 (B) Requesting that the recipient provide an explanation; and

5268 (C) Sent after disposition of the collateral under section 107 of this
5269 act.

5270 (b) In a consumer-goods transaction in which the debtor is entitled
5271 to a surplus or a consumer obligor is liable for a deficiency under
5272 section 112 of this act, the secured party shall:

5273 (1) Send an explanation to the debtor or consumer obligor, as
5274 applicable, after the disposition and:

5275 (A) Before or when the secured party accounts to the debtor and
5276 pays any surplus or first makes written demand on the consumer
5277 obligor after the disposition for payment of the deficiency; and

5278 (B) Within fourteen days after receipt of a request; or

5279 (2) In the case of a consumer obligor who is liable for a deficiency,
5280 within fourteen days after receipt of a request, send to the consumer
5281 obligor a record waiving the secured party's right to a deficiency.

5282 (c) To comply with subparagraph (B) of subdivision (1) of subsection
5283 (a) of this section, a writing must provide the following information in
5284 the following order:

5285 (1) The aggregate amount of obligations secured by the security
5286 interest under which the disposition was made, and, if the amount
5287 reflects a rebate of unearned interest or credit service charge, an
5288 indication of that fact, calculated as of a specified date:

5289 (A) If the secured party takes or receives possession of the collateral
5290 after default, not more than thirty-five days before the secured party
5291 takes or receives possession; or

5292 (B) If the secured party takes or receives possession of the collateral
5293 before default or does not take possession of the collateral, not more
5294 than thirty-five days before the disposition;

5295 (2) The amount of proceeds of the disposition;

5296 (3) The aggregate amount of the obligations after deducting the
5297 amount of proceeds;

5298 (4) The amount, in the aggregate or by type, and types of expenses,
5299 including expenses of retaking, holding, preparing for disposition,
5300 processing and disposing of the collateral, and attorney's fees secured
5301 by the collateral which are known to the secured party and relate to the
5302 current disposition;

5303 (5) The amount, in the aggregate or by type, and types of credits,
5304 including rebates of interest or credit service charges, to which the
5305 obligor is known to be entitled and which are not reflected in the
5306 amount in subdivision (1); and

5307 (6) The amount of the surplus or deficiency.

5308 (d) A particular phrasing of the explanation is not required. An
5309 explanation complying substantially with the requirements of
5310 subsection (a) is sufficient, even if it includes minor errors that are not
5311 seriously misleading.

5312 (e) A debtor or consumer obligor is entitled without charge to one
5313 response to a request under this section during any six-month period
5314 in which the secured party did not send to the debtor or consumer
5315 obligor an explanation pursuant to subdivision (1) of subsection (b) of
5316 this section. The secured party may require payment of a charge not
5317 exceeding twenty-five dollars for each additional response.

5318 Sec. 114. (NEW) (a) A secured party's disposition of collateral after
5319 default:

5320 (1) Transfers to a transferee for value all of the debtor's rights in the
5321 collateral;

5322 (2) Discharges the security interest under which the disposition is
5323 made; and

5324 (3) Discharges any subordinate security interest or other
5325 subordinate lien.

5326 (b) A transferee that acts in good faith takes free of the rights and
5327 interests described in subsection (a), even if the secured party fails to
5328 comply with this article or the requirements of any judicial proceeding.

5329 (c) If a transferee does not take free of the rights and interests
5330 described in subsection (a), the transferee takes the collateral subject to:

5331 (1) The debtor's rights in the collateral;

5332 (2) The security interest or agricultural lien under which the
5333 disposition is made; and

5334 (3) Any other security interest or other lien.

5335 Sec. 115. (NEW) (a) A secondary obligor acquires the rights and

5336 becomes obligated to perform the duties of the secured party after the
5337 secondary obligor:

5338 (1) Receives an assignment of a secured obligation from the secured
5339 party;

5340 (2) Receives a transfer of collateral from the secured party and
5341 agrees to accept the rights and assume the duties of the secured party;
5342 or

5343 (3) Is subrogated to the rights of a secured party with respect to
5344 collateral.

5345 (b) An assignment, transfer or subrogation described in subsection
5346 (a):

5347 (1) Is not a disposition of collateral under section 107 of this act; and

5348 (2) Relieves the secured party of further duties under this article.

5349 Sec. 116. (NEW) (a) In this section, "transfer statement" means a
5350 record authenticated by a secured party stating:

5351 (1) That the debtor has defaulted in connection with an obligation
5352 secured by specified collateral;

5353 (2) That the secured party has exercised its post-default remedies
5354 with respect to the collateral;

5355 (3) That, by reason of the exercise, a transferee has acquired the
5356 rights of the debtor in the collateral; and

5357 (4) The name and mailing address of the secured party, debtor and
5358 transferee.

5359 (b) A transfer statement entitles the transferee to the transfer of
5360 record of all rights of the debtor in the collateral specified in the
5361 statement in any official filing, recording, registration or certificate-of-
5362 title system covering the collateral. If a transfer statement is presented

5363 with the applicable fee and request form to the official or office
5364 responsible for maintaining the system, the official or office shall:

5365 (1) Accept the transfer statement;

5366 (2) Promptly amend its records to reflect the transfer; and

5367 (3) If applicable, issue a new appropriate certificate of title in the
5368 name of the transferee.

5369 (c) A transfer of the record or legal title to collateral to a secured
5370 party under subsection (b) or otherwise is not of itself a disposition of
5371 collateral under this article and does not of itself relieve the secured
5372 party of its duties under this article.

5373 Sec. 117. (NEW) (a) Except as otherwise provided in subsection (g), a
5374 secured party may accept collateral in full or partial satisfaction of the
5375 obligation it secures only if:

5376 (1) The debtor consents to the acceptance under subsection (c);

5377 (2) The secured party does not receive, within the time set forth in
5378 subsection (d), a notification of objection to the proposal authenticated
5379 by:

5380 (A) A person to which the secured party was required to send a
5381 proposal under section 118 of this act; or

5382 (B) Any other person, other than the debtor, holding an interest in
5383 the collateral subordinate to the security interest that is the subject of
5384 the proposal;

5385 (3) If the collateral is consumer goods, the collateral is not in the
5386 possession of the debtor when the debtor consents to the acceptance;
5387 and

5388 (4) Subsection (e) does not require the secured party to dispose of
5389 the collateral or the debtor waives the requirement pursuant to section
5390 121 of this act.

5391 (b) A purported or apparent acceptance of collateral under this
5392 section is ineffective unless:

5393 (1) The secured party consents to the acceptance in an authenticated
5394 record or sends a proposal to the debtor; and

5395 (2) The conditions of subsection (a) are met.

5396 (c) For purposes of this section:

5397 (1) A debtor consents to an acceptance of collateral in partial
5398 satisfaction of the obligation it secures only if the debtor agrees to the
5399 terms of the acceptance in a record authenticated after default; and

5400 (2) A debtor consents to an acceptance of collateral in full
5401 satisfaction of the obligation it secures only if the debtor agrees to the
5402 terms of the acceptance in a record authenticated after default or the
5403 secured party:

5404 (A) Sends to the debtor after default a proposal that is unconditional
5405 or subject only to a condition that collateral not in the possession of the
5406 secured party be preserved or maintained;

5407 (B) In the proposal, proposes to accept collateral in full satisfaction
5408 of the obligation it secures; and

5409 (C) Does not receive a notification of objection authenticated by the
5410 debtor within twenty days after the proposal is sent.

5411 (d) To be effective under subdivision (2) of subsection (a) of this
5412 section, a notification of objection must be received by the secured
5413 party:

5414 (1) In the case of a person to which the proposal was sent pursuant
5415 to section 118 of this act, within twenty days after notification was sent
5416 to that person; and

5417 (2) In other cases:

5418 (A) Within twenty days after the last notification was sent pursuant
5419 to section 118 of this act; or

5420 (B) If a notification was not sent, before the debtor consents to the
5421 acceptance under subsection (c).

5422 (e) A secured party that has taken possession of collateral shall
5423 dispose of the collateral pursuant to section 107 of this act within the
5424 time specified in subsection (f) if:

5425 (1) Sixty per cent of the cash price has been paid in the case of a
5426 purchase-money security interest in consumer goods; or

5427 (2) Sixty per cent of the principal amount of the obligation secured
5428 has been paid in the case of a non-purchase-money security interest in
5429 consumer goods.

5430 (f) To comply with subsection (e), the secured party shall dispose of
5431 the collateral:

5432 (1) Within ninety days after taking possession; or

5433 (2) Within any longer period to which the debtor and all secondary
5434 obligors have agreed in an agreement to that effect entered into and
5435 authenticated after default.

5436 (g) In a consumer transaction, a secured party may not accept
5437 collateral in partial satisfaction of the obligation it secures.

5438 (h) Nothing in subsection (b) shall prohibit a consumer in a
5439 consumer goods transaction from proving that the secured party has
5440 agreed to accept the collateral in full satisfaction of the obligation by
5441 means other than an authenticated record.

5442 Sec. 118. (NEW) (a) A secured party that desires to accept collateral
5443 in full or partial satisfaction of the obligation it secures shall send its
5444 proposal to:

5445 (1) Any person from which the secured party has received, before

5446 the debtor consented to the acceptance, an authenticated notification of
5447 a claim of an interest in the collateral;

5448 (2) Any other secured party or lienholder that, ten days before the
5449 debtor consented to the acceptance, held a security interest in or other
5450 lien on the collateral perfected by the filing of a financing statement
5451 that:

5452 (A) Identified the collateral;

5453 (B) Was indexed under the debtor's name as of that date; and

5454 (C) Was filed in the office or offices in which to file a financing
5455 statement against the debtor covering the collateral as of that date; and

5456 (3) Any other secured party that, ten days before the debtor
5457 consented to the acceptance, held a security interest in the collateral
5458 perfected by compliance with a statute, regulation or treaty described
5459 in subsection (a) of section 42a-9-311 of the general statutes, as
5460 amended by this act.

5461 (b) A secured party that desires to accept collateral in partial
5462 satisfaction of the obligation it secures shall send its proposal to any
5463 secondary obligor in addition to the persons described in subsection
5464 (a).

5465 Sec. 119. (NEW) (a) A secured party's acceptance of collateral in full
5466 or partial satisfaction of the obligation it secures:

5467 (1) Discharges the obligation to the extent consented to by the
5468 debtor;

5469 (2) Transfers to the secured party all of a debtor's rights in the
5470 collateral;

5471 (3) Discharges the security interest or agricultural lien that is the
5472 subject of the debtor's consent and any subordinate security interest or
5473 other subordinate lien; and

5474 (4) Terminates any other subordinate interest.

5475 (b) A subordinate interest is discharged or terminated under
5476 subsection (a), even if the secured party fails to comply with this
5477 article.

5478 Sec. 120. (NEW) (a) A debtor, any secondary obligor or any other
5479 secured party or lienholder may redeem collateral.

5480 (b) To redeem collateral, a person shall tender:

5481 (1) Fulfillment of all obligations secured by the collateral; and

5482 (2) The reasonable expenses and attorney's fees described in
5483 subdivision (1) of subsection (a) of section 112 of this act.

5484 (c) A redemption may occur at any time before a secured party:

5485 (1) Has collected collateral under section 104 of this act;

5486 (2) Has disposed of collateral or entered into a contract for its
5487 disposition under section 107 of this act; or

5488 (3) Has accepted collateral in full or partial satisfaction of the
5489 obligation it secures under section 119 of this act.

5490 Sec. 121. (NEW) (a) A debtor or secondary obligor may waive the
5491 right to notification of disposition of collateral under section 108 of this
5492 act only by an agreement to that effect entered into and authenticated
5493 after default.

5494 (b) A debtor may waive the right to require disposition of collateral
5495 under subsection (e) of section 117 of this act only by an agreement to
5496 that effect entered into and authenticated after default.

5497 (c) Except in a consumer-goods transaction, a debtor or secondary
5498 obligor may waive the right to redeem collateral under section 120 of
5499 this act only by an agreement to that effect entered into and
5500 authenticated after default.

5501 Sec. 122. (NEW) (a) If it is established that a secured party is not
5502 proceeding in accordance with this article, a court may order or
5503 restrain collection, enforcement or disposition of collateral on
5504 appropriate terms and conditions.

5505 (b) Subject to subsections (c), (d) and (f), a person is liable for
5506 damages in the amount of any loss caused by a failure to comply with
5507 this article. Loss caused by a failure to comply may include loss
5508 resulting from the debtor's inability to obtain, or increased costs of,
5509 alternative financing.

5510 (c) Except as otherwise provided in section 125 of this act:

5511 (1) A person that, at the time of the failure, was a debtor, was an
5512 obligor or held a security interest in or other lien on the collateral may
5513 recover damages under subsection (b) for its loss; and

5514 (2) If the collateral is consumer goods, a person that was a debtor or
5515 a secondary obligor at the time a secured party failed to comply with
5516 sections 98 to 125, inclusive, of this act, may recover for that failure in
5517 any event an amount not less than the credit service charge plus ten
5518 per cent of the principal amount of the obligation or the time-price
5519 differential plus ten per cent of the cash price.

5520 (d) A debtor whose deficiency is eliminated under section 123 of this
5521 act may recover damages for the loss of any surplus. However, a
5522 debtor or secondary obligor whose deficiency is eliminated or reduced
5523 under section 123 of this act may not otherwise recover under
5524 subsection (b) for noncompliance with the provisions of sections 98 to
5525 125, inclusive, of this act relating to collection, enforcement, disposition
5526 or acceptance.

5527 (e) In addition to any damages recoverable under subsection (b), the
5528 debtor, consumer obligor, or person named as a debtor in a filed
5529 record, as applicable, may recover five hundred dollars in each case
5530 from a person that:

5531 (1) Fails to comply with section 42a-9-208 of the general statutes, as
5532 amended by this act;

5533 (2) Fails to comply with section 42a-9-209 of the general statutes, as
5534 amended by this act;

5535 (3) Files a record that the person is not entitled to file under
5536 subsection (a) of section 80 of this act;

5537 (4) Fails to cause the secured party of record to file or send a
5538 termination statement as required by subsection (a) or (c) of section 84
5539 of this act;

5540 (5) Fails to comply with subdivision (1) of subsection (b) of section
5541 113 of this act and whose failure is part of a pattern, or consistent with
5542 a practice, of noncompliance; or

5543 (6) Fails to comply with subdivision (2) of subsection (b) of section
5544 113 of this act.

5545 (f) A debtor or consumer obligor may recover damages under
5546 subsection (b) and, in addition, five hundred dollars in each case from
5547 a person that, without reasonable cause, fails to comply with a request
5548 under section 20 of this act. A recipient of a request under section 20 of
5549 this act which never claimed an interest in the collateral or obligations
5550 that are the subject of a request under that section has a reasonable
5551 excuse for failure to comply with the request within the meaning of
5552 this subsection.

5553 (g) If a secured party fails to comply with a request regarding a list
5554 of collateral or a statement of account under section 20 of this act, the
5555 secured party may claim a security interest only as shown in the list or
5556 statement included in the request as against a person that is reasonably
5557 misled by the failure.

5558 Sec. 123. (NEW) (a) In an action arising from a transaction, other
5559 than a consumer transaction, in which the amount of a deficiency or
5560 surplus is in issue, the following rules apply:

5561 (1) A secured party need not prove compliance with the provisions
5562 of sections 98 to 125, inclusive, of this act, relating to collection,
5563 enforcement, disposition or acceptance unless the debtor or a
5564 secondary obligor places the secured party's compliance in issue.

5565 (2) If the secured party's compliance is placed in issue, the secured
5566 party has the burden of establishing that the collection, enforcement,
5567 disposition or acceptance was conducted in accordance with sections
5568 98 to 125, inclusive, of this act.

5569 (3) Except as otherwise provided in section 125 of this act, if a
5570 secured party fails to prove that the collection, enforcement,
5571 disposition or acceptance was conducted in accordance with the
5572 provisions of sections 98 to 125, inclusive, of this act, relating to
5573 collection, enforcement, disposition or acceptance, the liability of a
5574 debtor or a secondary obligor for a deficiency is limited to an amount
5575 by which the sum of the secured obligation, expenses and attorney's
5576 fees exceeds the greater of:

5577 (A) The proceeds of the collection, enforcement, disposition or
5578 acceptance; or

5579 (B) The amount of proceeds that would have been realized had the
5580 noncomplying secured party proceeded in accordance with the
5581 provisions of sections 98 to 125, inclusive, of this act, relating to
5582 collection, enforcement, disposition or acceptance.

5583 (4) For purposes of subparagraph (B) of subdivision (3) of this
5584 subsection, the amount of proceeds that would have been realized is
5585 equal to the sum of the secured obligation, expenses and attorney's
5586 fees unless the secured party proves that the amount is less than that
5587 sum.

5588 (5) If a deficiency or surplus is calculated under subsection (f) of
5589 section 112 of this act, the debtor or obligor has the burden of
5590 establishing that the amount of proceeds of the disposition is
5591 significantly below the range of prices that a complying disposition to

5592 a person other than the secured party, a person related to the secured
5593 party or a secondary obligor would have brought.

5594 (b) The limitation of the rules in subsection (a) to transactions other
5595 than consumer transactions is intended to leave to the court the
5596 determination of the proper rules in consumer transactions. The court
5597 may not infer from that limitation the nature of the proper rule in
5598 consumer transactions and may continue to apply established
5599 approaches. Notwithstanding subsection (b) of section 124 of this act,
5600 those approaches may apply principles of existing statutory and case
5601 law, including laws concerning the determination of a deficiency or
5602 surplus, that apply to analogous consumer transactions in similar
5603 goods under part XI of chapter 669 of the general statutes and under
5604 other law of this state.

5605 Sec. 124. (NEW) (a) The fact that a greater amount could have been
5606 obtained by a collection, enforcement, disposition or acceptance at a
5607 different time or in a different method from that selected by the
5608 secured party is not of itself sufficient to preclude the secured party
5609 from establishing that the collection, enforcement, disposition or
5610 acceptance was made in a commercially reasonable manner.

5611 (b) A disposition of collateral is made in a commercially reasonable
5612 manner if the disposition is made:

5613 (1) In the usual manner on any recognized market;

5614 (2) At the price current in any recognized market at the time of the
5615 disposition; or

5616 (3) Otherwise in conformity with reasonable commercial practices
5617 among dealers in the type of property that was the subject of the
5618 disposition.

5619 (c) A collection, enforcement, disposition or acceptance is
5620 commercially reasonable if it has been approved:

5621 (1) In a judicial proceeding;

5622 (2) By a bona fide creditors' committee;

5623 (3) By a representative of creditors; or

5624 (4) By an assignee for the benefit of creditors.

5625 (d) Approval under subsection (c) need not be obtained, and lack of
5626 approval does not mean that the collection, enforcement, disposition or
5627 acceptance is not commercially reasonable.

5628 (e) Notwithstanding the provisions of subsection (b), in a consumer
5629 transaction the determination of a deficiency or surplus is subject to
5630 the court determination of the proper rule that applies to a consumer
5631 transaction under subsection (b) of section 123 of this act.

5632 Sec. 125. (NEW) (a) Unless a secured party knows that a person is a
5633 debtor or obligor, knows the identity of the person and knows how to
5634 communicate with the person:

5635 (1) The secured party is not liable to the person, or to a secured
5636 party or lienholder that has filed a financing statement against the
5637 person, for failure to comply with this article; and

5638 (2) The secured party's failure to comply with this article does not
5639 affect the liability of the person for a deficiency.

5640 (b) A secured party is not liable because of its status as secured
5641 party:

5642 (1) To a person that is a debtor or obligor, unless the secured party
5643 knows:

5644 (A) That the person is a debtor or obligor;

5645 (B) The identity of the person; and

5646 (C) How to communicate with the person; or

5647 (2) To a secured party or lienholder that has filed a financing

5648 statement against a person, unless the secured party knows:

5649 (A) That the person is a debtor; and

5650 (B) The identity of the person.

5651 (c) A secured party is not liable to any person, and a person's
5652 liability for a deficiency is not affected, because of any act or omission
5653 arising out of the secured party's reasonable belief that a transaction is
5654 not a consumer-goods transaction or a consumer transaction or that
5655 goods are not consumer goods, if the secured party's belief is based on
5656 its reasonable reliance on:

5657 (1) A debtor's representation concerning the purpose for which
5658 collateral was to be used, acquired or held; or

5659 (2) An obligor's representation concerning the purpose for which a
5660 secured obligation was incurred.

5661 (d) A secured party is not liable under subdivision (2) of subsection
5662 (c) of section 122 of this act more than once with respect to any one
5663 secured obligation.

5664 Sec. 126. (NEW) (a) Except as otherwise provided in sections 126 to
5665 133, inclusive, of this act, this act applies to a transaction or lien within
5666 its scope, even if the transaction or lien was entered into or created
5667 before the effective date of this act.

5668 (b) Except as otherwise provided in subsection (c) and sections 127
5669 to 133, inclusive, of this act:

5670 (1) Transactions and liens that were not governed by sections 42a-9-
5671 101 to 42a-9-507, inclusive, of the general statutes, revision of 1958,
5672 revised to January 1, 2001, were validly entered into or created before
5673 the effective date of this act, and would be subject to this act if they had
5674 been entered into or created after the effective date of this act, and the
5675 rights, duties and interests flowing from those transactions and liens
5676 remain valid after the effective date of this act; and

5677 (2) The transactions and liens may be terminated, completed,
5678 consummated and enforced as required or permitted by this act or by
5679 the law that otherwise would apply if this act had not taken effect.

5680 (c) This act does not affect an action, case or proceeding commenced
5681 before the effective date of this act.

5682 Sec. 127. (NEW) (a) A security interest that is enforceable
5683 immediately before the effective date of this act and would have
5684 priority over the rights of a person that becomes a lien creditor at that
5685 time is a perfected security interest under this act if, on the effective
5686 date of this act, the applicable requirements for enforceability and
5687 perfection under this act are satisfied without further action.

5688 (b) Except as otherwise provided in section 129 of this act, if,
5689 immediately before the effective date of this act, a security interest is
5690 enforceable and would have priority over the rights of a person that
5691 becomes a lien creditor at that time, but the applicable requirements
5692 for enforceability or perfection under this act are not satisfied on the
5693 effective date of this act, the security interest:

5694 (1) Is a perfected security interest for one year after the effective date
5695 of this act;

5696 (2) Remains enforceable thereafter only if the security interest
5697 becomes enforceable under section 42a-9-203 of the general statutes, as
5698 amended by this act, before the year expires; and

5699 (3) Remains perfected thereafter only if the applicable requirements
5700 for perfection under this act are satisfied before the year expires.

5701 Sec. 128. (NEW) A security interest that is enforceable immediately
5702 before the effective date of this act but which would be subordinate to
5703 the rights of a person that becomes a lien creditor at that time:

5704 (1) Remains an enforceable security interest for one year after the
5705 effective date of this act;

5706 (2) Remains enforceable thereafter if the security interest becomes
5707 enforceable under section 42a-9-203 of the general statutes, as
5708 amended by this act, on the effective date of this act or within one year
5709 thereafter; and

5710 (3) Becomes perfected:

5711 (A) Without further action, on the effective date of this act if the
5712 applicable requirements for perfection under this act are satisfied
5713 before or at that time; or

5714 (B) When the applicable requirements for perfection are satisfied if
5715 the requirements are satisfied after that time.

5716 Sec. 129. (NEW) (a) If action, other than the filing of a financing
5717 statement, is taken before the effective date of this act and the action
5718 would have resulted in priority of a security interest over the rights of
5719 a person that becomes a lien creditor had the security interest become
5720 enforceable before the effective date of this act, the action is effective to
5721 perfect a security interest that attaches under this act within one year
5722 after the effective date of this act. An attached security interest
5723 becomes unperfected one year after the effective date of this act unless
5724 the security interest becomes a perfected security interest under this
5725 act before the expiration of that period.

5726 (b) The filing of a financing statement before the effective date of
5727 this act is effective to perfect a security interest to the extent the filing
5728 would satisfy the applicable requirements for perfection under this act.

5729 (c) This act does not render ineffective an effective financing
5730 statement that, before the effective date of this act, is filed and satisfies
5731 the applicable requirements for perfection under the law of the
5732 jurisdiction governing perfection as provided in section 42a-9-103a of
5733 the general statutes, revision of 1958, revised to January 1, 2001.
5734 However, except as otherwise provided in subsections (d) and (e) and
5735 section 130 of this act, the financing statement ceases to be effective at
5736 the earlier of:

5737 (1) The time the financing statement would have ceased to be
5738 effective under the law of the jurisdiction in which it is filed; or

5739 (2) June 30, 2006.

5740 (d) The filing of a continuation statement after the effective date of
5741 this act does not continue the effectiveness of the financing statement
5742 filed before the effective date of this act. However, upon the timely
5743 filing of a continuation statement after the effective date of this act and
5744 in accordance with the law of the jurisdiction governing perfection as
5745 provided in sections 42a-9-301 to 42a-9-318, inclusive, of the general
5746 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
5747 act, the effectiveness of a financing statement filed in the same office in
5748 that jurisdiction before the effective date of this act, continues for the
5749 period provided by the law of that jurisdiction.

5750 (e) Subdivision (2) of subsection (c) applies to a financing statement
5751 that, before the effective date of this act, is filed against a transmitting
5752 utility and satisfies the applicable requirements for perfection under
5753 the law of the jurisdiction governing perfection as provided in section
5754 42a-9-103a of the general statutes, revision of 1958, revised to January
5755 1, 2001, only to the extent that sections 42a-9-301 to 42a-9-318,
5756 inclusive, of the general statutes, as amended by this act, and sections
5757 39 to 62, inclusive, of this act, provides that the law of a jurisdiction
5758 other than the jurisdiction in which the financing statement is filed
5759 governs perfection of a security interest in collateral covered by the
5760 financing statement.

5761 (f) A financing statement that includes a financing statement filed
5762 before the effective date of this act and a continuation statement filed
5763 after the effective date of this act is effective only to the extent that it
5764 satisfies the requirements of sections 42a-9-501 to 42a-9-507, inclusive,
5765 of the general statutes, as amended by this act, and sections 79 to 97,
5766 inclusive, of this act, for an initial financing statement.

5767 Sec. 130. (NEW) (a) The filing of an initial financing statement in the
5768 office specified in section 42a-9-501 of the general statutes, as amended

5769 by this act, continues the effectiveness of a financing statement filed
5770 before the effective date of this act if:

5771 (1) The filing of an initial financing statement in that office would be
5772 effective to perfect a security interest under this act;

5773 (2) The pre-effective-date financing statement was filed in an office
5774 in another state or another office in this state; and

5775 (3) The initial financing statement satisfies subsection (c).

5776 (b) The filing of an initial financing statement under subsection (a)
5777 continues the effectiveness of the pre-effective-date financing
5778 statement:

5779 (1) If the initial financing statement is filed before the effective date
5780 of this act, for the period provided in section 42a-9-403 of the general
5781 statutes, revision of 1958, revised to January 1, 2001, with respect to a
5782 financing statement; and

5783 (2) If the initial financing statement is filed after the effective date of
5784 this act, for the period provided in section 86 of this act with respect to
5785 an initial financing statement.

5786 (c) To be effective for purposes of subsection (a), an initial financing
5787 statement must:

5788 (1) Satisfy the requirements of sections 42a-9-501 to 42a-9-507,
5789 inclusive, of the general statutes, as amended by this act, and sections
5790 79 to 97, inclusive, of this act for an initial financing statement;

5791 (2) Identify the pre-effective-date financing statement by indicating
5792 the office in which the financing statement was filed and providing the
5793 dates of filing and file numbers, if any, of the financing statement and
5794 of the most recent continuation statement filed with respect to the
5795 financing statement; and

5796 (3) Indicate that the pre-effective-date financing statement remains

5797 effective.

5798 Sec. 131. (NEW) (a) In this section, "pre-effective-date financing
5799 statement" means a financing statement filed before the effective date
5800 of this act.

5801 (b) After the effective date of this act, a person may add or delete
5802 collateral covered by, continue or terminate the effectiveness of, or
5803 otherwise amend the information provided in, a pre-effective-date
5804 financing statement only in accordance with the law of the jurisdiction
5805 governing perfection as provided in sections 42a-9-301 to 42a-9-318,
5806 inclusive, of the general statutes, as amended by this act, and sections
5807 39 to 62, inclusive, of this act. However, the effectiveness of a pre-
5808 effective-date financing statement also may be terminated in
5809 accordance with the law of the jurisdiction in which the financing
5810 statement is filed.

5811 (c) Except as otherwise provided in subsection (d), if the law of this
5812 state governs perfection of a security interest, the information in a pre-
5813 effective-date financing statement may be amended after the effective
5814 date of this act only if:

5815 (1) The pre-effective-date financing statement and an amendment
5816 are filed in the office specified in section 42a-9-501 of the general
5817 statutes, as amended by this act;

5818 (2) An amendment is filed in the office specified in section 42a-9-501
5819 of the general statutes, as amended by this act, concurrently with, or
5820 after the filing in that office of, an initial financing statement that
5821 satisfies subsection (c) of section 130 of this act; or

5822 (3) An initial financing statement that provides the information as
5823 amended and satisfies subsection (c) of section 130 of this act is filed in
5824 the office specified in section 42a-9-501 of the general statutes, as
5825 amended by this act.

5826 (d) If the law of this state governs perfection of a security interest,

5827 the effectiveness of a pre-effective-date financing statement may be
5828 continued only under subsections (d) and (f) of section 129 of this act
5829 or section 130 of this act.

5830 (e) Whether or not the law of this state governs perfection of a
5831 security interest, the effectiveness of a pre-effective-date financing
5832 statement filed in this state may be terminated after the effective date
5833 of this act by filing a termination statement in the office in which the
5834 pre-effective-date financing statement is filed, unless an initial
5835 financing statement that satisfies subsection (c) of section 130 of this act
5836 has been filed in the office specified by the law of the jurisdiction
5837 governing perfection as provided in sections 42a-9-301 to 42a-9-318,
5838 inclusive, of the general statutes, as amended by this act, and sections
5839 39 to 62, inclusive, of this act as the office in which to file a financing
5840 statement.

5841 Sec. 132. (NEW) A person may file an initial financing statement or a
5842 continuation statement under sections 126 to 133, inclusive, of this act
5843 if:

5844 (1) The secured party of record authorizes the filing; and

5845 (2) The filing is necessary under sections 126 to 133, inclusive, of this
5846 act:

5847 (A) To continue the effectiveness of a financing statement filed
5848 before the effective date of this act; or

5849 (B) To perfect or continue the perfection of a security interest.

5850 Sec. 133. (NEW) (a) This act determines the priority of conflicting
5851 claims to collateral. However, if the relative priorities of the claims
5852 were established before the effective date of this act, sections 42a-9-101
5853 to 42a-9-507, inclusive, of the general statutes, revision of 1958, revised
5854 to January 1, 2001, determine priority.

5855 (b) For purposes of subsection (a) of section 42 of this act, the
5856 priority of a security interest that becomes enforceable under section

5857 42a-9-203 of the general statutes, as amended by this act, dates from
5858 the effective date of this act if the security interest is perfected under
5859 this act by the filing of a financing statement before the effective date
5860 of this act which would not have been effective to perfect the security
5861 interest under sections 42a-9-101 to 42a-9-507, inclusive, of the general
5862 statutes, revision of 1958, revised to January 1, 2001. This subsection
5863 does not apply to conflicting security interests each of which is
5864 perfected by the filing of such a financing statement.

5865 Sec. 134. Section 42a-1-105 of the general statutes is repealed and the
5866 following is substituted in lieu thereof:

5867 (1) Except as provided hereafter in this section, when a transaction
5868 bears a reasonable relation to this state and also to another state or
5869 nation the parties may agree that the law either of this state or of such
5870 other state or nation shall govern their rights and duties. Failing such
5871 agreement this title applies to transactions bearing an appropriate
5872 relation to this state.

5873 (2) Where one of the following provisions of this title specifies the
5874 applicable law, that provision governs and a contrary agreement is
5875 effective only to the extent permitted by the law, including the conflict
5876 of laws rules, so specified:

5877 Rights of creditors against sold goods. Section 42a-2-402.

5878 Applicability of the article on bank deposits and collections. Section
5879 42a-4-102.

5880 Governing law in the article on funds transfers. Section 42a-4a-507.

5881 Letters of credit. Section 42a-5-116.

5882 Applicability of the article on investment securities. Section 42a-8-
5883 110.

5884 [Perfection provisions of the article on secured transactions. Section
5885 42a-9-103a.]

5886 Law governing perfection, the effect of perfection or nonperfection
5887 and the priority of security interests and agricultural liens. Sections
5888 42a-9-301 to 42a-9-307, inclusive, as amended by this act.

5889 Sec. 135. Subdivision (9) of section 42a-1-201 of the general statutes
5890 is repealed and the following is substituted in lieu thereof:

5891 (9) "Buyer in ordinary course of business" means a person [who]
5892 that buys goods in good faith, [and] without knowledge that the sale
5893 [to him is in violation of the ownership rights or security interest of a
5894 third party] violates the rights of another person in the goods, [buys]
5895 and in the ordinary course from a person, other than a pawnbroker, in
5896 the business of selling goods of that kind. [but does not include a
5897 pawnbroker. All persons who sell minerals or the like, including oil
5898 and gas, at wellhead or minehead shall be deemed to be persons] A
5899 person buys goods in the ordinary course if the sale to the person
5900 comports with the usual or customary practices in the kind of business
5901 in which the seller is engaged or with the seller's own usual or
5902 customary practices. A person that sells oil, gas or other minerals at the
5903 wellhead or minehead is a person in the business of selling goods of
5904 that kind. ["Buying"] A buyer in the ordinary course of business may
5905 [be] buy for cash, [or] by exchange of other property or on secured or
5906 unsecured credit, and [includes receiving] may acquire goods or
5907 documents of title under a preexisting contract for sale. [but does not
5908 include a transfer in bulk or as security for or in total or partial
5909 satisfaction of a money debt.] Only a buyer that takes possession of the
5910 goods or has a right to recover the goods from the seller under article 2
5911 may be a buyer in ordinary course of business. A person that acquires
5912 goods in a transfer in bulk or as security for or in total or partial
5913 satisfaction of a money debt is not a buyer in ordinary course of
5914 business.

5915 Sec. 136. Subdivision (32) of section 42a-1-201 of the general statutes
5916 is repealed and the following is substituted in lieu thereof:

5917 (32) "Purchase" includes taking by sale, discount, negotiation,

5918 mortgage, pledge, lien, security interest, issue or reissue, gift or any
5919 other voluntary transaction creating an interest in property.

5920 Sec. 137. Subdivision (37) of section 42a-1-201 of the general statutes
5921 is repealed and the following is substituted in lieu thereof:

5922 (37) "Security interest" means an interest in personal property or
5923 fixtures which secures payment or performance of an obligation. [The
5924 retention or reservation of title by a seller of goods notwithstanding
5925 shipment or delivery to the buyer is limited in effect to a reservation of
5926 a "security interest".] The term also includes any interest of a consignor
5927 and a buyer of accounts, [or] chattel paper, [which] a payment
5928 intangible or a promissory note in a transaction that is subject to article
5929 9. The special property interest of a buyer of goods on identification of
5930 such goods to a contract for sale under section 42a-2-401 is not a
5931 "security interest", but a buyer may also acquire a "security interest" by
5932 complying with article 9. [Unless a lease or consignment is intended as
5933 security, reservation of title thereunder is not a "security interest" but a
5934 consignment is in any event subject to the provisions of section 42a-2-
5935 326 concerning consignment sales.] Whether a lease is intended as
5936 security is to be determined by the facts of each case; however, (a) the
5937 inclusion of an option to purchase does not of itself make the lease one
5938 intended for security, and (b) an agreement that upon compliance with
5939 the terms of the lease the lessee shall become or has the option to
5940 become the owner of the property for no additional consideration or
5941 for a nominal consideration does make the lease one intended for
5942 security. Except as otherwise provided in section 42a-5-505, the right of
5943 a seller or lessor of goods under article 2 to retain or acquire possession
5944 of the goods is not a "security interest", but a seller or lessor may also
5945 acquire a "security interest" by complying with article 9. The retention
5946 or reservation of title by a seller of goods notwithstanding shipment or
5947 delivery to the buyer, as provided by section 42a-2-401, is limited in
5948 effect to a reservation of a "security interest". For purposes of this
5949 section, "security interest" does not include a rent-to-own agreement,
5950 as defined in section 42-240.

5951 Sec. 138. Subdivision (3) of section 42a-2-103 of the general statutes
5952 is repealed and the following is substituted in lieu thereof:

5953 (3) The following definitions in other articles apply to this article:

5954 "Check". Section 42a-3-104.

5955 "Consignee". Section 42a-7-102.

5956 "Consignor". Section 42a-7-102.

5957 "Consumer goods". Section [42a-9-109] 42a-9-102, as amended by
5958 this act.

5959 "Dishonor". Section 42a-3-502.

5960 "Draft". Section 42a-3-104.

5961 Sec. 139. Section 42a-2-210 of the general statutes is repealed and the
5962 following is substituted in lieu thereof:

5963 (1) A party may perform his duty through a delegate unless
5964 otherwise agreed or unless the other party has a substantial interest in
5965 having his original promisor perform or control the acts required by
5966 the contract. No delegation of performance relieves the party
5967 delegating of any duty to perform or any liability for breach.

5968 (2) [Unless] Except as otherwise provided in section 42a-9-406, as
5969 amended by this act, unless otherwise agreed, all rights of either seller
5970 or buyer can be assigned except where the assignment would
5971 materially change the duty of the other party, or increase materially
5972 the burden or risk imposed on him by his contract, or impair
5973 materially his chance of obtaining return performance. A right to
5974 damages for breach of the whole contract or a right arising out of the
5975 assignor's due performance of his entire obligation can be assigned
5976 despite agreement otherwise.

5977 (3) The creation, attachment, perfection or enforcement of a security
5978 interest in the seller's interest under a contract is not a transfer that

5979 materially changes the duty of or increases materially the burden or
5980 risk imposed on the buyer or impairs materially the buyer's chance of
5981 obtaining return performance within the purview of subsection (2)
5982 unless, and then only to the extent that, enforcement actually results in
5983 a delegation of material performance of the seller. Even in that event,
5984 the creation, attachment, perfection and enforcement of the security
5985 interest remain effective, but (i) the seller is liable to the buyer for
5986 damages caused by the delegation to the extent that the damages could
5987 not reasonably be prevented by the buyer, and (ii) a court having
5988 jurisdiction may grant other appropriate relief, including cancellation
5989 of the contract for sale or an injunction against enforcement of the
5990 security interest or consummation of the enforcement.

5991 [(3)] (4) Unless the circumstances indicate the contrary a prohibition
5992 of assignment of "the contract" is to be construed as barring only the
5993 delegation to the assignee of the assignor's performance.

5994 [(4)] (5) An assignment of "the contract" or of "all my rights under
5995 the contract" or an assignment in similar general terms is an
5996 assignment of rights and unless the language or the circumstances, as
5997 in an assignment for security, indicate the contrary, it is a delegation of
5998 performance of the duties of the assignor and its acceptance by the
5999 assignee constitutes a promise by him to perform those duties. This
6000 promise is enforceable by either the assignor or the other party to the
6001 original contract.

6002 [(5)] (6) The other party may treat any assignment which delegates
6003 performance as creating reasonable grounds for insecurity and may
6004 without prejudice to his rights against the assignor demand assurances
6005 from the assignee as provided by section 42a-2-609.

6006 Sec. 140. Section 42a-2-326 of the general statutes is repealed and the
6007 following is substituted in lieu thereof:

6008 (1) Unless otherwise agreed, if delivered goods may be returned by
6009 the buyer even though they conform to the contract, the transaction is
6010 (a) a "sale on approval" if the goods are delivered primarily for use,

6011 and (b) a "sale or return" if the goods are delivered primarily for resale.

6012 (2) [Except as provided in subsection (3), goods] Goods held on
6013 approval are not subject to the claims of the buyer's creditors until
6014 acceptance; goods held on sale or return are subject to such claims
6015 while in the buyer's possession.

6016 [(3) Where goods are delivered to a person for sale and such person
6017 maintains a place of business at which he deals in goods of the kind
6018 involved, under a name other than the name of the person making
6019 delivery, then with respect to claims of creditors of the person
6020 conducting the business the goods are deemed to be on sale or return.
6021 The provisions of this subsection are applicable even though an
6022 agreement purports to reserve title to the person making delivery until
6023 payment or resale or uses such words as "on consignment" or "on
6024 memorandum". However, this subsection is not applicable if the
6025 person making delivery (a) complies with an applicable law providing
6026 for a consignor's interest or the like to be evidenced by a sign, or (b)
6027 establishes that the person conducting the business is generally known
6028 by his creditors to be substantially engaged in selling the goods of
6029 others, or (c) complies with the filing provisions of article 9.]

6030 [(4)] (3) Any "or return" term of a contract for sale is to be treated as
6031 a separate contract for sale within section 42a-2-201 and as
6032 contradicting the sale aspect of the contract within the provisions of
6033 section 42a-2-202.

6034 Sec. 141. Section 42a-2-502 of the general statutes is repealed and the
6035 following is substituted in lieu thereof:

6036 (1) Subject to [subsection (2)] subsections (2) and (3) and even
6037 though the goods have not been shipped a buyer who has paid a part
6038 or all of the price of goods in which he has a special property under the
6039 provisions of the immediately preceding section may on making and
6040 keeping good a tender of any unpaid portion of their price recover
6041 them from the seller if: (a) In the case of goods bought for personal,
6042 family or household purposes, the seller repudiates or fails to deliver

6043 as required by the contract; or (b) in all cases, the seller becomes
6044 insolvent within ten days after receipt of the first installment on their
6045 price.

6046 (2) The buyer's right to recover the goods under subsection (1)(a)
6047 vests upon acquisition of a special property, even if the seller had not
6048 then repudiated or failed to deliver.

6049 ~~[(2)]~~ (3) If the identification creating his special property has been
6050 made by the buyer he acquires the right to recover the goods only if
6051 they conform to the contract for sale.

6052 Sec. 142. Section 42a-2-716 of the general statutes is repealed and the
6053 following is substituted in lieu thereof:

6054 (1) Specific performance may be decreed where the goods are
6055 unique or in other proper circumstances.

6056 (2) The decree for specific performance may include such terms and
6057 conditions as to payment of the price, damages, or other relief as the
6058 court may deem just.

6059 (3) The buyer has a right of replevin for goods identified to the
6060 contract if after reasonable effort he is unable to effect cover for such
6061 goods or the circumstances reasonably indicate that such effort will be
6062 unavailing or if the goods have been shipped under reservation and
6063 satisfaction of the security interest in them has been made or tendered.
6064 In the case of goods bought for personal, family or household
6065 purposes, the buyer's right of replevin vests upon acquisition of a
6066 special property, even if the seller had not then repudiated or failed to
6067 deliver.

6068 Sec. 143. Subsection (c) of section 42a-4-210 of the general statutes is
6069 repealed and the following is substituted in lieu thereof:

6070 (c) Receipt by a collecting bank of a final settlement for an item is a
6071 realization on its security interest in the item, accompanying
6072 documents, and proceeds. So long as the bank does not receive final

6073 settlement for the item or give up possession of the item or
6074 accompanying documents for purposes other than collection, the
6075 security interest continues to that extent and is subject to article 9, but:
6076 (1) No security agreement is necessary to make the security interest
6077 enforceable, as provided in subsection [(1) (a)] (b)(3)(A) of section 42a-
6078 9-203, as amended by this act; (2) no filing is required to perfect the
6079 security interest; and (3) the security interest has priority over
6080 conflicting perfected security interests in the item, accompanying
6081 documents or proceeds.

6082 Sec. 144. Section 42a-5-118 of the general statutes is repealed and the
6083 following is substituted in lieu thereof:

6084 [Public act 96-198 applies to a letter of credit that is issued on or
6085 after October 1, 1996. Public act 96-198 does not apply to a transaction,
6086 event, obligation or duty arising out of or associated with a letter of
6087 credit that was issued before October 1, 1996.]

6088 (a) An issuer or nominated person has a security interest in a
6089 document presented under a letter of credit to the extent that the issuer
6090 or nominated person honors or gives value for the presentation.

6091 (b) So long as and to the extent that an issuer or nominated person
6092 has not been reimbursed or has not otherwise recovered the value
6093 given with respect to a security interest in a document under
6094 subsection (a), the security interest continues and is subject to article 9,
6095 but:

6096 (1) A security agreement is not necessary to make the security
6097 interest enforceable under section 42a-9-203(b)(3), as amended by this
6098 act;

6099 (2) If the document is presented in a medium other than a written or
6100 other tangible medium, the security interest is perfected; and

6101 (3) If the document is presented in a written or other tangible
6102 medium and is not a certificated security, chattel paper, a document of

6103 title, an instrument or a letter of credit, the security interest is perfected
6104 and has priority over a conflicting security interest in the document so
6105 long as the debtor does not have possession of the document.

6106 Sec. 145. Subsection (1) of section 42a-7-503 of the general statutes is
6107 repealed and the following is substituted in lieu thereof:

6108 (1) A document of title confers no right in goods against a person
6109 who before issuance of the document had a legal interest or a perfected
6110 security interest in them and who neither (a) delivered or entrusted
6111 them or any document of title covering them to the bailor or his
6112 nominee with actual or apparent authority to ship, store or sell or with
6113 power to obtain delivery under section 42a-7-403 or with power of
6114 disposition under sections 42a-2-403 and [42a-9-307] 40 of this act or
6115 other statute or rule of law; nor (b) acquiesced in the procurement by
6116 the bailor or his nominee of any document of title.

6117 Sec. 146. Subsection (f) of section 42a-8-103 of the general statutes is
6118 repealed and the following is substituted in lieu thereof:

6119 (f) A commodity contract, as defined in section [42a-9-115] 42a-9-
6120 102(a)(15), as amended by this act, is not a security or a financial asset.

6121 Sec. 147. Section 42a-8-106 of the general statutes is repealed and the
6122 following is substituted in lieu thereof:

6123 (a) A purchaser has "control" of a certificated security in bearer
6124 form if the certificated security is delivered to the purchaser.

6125 (b) A purchaser has "control" of a certificated security in registered
6126 form if the certificated security is delivered to the purchaser, and:

6127 (1) The certificate is endorsed to the purchaser or in blank by an
6128 effective endorsement; or

6129 (2) The certificate is registered in the name of the purchaser, upon
6130 original issue or registration of transfer by the issuer.

6131 (c) A purchaser has "control" of an uncertificated security if:

6132 (1) The uncertificated security is delivered to the purchaser; or

6133 (2) The issuer has agreed that it will comply with instructions
6134 originated by the purchaser without further consent by the registered
6135 owner.

6136 (d) A purchaser has "control" of a security entitlement if:

6137 (1) The purchaser becomes the entitlement holder; [or]

6138 (2) The securities intermediary has agreed that it will comply with
6139 entitlement orders originated by the purchaser without further consent
6140 by the entitlement holder; or

6141 (3) Another person has control of the security entitlement on behalf
6142 of the purchaser or, having previously acquired control of the security
6143 entitlement, acknowledges that it has control on behalf of the
6144 purchaser.

6145 (e) If an interest in a security entitlement is granted by the
6146 entitlement holder to the entitlement holder's own securities
6147 intermediary, the securities intermediary has control.

6148 (f) A purchaser who has satisfied the requirements of subsection
6149 [(c)(2) or (d)(2)] (c) or (d) of this section has control, even if the
6150 registered owner in the case of subsection [(c)(2)] (c) of this section or
6151 the entitlement holder in the case of subsection [(d)(2)] (d) of this
6152 section retains the right to make substitutions for the uncertificated
6153 security or security entitlement, to originate instructions or entitlement
6154 orders to the issuer or securities intermediary, or otherwise to deal
6155 with the uncertificated security or security entitlement.

6156 (g) An issuer or a securities intermediary may not enter into an
6157 agreement of the kind described in subsection (c)(2) or (d)(2) of this
6158 section without the consent of the registered owner or entitlement
6159 holder, but an issuer or a securities intermediary is not required to

6160 enter into such an agreement even though the registered owner or
6161 entitlement holder so directs. An issuer or securities intermediary that
6162 has entered into such an agreement is not required to confirm the
6163 existence of the agreement to another party unless requested to do so
6164 by the registered owner or entitlement holder.

6165 Sec. 148. Subsection (e) of section 42a-8-110 of the general statutes is
6166 repealed and the following is substituted in lieu thereof:

6167 (e) The following rules determine a "securities intermediary's
6168 jurisdiction" for purposes of this section:

6169 (1) If an agreement between the securities intermediary and its
6170 entitlement holder [specifies that it is governed by the law of a
6171 particular jurisdiction] governing the securities account expressly
6172 provides that a particular jurisdiction is the securities intermediary's
6173 jurisdiction for purposes of this part, this article or article 9, that
6174 jurisdiction is the securities intermediary's jurisdiction.

6175 (2) If subdivision (1) of this subsection does not apply and an
6176 agreement between the securities intermediary and its entitlement
6177 holder governing the securities account expressly provides that the
6178 agreement is governed by the law of a particular jurisdiction, that
6179 jurisdiction is the securities intermediary's jurisdiction.

6180 [(2)] (3) If neither subdivision (1) nor subdivision (2) of this
6181 subsection applies and an agreement between the securities
6182 intermediary and its entitlement holder [does not specify the
6183 governing law as provided in subdivision (1) of this subsection, but
6184 expressly specifies] governing the securities account expressly
6185 provides that the securities account is maintained at an office in a
6186 particular jurisdiction, that jurisdiction is the securities intermediary's
6187 jurisdiction.

6188 [(3)] (4) If [an agreement between the securities intermediary and its
6189 entitlement holder does not specify a jurisdiction as provided in
6190 subdivision (1) or (2) of this subsection] none of the preceding

6191 subdivisions of this subsection applies, the securities intermediary's
6192 jurisdiction is the jurisdiction in which [is located] the office identified
6193 in an account statement as the office serving the entitlement holder's
6194 account is located.

6195 [(4)] (5) If [an agreement between the securities intermediary and its
6196 entitlement holder does not specify a jurisdiction as provided in
6197 subdivision (1) or (2) of this subsection and an account statement does
6198 not identify an office serving the entitlement holder's account as
6199 provided in subdivision (3) of this subsection] none of the preceding
6200 subdivisions of this subsection applies, the securities intermediary's
6201 jurisdiction is the jurisdiction in which [is located] the chief executive
6202 office of the securities intermediary is located.

6203 Sec. 149. Subsection (a) of section 42a-8-301 of the general statutes is
6204 repealed and the following is substituted in lieu thereof:

6205 (a) Delivery of a certificated security to a purchaser occurs when:

6206 (1) The purchaser acquires possession of the security certificate;

6207 (2) Another person, other than a securities intermediary, either
6208 acquires possession of the security certificate on behalf of the
6209 purchaser or, having previously acquired possession of the certificate,
6210 acknowledges that it holds for the purchaser; or

6211 (3) A securities intermediary acting on behalf of the purchaser
6212 acquires possession of the security certificate, only if the certificate is in
6213 registered form and [has been] is (i) registered in the name of the
6214 purchaser, (ii) payable to the order of the purchaser, or (iii) specially
6215 endorsed to the purchaser by an effective endorsement and has not
6216 been endorsed to the securities intermediary or in blank.

6217 Sec. 150. Subsection (a) of section 42a-8-302 of the general statutes is
6218 repealed and the following is substituted in lieu thereof:

6219 (a) Except as otherwise provided in subsections (b) and (c) of this
6220 section, [upon delivery] a purchaser of a certificated or uncertificated

6221 security [to a purchaser, the purchaser] acquires all rights in the
6222 security that the transferor had or had power to transfer.

6223 Sec. 151. Section 42a-8-510 of the general statutes is repealed and the
6224 following is substituted in lieu thereof:

6225 (a) [An] In a case not covered by the priority rules in article 9 or the
6226 rules stated in subsection (c) of this section, an action based on an
6227 adverse claim to a financial asset or security entitlement, whether
6228 framed in conversion, replevin, constructive trust, equitable lien or
6229 other theory, may not be asserted against a person who purchases a
6230 security entitlement, or an interest therein, from an entitlement holder
6231 if the purchaser gives value, does not have notice of the adverse claim
6232 and obtains control.

6233 (b) If an adverse claim could not have been asserted against an
6234 entitlement holder under section 42a-8-502, the adverse claim cannot
6235 be asserted against a person who purchases a security entitlement, or
6236 an interest therein, from the entitlement holder.

6237 (c) In a case not covered by the priority rules in article 9, a purchaser
6238 for value of a security entitlement, or an interest therein, who obtains
6239 control has priority over a purchaser of a security entitlement, or an
6240 interest therein, who does not obtain control. [Purchasers] Except as
6241 otherwise provided in subsection (d) of this section, purchasers who
6242 have control rank [equally, except that a] according to priority in time
6243 of:

6244 (1) The purchaser's becoming the person for whom the securities
6245 account, in which the security entitlement is carried, is maintained, if
6246 the purchaser obtained control under subsection (d)(1) of section 42a-8-
6247 106, as amended by this act;

6248 (2) The securities intermediary's agreement to comply with the
6249 purchaser's entitlement orders with respect to security entitlements
6250 carried or to be carried in the securities account in which the security
6251 entitlement is carried, if the purchaser obtained control under

6252 subsection (d)(2) of section 42a-8-106, as amended by this act; or

6253 (3) If the purchaser obtained control through another person under
6254 subsection (d)(3) of section 42a-8-106, as amended by this act, the time
6255 on which priority would be based under this subsection if the other
6256 person were the secured party.

6257 (d) A securities intermediary as purchaser has priority over a
6258 conflicting purchaser who has control unless otherwise agreed by the
6259 securities intermediary.

6260 Sec. 152. Section 1-1a of the general statutes is repealed and the
6261 following is substituted in lieu thereof:

6262 Unless the context of any statute requires a different interpretation,
6263 all words and terms appearing in any statute and relating to security in
6264 personal property shall be construed to mean their counterparts in
6265 subsection (37) of section 42a-1-201 and chapter 748. In particular
6266 "chattel mortgage", "conditional sale contract" or "lien" on personal
6267 property, except a lien of the type to which chapter 748 does not apply
6268 under [subsection (c) of section 42a-9-104] subdivision (2) of subsection
6269 (d) of section 42a-9-109, as amended by this act, shall be construed to
6270 mean "security interest"; "mortgagor" and "conditional vendee" shall be
6271 construed to mean "debtor"; "mortgagee" and "conditional vendor"
6272 shall be construed to mean "secured party".

6273 Sec. 153. Subsection (a) of section 10a-109h of the general statutes is
6274 repealed and the following is substituted in lieu thereof:

6275 (a) Any pledge made by the university pursuant to section 10a-109g
6276 is and shall be deemed a statutory lien [as provided in subsection (2) of
6277 section 42a-9-102] and, except as expressly provided in this section, is
6278 governed by article 9 of title 42a, as amended by this act. Such lien
6279 shall be valid and binding from the time when the pledge is made. The
6280 lien of any pledge shall be valid and binding as against all parties
6281 having claims of any kind in tort, contract or otherwise against the
6282 university, irrespective of whether the parties have notice of the

6283 claims. Notwithstanding any provision of the Uniform Commercial
6284 Code to the contrary, neither sections 10a-109a to 10a-109y, inclusive,
6285 the indenture or resolution, nor any other instrument by which a
6286 pledge is created need be recorded. Any revenues or other receipts,
6287 funds, moneys, personal property of fixtures so pledged and thereafter
6288 received by the university shall be subject immediately to the lien of
6289 the pledge without any physical delivery thereof or further act and
6290 such lien shall have priority over all other liens, including without
6291 limitation the liens of persons who, in the ordinary course of business,
6292 furnish services or materials in respect of such assets.

6293 Sec. 154. Section 10a-233 of the general statutes is repealed and the
6294 following is substituted in lieu thereof:

6295 The authority shall fix, revise, charge and collect fees and is
6296 empowered to contract with any person, partnership, association or
6297 corporation, or other body, public or private, in respect thereof. Each
6298 agreement entered into by the authority with a participating institution
6299 or institutions for higher education shall provide that the fees and
6300 other amounts payable by said institution or institutions with respect
6301 to any program or programs of the authority shall be sufficient at all
6302 times, (1) to pay its or their share of the administrative costs and
6303 expenses of such program, (2) to pay the principal of, the premium, if
6304 any, and the interest on outstanding bonds or notes of the authority
6305 issued with respect to such program to the extent that other revenues
6306 of the authority pledged for the payment of the bonds or notes are
6307 insufficient to pay the bonds or notes as they become due and payable,
6308 (3) to create and maintain reserves which may but need not be
6309 required or provided for in the bond resolution relating to such bonds
6310 or notes of the authority, and (4) to establish and maintain whatever
6311 education loan servicing, control, or audit procedures are deemed to
6312 be necessary to the operations of the authority. The authority shall
6313 pledge the revenues from each program, as described in subsection (b)
6314 of section 10a-230, as security for the issue of bonds or notes relating to
6315 such program. Such pledge shall be valid and binding from the time
6316 when the pledge is made; the revenues so pledged by the authority

6317 shall immediately be subject to the lien of such pledge without any
6318 physical delivery thereof or further act, and the lien of any such pledge
6319 shall be valid and binding against all parties having claims of any kind
6320 in tort, contract or otherwise against the authority or any participating
6321 institution for higher education, irrespective of whether such parties
6322 have notice thereof. Neither the bond resolution nor any financing
6323 statement, continuation statement or other instrument by which a
6324 pledge or security interest is created or by which the authority's
6325 interest in revenues is assigned need be filed in any public records in
6326 order to perfect the security interest or lien thereof as against third
6327 parties except in the records of the authority. The authority may elect,
6328 notwithstanding the exclusions provided in [subsection (d) of section
6329 42a-9-104] subdivision (14) of subsection (d) of section 42a-9-109, as
6330 amended by this act, to have the provisions of the Connecticut
6331 Uniform Commercial Code apply to any pledge made by or to the
6332 authority to secure its bonds or notes by filing a financing statement
6333 with respect to the security interest created by the pledge. The use and
6334 disposition of moneys to the credit of such sinking or other similar
6335 fund shall be subject to the provisions of the resolution authorizing the
6336 issuance of such bonds or notes or of such trust agreement. Except as
6337 may otherwise be provided in such resolution, or such trust
6338 agreement, such sinking or other similar fund shall be a fund for all
6339 such revenue bonds or notes issued to finance an educational program
6340 or programs at one or more participating institutions for higher
6341 education, without distinction or priority of one over another;
6342 provided, the authority in any such resolution or trust agreement may
6343 provide that such sinking or other similar fund shall be the fund for a
6344 particular educational program or programs at a participating
6345 institution or institutions for higher education and for the revenue
6346 bonds or notes issued to finance a particular education program or
6347 programs and may, additionally, permit and provide for the issuance
6348 of revenue bonds or notes having a subordinate lien in respect of the
6349 security herein authorized to other revenue bonds or notes of the
6350 authority and, in such case, the authority may create separate or other
6351 similar funds in respect of such subordinate lien bonds or notes.

6352 Sec. 155. Section 12-35a of the general statutes is repealed and the
6353 following is substituted in lieu thereof:

6354 (a) Whenever used in this section, unless the context otherwise
6355 requires: (1) "Goods" means goods as defined in [subdivision (h) of
6356 subsection (1) of section 42a-9-105] subdivision (44) of subsection (a) of
6357 section 42a-9-102, as amended by this act; (2) "proceeds" means
6358 proceeds as defined in [subsection (1) of section 42a-9-306] subdivision
6359 (64) of subsection (a) of section 42a-9-102, as amended by this act; (3)
6360 "debtor" means the taxpayer; (4) "secured party" means the state of
6361 Connecticut; (5) "collateral" means property which is the subject of the
6362 tax lien; (6) "obligations" means amount of tax and accrued penalties
6363 and interest claimed to be due the state in relation to the tax lien; (7)
6364 "person" means any individual, trust, partnership, association,
6365 company, limited liability company or corporation; (8) "purchase
6366 money security interest" means purchase money security interest as
6367 defined in section [42a-9-107] 42a-9-103a, as amended by this act; (9)
6368 "commercial transactions financing agreement" means an agreement
6369 entered into by a person in the course of his trade or business to make
6370 loans to the taxpayer, part or all of the security for repayment of any
6371 such loan being inventory acquired by the taxpayer in the ordinary
6372 course of trade or business; (10) "qualified property" when used with
6373 respect to a commercial transactions financing agreement, means
6374 inventory; (11) "obligatory disbursement agreement" means an
6375 agreement, entered into by a person in the course of trade or business,
6376 to make disbursements but such an agreement shall be considered
6377 within this term only to the extent of disbursements which are
6378 required to be made by reason of the intervention of the rights of a
6379 person other than the taxpayer; (12) "qualified property" when used
6380 with respect to obligatory disbursement agreement, means property
6381 subject to the lien imposed in accordance with this section, at the time
6382 of tax lien filing and, to the extent that the acquisition is directly
6383 traceable to the disbursements under an obligatory disbursement
6384 agreement, property acquired by the taxpayer after the time of tax lien
6385 filing; (13) "inventory" means inventory as defined in [subsection (4) of

6386 section 42a-9-109] subdivision (48) of subsection (a) of section 42a-9-
6387 102, as amended by this act; (14) "lien creditor" means lien creditor as
6388 that term is defined in [subsection (3) of section 42a-9-301] subdivision
6389 (52) of subsection (a) of section 42a-9-102, as amended by this act.

6390 (b) Upon failure of any person to pay any tax, except taxes under
6391 chapter 216, due the state within thirty days from its due date, or if
6392 before the due date of any tax, except taxes under said chapter 216, the
6393 Commissioner of Revenue Services believes that the collection of such
6394 tax will be jeopardized by delay, the state shall have a lien, upon
6395 perfection as hereinafter provided, upon the goods situated in this
6396 state and owned by the taxpayer upon the date of perfection, or upon
6397 the goods thereafter acquired by the taxpayer. Such lien shall attach
6398 and become perfected at the time when notice of such lien is filed
6399 pursuant to the filing provisions of part [4] 5 of article 9 of title 42a, as
6400 amended by this act, and sections 79 to 97, inclusive, of this act, except
6401 that the signature of the taxpayer against whose property the lien is
6402 claimed shall not be required on said notice of lien and, in each case,
6403 the lien shall be filed as if the debtor were located in this state. Except
6404 as hereinafter provided, upon perfection, such lien shall have priority
6405 over all subsequently perfected liens and security interests.

6406 (c) Each such notice of lien shall contain such information as will
6407 identify (1) the owner of the property upon which the lien is claimed,
6408 (2) the residence or business address of such owner, (3) the specific
6409 property claimed to be subject to such lien, (4) the location of such
6410 property, (5) the type of tax, (6) the amount of tax and accrued
6411 penalties and interest claimed to be due the state in relation to the lien
6412 and (7) the tax period or periods for which such lien is claimed.

6413 (d) The lien shall be effective for a period of ten years from the date
6414 of filing unless discharged as hereinafter provided.

6415 (e) A notice of tax lien having been filed, the state shall have the
6416 rights and remedies of a secured party, as provided in sections [42a-9-
6417 501 to 42a-9-507, inclusive,] 98 to 125, inclusive, of this act and the

6418 taxpayer against whom said lien has been filed shall have the rights
6419 and remedies of a debtor, as provided in [said sections 42a-9-501 to
6420 42a-9-507, inclusive] sections 98 to 125, inclusive, of this act. In
6421 proceeding to enforce such lien, the state shall observe the procedures
6422 applicable to a secured party under [said sections 42a-9-501 to 42a-9-
6423 507, inclusive] sections 98 to 125, inclusive, of this act.

6424 (f) Even though notice of tax lien has been filed, such lien shall not
6425 be valid with respect to: (1) A security interest which came into
6426 existence after tax lien filing but which (A) is in qualified property
6427 covered by the terms of a written agreement entered into before tax
6428 lien filing and constituting a commercial transactions financing
6429 agreement or an obligatory disbursement agreement and (B) is
6430 protected under the laws of this state against a judgment lien arising,
6431 as of the time of tax lien filing, out of an unsecured obligation; (2) a
6432 security interest which came into existence after tax lien filing by
6433 reason of disbursements made before the forty-sixth day after the date
6434 of tax lien filing, or before the person making such disbursements had
6435 actual notice or knowledge of tax lien filing, whichever is earlier, but
6436 only if such security interest (A) is in property subject at the time of tax
6437 lien filing, to the lien imposed by this section and covered by the terms
6438 of a written agreement entered into before tax lien filing and (B) is
6439 protected under the laws of this state against a judgment lien arising,
6440 as of the time of tax lien filing, out of an unsecured obligation; (3)
6441 tangible personal property purchased at retail, as against a purchaser
6442 in the ordinary course of the seller's trade or business, unless at the
6443 time of such purchase such purchaser intends such purchase to, or
6444 knows such purchase will, hinder, evade, or defeat the collection of
6445 any tax; or (4) a purchase money security interest, if said purchase
6446 money security interest would be prior to a conflicting security interest
6447 in the same collateral under section [42a-9-312] 44 of this act.

6448 (g) When the amount of tax, penalty or interest with respect to
6449 which a lien has been created under this section has been satisfied, the
6450 Commissioner of Revenue Services, upon request of any interested
6451 party, shall issue a certificate discharging such lien, which certificate

6452 shall be filed with the Uniform Commercial Code Division of the office
6453 of the Secretary of the State in the same manner as termination
6454 statements are filed under section [42a-9-404] 84 of this act.

6455 Sec. 156. Subdivision (70) of section 12-81 of the general statutes is
6456 repealed and the following is substituted in lieu thereof:

6457 (70) New machinery and equipment used directly in the
6458 manufacturing of goods or products and acquired through purchase
6459 by any business organization or any affiliate of such business
6460 organization as part of a technological upgrading of the manufacturing
6461 process at a location in a distressed municipality, targeted investment
6462 community, as defined in section 32-222, or enterprise zone designated
6463 pursuant to section 32-70, and for which an eligibility certificate has
6464 been issued by the Department of Economic and Community
6465 Development, which business organization (A) is engaged in the
6466 manufacturing, processing or assembling of raw materials, parts or
6467 manufactured products, (B) has been in continuous operation in the
6468 state for a period not less than five years prior to claiming the
6469 exemption provided in this subdivision, (C) had gross receipts in an
6470 amount less than twenty million dollars in the year prior to claiming
6471 the exemption provided in this subdivision, including receipts of any
6472 affiliates of the business organization, and (D) has incurred costs in
6473 acquiring such machinery and equipment not less than the greater of
6474 (i) two hundred thousand dollars, or (ii) two hundred per cent of the
6475 business organization's and affiliate's average expenditure for the
6476 acquisition of machinery and equipment used directly in the
6477 manufacturing of goods or products at the location in the distressed
6478 municipality, targeted investment community or enterprise zone
6479 designated pursuant to section 32-70 during the three years prior to
6480 claiming the exemption provided in this subdivision, as follows: To the
6481 extent of fifty per cent of its valuation for purposes of assessment in
6482 each of the five full assessment years following the assessment year in
6483 which such machinery and equipment is acquired. Any person who
6484 desires to claim the exemption provided in this subdivision shall file
6485 annually with the assessor or board of assessors in the distressed

6486 municipality, targeted investment community or enterprise zone
6487 designated pursuant to section 32-70 in which the business
6488 organization is located, on or before the first day of November, written
6489 application claiming such exemption on a form prescribed by the
6490 Secretary of the Office of Policy and Management. Failure to file such
6491 application in this manner and form within the time limit prescribed
6492 shall constitute a waiver of the right to such exemption for such
6493 assessment year, unless an extension of time is allowed pursuant to
6494 section 12-81k, and upon payment of the required fee for late filing. No
6495 person shall be eligible to receive the exemption provided in this
6496 subdivision if such exemption is sought for machinery and equipment
6497 located in a manufacturing facility as defined in subsection (d) of
6498 section 32-9p, currently receiving assistance under subdivisions (59)
6499 and (60) of section 12-81, and no person shall receive such exemption
6500 for eligible machinery or equipment at each location in a distressed
6501 municipality, targeted investment community or enterprise zone
6502 designated pursuant to section 32-70 more than once in any continuous
6503 five-year period. The state and the municipality and district shall hold
6504 a security interest, as defined in subdivision (37) of section 42a-1-201,
6505 as amended by this act, in any machinery or equipment which is
6506 exempt from taxation pursuant to this subsection, in an amount equal
6507 to the tax revenue reimbursed or lost, as the case may be, which shall
6508 be subordinate to any purchase money security interest, as defined in
6509 section [42a-9-107] 42a-9-103a, as amended by this act. Such security
6510 interest shall be enforceable against the taxpayer for a period of five
6511 years after the last assessment year in which such exemption was
6512 received in any case in which the business organization ceases all
6513 business operations or moves its business operations entirely out of
6514 this state.

6515 Sec. 157. Subdivision (72) of section 12-81 of the general statutes is
6516 repealed and the following is substituted in lieu thereof:

6517 (72) (A) New machinery and equipment, as defined herein, acquired
6518 after October 1, 1990, and newly-acquired machinery and equipment,
6519 as defined herein, acquired on or after July 1, 1992, by the person

6520 claiming exemption under this subdivision, provided this exemption
6521 shall only be applicable in the five full assessment years following the
6522 assessment year in which such machinery or equipment is acquired,
6523 subject to the provisions of subparagraph (B) of this subdivision.
6524 Machinery and equipment acquired on or after July 1, 1996, and used
6525 in connection with biotechnology shall qualify for the exemption
6526 under this subsection. For the purposes of this subdivision: (i)
6527 "Machinery" and "equipment" mean tangible personal property which
6528 is installed in a manufacturing facility, either five-year property or
6529 seven-year property, as those terms are defined in Section 168(e) of the
6530 Internal Revenue Code of 1986, or any subsequent corresponding
6531 internal revenue code of the United States, as from time to time
6532 amended, and the predominant use of which is for manufacturing,
6533 processing or fabricating; for research and development, including
6534 experimental or laboratory research and development, design or
6535 engineering directly related to manufacturing; for the significant
6536 servicing, overhauling or rebuilding of machinery and equipment for
6537 industrial use or the significant overhauling or rebuilding of other
6538 products on a factory basis; for measuring or testing or for metal
6539 finishing; or used in the production of motion pictures, video and
6540 sound recordings. "Machinery" means the basic machine itself,
6541 including all of its component parts and contrivances such as belts,
6542 pulleys, shafts, moving parts, operating structures and all equipment
6543 or devices used or required to control, regulate or operate the
6544 machinery, including, without limitation, computers and data
6545 processing equipment, together with all replacement and repair parts
6546 therefor, whether purchased separately or in conjunction with a
6547 complete machine, and regardless of whether the machine or
6548 component parts thereof are assembled by the taxpayer or another
6549 party. "Equipment" means any device separate from machinery but
6550 essential to a manufacturing, processing or fabricating process. (ii)
6551 "Manufacturing facility" means that portion of a plant, building or
6552 other real property improvement used for manufacturing, processing
6553 or fabricating, for research and development, including experimental
6554 or laboratory research and development, design or engineering

6555 directly related to manufacturing, for the significant servicing,
6556 overhauling or rebuilding of machinery and equipment for industrial
6557 use or the significant overhauling or rebuilding of other products on a
6558 factory basis, for measuring or testing or for metal finishing. (iii)
6559 "Manufacturing" means the activity of converting or conditioning
6560 tangible personal property by changing the form, composition, quality
6561 or character of the property for ultimate sale at retail or use in the
6562 manufacturing of a product to be ultimately sold at retail. Changing
6563 the quality of property shall include any substantial overhaul of the
6564 property that results in a significantly greater service life than such
6565 property would have had in the absence of such overhaul or with
6566 significantly greater functionality within the original service life of the
6567 property, beyond merely restoring the original functionality for the
6568 balance of the original service life. (iv) "Fabricating" means to make,
6569 build, create, produce or assemble components or tangible personal
6570 property work in a new or different manner. (v) "Processing" means
6571 the physical application of the materials and labor necessary to modify
6572 or change the characteristics of tangible personal property. (vi)
6573 "Measuring or testing" includes both nondestructive and destructive
6574 measuring or testing, and the alignment and calibration of machinery,
6575 equipment and tools, in the furtherance of the manufacturing,
6576 processing or fabricating of tangible personal property. (vii)
6577 "Biotechnology" means the application of technologies, including
6578 recombinant DNA techniques, biochemistry, molecular and cellular
6579 biology, genetics and genetic engineering, biological cell fusion
6580 techniques, and new bioprocesses, using living organisms, or parts of
6581 organisms, to produce or modify products, to improve plants or
6582 animals, to develop microorganisms for specific uses, to identify
6583 targets for small molecule pharmaceutical development, to transform
6584 biological systems into useful processes and products or to develop
6585 microorganisms for specific uses;

6586 (B) Any person who on October first in any year holds title to
6587 machinery and equipment for which [he] such person desires to claim
6588 the exemption provided in this subdivision shall file with the assessor

6589 or board of assessors in the municipality in which the machinery or
6590 equipment is located, on or before the first day of November in such
6591 year, a list of such machinery or equipment together with written
6592 application claiming such exemption on a form prescribed by the
6593 Secretary of the Office of Policy and Management. Such application
6594 shall include the taxpayer identification number assigned to the
6595 claimant by the Commissioner of Revenue Services and the federal
6596 employer identification number assigned to the claimant by the
6597 Secretary of the Treasury. If title to such equipment is held by a person
6598 other than the person claiming the exemption, the claimant shall
6599 include on [his] the application information as to the portion of the
6600 total acquisition cost incurred by [him] the claimant, and on or before
6601 the first day of November in such year, the person holding title to such
6602 machinery and equipment shall file a list of such machinery with the
6603 assessor of the municipality in which the manufacturing facility of the
6604 claimant is located. Such person shall include on the list information as
6605 to the portion of the total acquisition cost incurred by [him] such
6606 person. Commercial or financial information in any application or list
6607 filed under this section shall not be open for public inspection,
6608 provided such information is given in confidence and is not available
6609 to the public from any other source. The provisions of this subdivision
6610 regarding the filing of lists and information shall not supersede the
6611 requirements to file tax lists under sections 12-42, 12-43, 12-57a and 12-
6612 59. In substantiation of such claim, the claimant and the person
6613 holding title to machinery and equipment for which exemption is
6614 claimed shall present to the assessor or board of assessors such
6615 supporting documentation as said secretary may require, including,
6616 but not limited to, invoices, bills of sale, contracts for lease and bills of
6617 lading. Failure to file such application in this manner and form within
6618 the time limit prescribed shall constitute a waiver of the right to such
6619 exemption for such assessment year, unless an extension of time is
6620 allowed pursuant to section 12-81k. If title to exempt machinery is
6621 conveyed subsequent to October first in any assessment year,
6622 entitlement to such exemption shall terminate for the next assessment
6623 year and there shall be no pro rata application of the exemption unless

6624 such machinery or equipment continues to be leased by the
6625 manufacturer who claimed and was approved for the exemption in the
6626 previous assessment year. Machinery or equipment shall not be
6627 eligible for exemption upon transfer to a business organization related
6628 to or affiliated with the seller or from a lessor to a lessee except to the
6629 extent it would have been eligible for exemption by the seller or the
6630 lessor, as the case may be;

6631 (C) Any person claiming the exemption provided under this
6632 subdivision for machinery or equipment shall not be eligible to claim
6633 the exemption provided under subdivision (60) of this section or
6634 subdivision (70) of this section for the same machinery or equipment.
6635 The state and the municipality and district shall hold a security
6636 interest, as defined in subdivision (37) of section 42a-1-201, as
6637 amended by this act, in any machinery or equipment which is exempt
6638 from taxation pursuant to this subdivision, in an amount equal to the
6639 tax revenue reimbursed or lost, as the case may be, which shall be
6640 subordinate to any purchase money security interest, as defined in
6641 section [42a-9-107] 42a-9-103a, as amended by this act. Such security
6642 interest shall be enforceable against the claimant for a period of five
6643 years after the last assessment year in which such exemption was
6644 received in any case in which said manufacturer ceases all
6645 manufacturing operations or moves its manufacturing operations
6646 entirely out of this state. The following shall not be eligible for the
6647 exemption provided under this subdivision: (i) A public service
6648 company, as defined in section 16-1; and (ii) any provider, directly or
6649 indirectly, of electricity, oil, water or gas;

6650 (D) A claim for property tax exemption under this subdivision may
6651 be denied by the assessor or board of assessors of a town, consolidated
6652 town and city or consolidated town and borough, with the consent of
6653 the chief executive officer thereof, if the claimant is delinquent in a
6654 property tax payment to such town, consolidated town and city or
6655 consolidated town and borough, pursuant to section 12-146, for
6656 property owned by such claimant. Before any such claim is denied, the
6657 assessor or board of assessors shall send written notice to the claimant,

6658 stating that [he] the claimant may pay the amount of such delinquent
6659 tax or enter into an agreement with such town, consolidated town and
6660 city or consolidated town and borough for the payment thereof, by the
6661 date set forth in [said] such notice, provided, such date shall not be less
6662 than thirty days after the date of such notice. Failure on the part of the
6663 claimant to pay the amount of the delinquent tax or enter into an
6664 agreement to pay the amount thereof by said date shall result in a
6665 disallowance of the exemption being claimed; [.]

6666 (E) The secretary, in [his] the secretary's discretion, may deny any
6667 claim for exemption under the provisions of this subdivision for new
6668 machinery and equipment by a claimant who is delinquent in the
6669 payment of corporation business tax imposed under chapter 208, as
6670 reported on the list provided by the Commissioner of Revenue
6671 Services pursuant to subsection (b) of section 12-7a and who qualified
6672 for exemption under this subdivision in the preceding year. On or
6673 before September first annually, commencing September 1, 1998, the
6674 secretary shall send a written notice to any claimant identified on said
6675 list and to the assessor of the town in which the property is subject to
6676 taxation, stating that the property tax exemption allowed by this
6677 subdivision for the assessment date following the date on which such
6678 notice is sent, shall be denied by the assessor of the town in which the
6679 property of the taxpayer is subject to taxation unless the taxpayer
6680 provides written documentation from the Department of Revenue
6681 Services that the delinquency has been cleared. Such written
6682 documentation shall substantiate that the delinquency was cleared on
6683 or before the statutory date for the filing of an application for
6684 exemption under this subdivision, provided, if a taxpayer receives an
6685 extension of the filing date pursuant to section 12-81k, the date by
6686 which [he] the taxpayer shall be required to clear such tax delinquency
6687 shall be extended for a like period of time. No assessor shall approve
6688 an application for the exemption under this subdivision that is not
6689 accompanied by the written documentation required from a claimant
6690 who was sent a notification by the secretary of the Office of Policy and
6691 Management.

6692 Sec. 158. Section 12-195a of the general statutes is repealed and the
6693 following is substituted in lieu thereof:

6694 As used in sections 12-195a to 12-195g, as amended by this act,
6695 inclusive, unless the context requires otherwise:

6696 (a) "Goods" means goods as defined in [subdivision (h) of
6697 subsection (1) of section 42a-9-105] subdivision (44) of subsection (a) of
6698 section 42a-9-102, as amended by this act;

6699 (b) "Proceeds" means proceeds as defined in [subsection (1) of
6700 section 42a-9-306] subdivision (64) of subsection (a) of section 42a-9-
6701 102, as amended by this act;

6702 (c) "Debtor" means taxpayer;

6703 (d) "Secured party" means municipality;

6704 (e) "Collateral" means property which is the subject of the lien;

6705 (f) "Obligations" means amount of tax and accrued interest claimed
6706 to be due by the municipality by the lien;

6707 (g) "Default" means the date of filing of notice of a tax lien;

6708 (h) "Person" means any individual, trust, partnership, association,
6709 company, limited liability company or corporation;

6710 (i) "Purchase money security interest" means purchase money
6711 security interest as defined in section [42a-9-107] 42a-9-103a, as
6712 amended by this act.

6713 Sec. 159. Section 12-195b of the general statutes is repealed and the
6714 following is substituted in lieu thereof:

6715 (a) If any personal property tax, other than a tax on a motor vehicle,
6716 due any municipality is not paid within the time limited by any local
6717 charter or ordinance, or in the event that the municipality, following
6718 the assessment date for such tax, has reason to believe that such tax

6719 will not be paid when due, the municipality shall have a lien, upon
6720 perfection as hereinafter provided, upon the goods situated in this
6721 state and owned by the taxpayer upon the date of perfection, or upon
6722 the goods thereafter acquired by the taxpayer. Such lien shall attach
6723 and become perfected at the time when notice of such lien is filed
6724 pursuant to the filing provisions of part [4] 5 of article 9 of title 42a, as
6725 amended by this act, and sections 79 to 97, inclusive, of this act, except
6726 that the signature of the taxpayer against whose property the lien is
6727 claimed shall not be required on said notice of lien and, in each case,
6728 the notice of lien shall be filed as if the debtor were located in this state.
6729 Except as hereinafter provided, upon perfection, such lien shall have
6730 priority over all subsequently perfected liens and security interests.
6731 Such lien shall not attach to or be applicable to proceeds.

6732 (b) On and after July 1, 1999, and except as otherwise provided by
6733 law, a notice of lien upon personal property for taxes payable to a
6734 municipality shall, once perfected under part [4] 5 of article 9 of title
6735 42a, as amended by this act, and sections 79 to 97, inclusive, of this act,
6736 have priority over all previously perfected liens and security interests
6737 and other encumbrances of record under the Connecticut Uniform
6738 Commercial Code. If more than one municipality perfects such a
6739 notice of lien on the same day, the priority of such liens shall be
6740 determined by the time of day such liens were perfected, and if
6741 perfected at the same time, the lien for the highest tax amount shall
6742 take precedence. As used in this section, "municipality" means any
6743 town, consolidated town and city, consolidated town and borough,
6744 borough, district, as defined in section 7-324, and any city not
6745 consolidated with a town.

6746 (c) The provisions of this section shall not be construed to create any
6747 implication related to the priority of a lien perfected on or before June
6748 30, 1999.

6749 Sec. 160. Section 12-195e of the general statutes is repealed and the
6750 following is substituted in lieu thereof:

6751 A municipality which has filed a notice of tax lien and the taxpayer
6752 against whom said lien has been filed, shall have the rights and
6753 remedies of a secured party and debtor, respectively, as provided for
6754 in sections [42a-9-501 to 42a-9-507, inclusive,] 98 to 125, inclusive, of
6755 this act, except that the municipality shall not have the right to propose
6756 to retain any property in satisfaction of the obligation as provided in
6757 section [42a-9-505] 117 of this act. In proceeding to enforce said lien,
6758 the municipality shall observe the procedures applicable to a secured
6759 party under [said sections 42a-9-501 to 42a-9-507, inclusive] sections 98
6760 to 125, inclusive, of this act.

6761 Sec. 161. Section 12-195f of the general statutes is repealed and the
6762 following is substituted in lieu thereof:

6763 Even though notice of a lien has been filed by a municipality, such
6764 lien shall not be valid:

6765 (1) With respect to a security interest which came into existence after
6766 tax lien filing but which (A) is in qualified property covered by the
6767 terms of a written agreement entered into before tax lien filing and
6768 constituting (i) a commercial transactions financing agreement, or (ii)
6769 an obligatory disbursement agreement, and (B) is protected under the
6770 laws of the state of Connecticut against a judgment lien arising, as of
6771 the time of tax lien filing, out of an unsecured obligation. (C) For
6772 purposes of this section, (i) the term "commercial transactions
6773 financing agreement" means an agreement, entered into by a person in
6774 the course of [his] such person's trade or business, to make loans to the
6775 taxpayer, part or all of the security for repayment of said loans being
6776 inventory acquired by the taxpayer in the ordinary course of [his] such
6777 taxpayer's trade or business, but such an agreement shall be treated as
6778 coming within the term only to the extent that such loan is made
6779 before the forty-sixth day after the date of tax lien filing or before the
6780 lender had actual notice or knowledge of such tax lien filing,
6781 whichever is earlier. (ii) The term "qualified property", when used with
6782 respect to a commercial transactions financing agreement, means
6783 inventory acquired by the taxpayer before the forty-sixth day after the

6784 date of tax lien filing. (iii) The term "obligatory disbursement
6785 agreement" means an agreement, entered into by a person in the
6786 course of [his] such person's trade or business, to make disbursements,
6787 but such an agreement shall be treated as coming within the term only
6788 to the extent of disbursements which are required to be made by
6789 reason of the intervention of the rights of a person other than the
6790 taxpayer. (iv) The term "qualified property", when used with respect to
6791 an obligatory disbursement agreement, means property subject to the
6792 lien imposed by sections 12-195a to 12-195g, inclusive, as amended by
6793 this act, at the time of tax lien filing and, to the extent that the
6794 acquisition is directly traceable to the disbursements referred to in
6795 subparagraph (iii), property acquired by the taxpayer after tax lien
6796 filing. (v) The term "inventory" when used in this section means
6797 inventory as defined in [subsection (4) of section 42a-9-109]
6798 subdivision (48) of subsection (a) of section 42a-9-102, as amended by
6799 this act;

6800 (2) With respect to a security interest which came into existence after
6801 tax lien filing by reason of disbursements made before the forty-sixth
6802 day after the date of tax lien filing, or before the person making such
6803 disbursements had actual notice or knowledge of tax lien filing,
6804 whichever is earlier, but only if such security interest (A) is in property
6805 (i) subject, at the time of tax lien filing, to the lien imposed by sections
6806 12-195a to 12-195g, inclusive, as amended by this act, and (ii) covered
6807 by the terms of a written agreement entered into before tax lien filing,
6808 and (B) is protected under the laws of the state of Connecticut against a
6809 judgment lien arising, as of the time of tax lien filing, out of an
6810 unsecured obligation;

6811 (3) With respect to tangible personal property purchased at retail, as
6812 against a purchaser in the ordinary course of the seller's trade or
6813 business, unless at the time of such purchase such purchaser intends
6814 such purchase to, or knows such purchase will, hinder, evade, or
6815 defeat the collection of any tax under said sections;

6816 (4) With respect to a purchase money security interest, if said

6817 purchase money security interest would be prior to a conflicting
6818 security interest in the same collateral under [section 42a-9-312]
6819 sections 42 and 44 of this act.

6820 Sec. 162. Section 12-195g of the general statutes is repealed and the
6821 following is substituted in lieu thereof:

6822 If any lien created under sections 12-195a to 12-195g, inclusive, as
6823 amended by this act, shall be discharged, then a certificate of discharge
6824 shall promptly be filed by the tax collector of the municipality which
6825 originally filed the notice of lien, or by [his] the tax collector's successor
6826 with the Uniform Commercial Code Division of the office of the
6827 Secretary of the State in the same manner as termination statements are
6828 filed under section [42a-9-404] 84 of this act. The municipal officer who
6829 has filed the notice of lien shall file a notice of discharge of the lien in
6830 the manner provided in this section if: A. The taxes for which the lien
6831 has been filed are fully paid together with all interest due thereon or;
6832 B. a cash bond or surety company bond is furnished to the
6833 municipality conditioned upon the payment of the amount liened
6834 together with interest due thereon within the effective period of the
6835 lien as hereinbefore provided or; C. a final judgment shall be rendered
6836 in favor of the taxpayer or others claiming an interest in the personal
6837 property liened determining that the tax is not owed, or that the lien is
6838 not valid. If the judgment shall determine that the tax is partially
6839 owed, then the officer who filed the notice of lien or [his] the officer's
6840 successor shall within ten days of the rendition of the final judgment of
6841 the court file an amended tax lien for the actual amount of tax found to
6842 be due by the court, which amended lien shall be effective as to the
6843 revised amount of the lien as of the date of the filing of the original
6844 notice of tax lien, and said officer or [his] said officer's successor at the
6845 time of the filing of the amended tax lien shall also file a discharge of
6846 the original tax lien.

6847 Sec. 163. Section 14-165 of the general statutes is repealed and the
6848 following is substituted in lieu thereof:

6849 Except when the context otherwise requires, as used in this chapter:

6850 (a) "Dealer" means a person engaged in the business of buying,
6851 selling or exchanging vehicles who is licensed under the provisions of
6852 chapter 246.

6853 (b) "Commissioner" means the Commissioner of Motor Vehicles.

6854 (c) "Identification number" means the numbers and letters, if any, on
6855 a vehicle designated by the commissioner for the purpose of
6856 identifying the vehicle.

6857 (d) "Implement of husbandry" means a vehicle registered as a farm
6858 vehicle or a vehicle designated and adapted exclusively for
6859 agricultural, horticultural or livestock-raising operations or for lifting
6860 or carrying an implement of husbandry.

6861 (e) "Lienholder" means a person holding a security interest in a
6862 vehicle.

6863 (f) "Owner" means a person, other than a lienholder, having the
6864 property in or title to a vehicle. The term includes a person entitled to
6865 the use and possession of a vehicle subject to a security interest in
6866 another person, but excludes a lessee under a lease not intended as
6867 security.

6868 (g) "Security agreement" means a "security agreement" as defined in
6869 [section 42a-9-105(1)(l)] subdivision (78) of subsection (a) of section
6870 42a-9-102, as amended by this act.

6871 (h) "Security interest" means a "security interest" as defined in
6872 [section 42a-1-201(37)] subdivision (37) of section 42a-1-201, as
6873 amended by this act.

6874 (i) "Special mobile equipment" means a vehicle not designed for the
6875 transportation of persons or property upon a highway and only
6876 incidentally operated or moved over a highway, including but not
6877 limited to, ditch-digging apparatus, well-boring apparatus and road

6878 construction and maintenance machinery such as asphalt spreaders,
6879 bituminous mixers, bucket loaders, street sweepers, tractors other than
6880 truck tractors, ditchers, leveling graders, finishing machines, motor
6881 graders, road rollers, scarifiers, earth moving carry-alls and scrapers,
6882 power shovels and drag lines, and self-propelled cranes and earth
6883 moving equipment. The term does not include house trailers, dump
6884 trucks, truck-mounted transit mixers, cranes or shovels, or other
6885 vehicles designed for the transportation of persons or property to
6886 which machinery has been attached.

6887 (j) "State" means a state, territory or possession of the United States,
6888 the District of Columbia, the Commonwealth of Puerto Rico or a
6889 province of the Dominion of Canada.

6890 (k) "Vehicle" means a motor vehicle as defined by section 14-1.

6891 (l) "Manufacturer's or importer's certificate of origin" means the
6892 original written instrument or document required to be executed and
6893 delivered by the manufacturer to [his] the manufacturer's agent or
6894 dealer, or a person purchasing direct from the manufacturer, certifying
6895 the origin of the vehicle.

6896 Sec. 164. Section 14-167 of the general statutes is repealed and the
6897 following is substituted in lieu thereof:

6898 This chapter does not apply to or affect: (a) A lien given by statute
6899 or rule of law to a supplier of services or materials for the vehicle; (b) a
6900 lien given by statute to the United States, this state or any political
6901 subdivision of this state; (c) a security interest in a vehicle created by a
6902 manufacturer or dealer who holds the vehicle for sale, but a buyer in
6903 the ordinary course of business, as defined in [section 42a-1-201(9)]
6904 subdivision (9) of section 42a-1-201, as amended by this act, takes free
6905 of the security interest, as stated in section [42a-9-307(1)] 40 of this act.

6906 Sec. 165. Section 14-185 of the general statutes is repealed and the
6907 following is substituted in lieu thereof:

6908 (a) Unless excepted by section 14-167, as amended by this act, a
6909 security interest in a vehicle of a type for which a certificate of title is
6910 required is perfected by the delivery to the commissioner of the
6911 existing certificate of title, if any, an application for a certificate of title
6912 containing the name and address of the lienholder and the date of [his]
6913 the security agreement and the required fee. It is perfected as of the
6914 time when it attached if such delivery is completed within twenty days
6915 thereafter, and without regard to the limitations expressed in section
6916 [42a-9-301 (2)] 42a-9-317, as amended by this act; otherwise it is
6917 perfected as of the time of such delivery.

6918 (b) An unperfected security interest is subordinate to the rights of
6919 the persons described in section [42a-9-301] 42a-9-317, as amended by
6920 this act, and section 43 of this act.

6921 (c) The rules of priority stated in [section 42a-9-312] sections 42 to
6922 44, inclusive, of this act, and the other sections therein referred to,
6923 shall, to the extent appropriate, apply to conflicting security interests
6924 in a vehicle of a type for which a certificate of title is required or in a
6925 "previously registered vehicle", as defined in section 14-201. A security
6926 interest perfected under this section or under section 14-201 is a
6927 security interest perfected otherwise than by filing for the purposes of
6928 [section 42a-9-312] sections 42 to 44, inclusive, of this act.

6929 (d) If a vehicle is subject to a security interest when brought into this
6930 state, [subsections (1), (2) and (3) of section 42a-9-103a state] section
6931 42a-9-316, as amended by this act, states the rules which apply to
6932 determine the validity and perfection of the security interest in this
6933 state.

6934 Sec. 166. Subsection (b) of section 16-245k of the general statutes is
6935 repealed and the following is substituted in lieu thereof:

6936 (b) A valid and enforceable security interest in transition property is
6937 perfected when it has attached and when a financing statement has
6938 been filed in accordance with part [4] 5 of article 9 of title 42a, as
6939 amended by this act, and sections 79 to 97, inclusive, of this act,

6940 naming the pledgor of the transition property as "debtor" and
6941 identifying the transition property. Any description of the transition
6942 property shall be sufficient if it refers to the financing order creating
6943 the transition property. In each case, the financing statement shall be
6944 filed as if the debtor were located in this state. A copy of the financing
6945 statement shall be filed with the department by the electric company
6946 or electric distribution company that is the pledgor or transferor of the
6947 transition property, and the department may require the electric
6948 company or electric distribution company to make other filings with
6949 respect to the security interest in accordance with procedures it may
6950 establish, provided that the filings shall not affect the perfection of the
6951 security interest.

6952 Sec. 167. Subsection (j) of section 16-245k of the general statutes is
6953 repealed and the following is substituted in lieu thereof:

6954 (j) As between bona fide assignees of the same right for value
6955 without notice, the assignee first filing a financing statement in
6956 accordance with part [4] 5 of article 9 of title 42a, as amended by this
6957 act, and sections 79 to 97, inclusive, of this act, naming the assignor of
6958 the transition property as debtor and identifying the transition
6959 property has priority. In each such case, the financing statement shall
6960 be filed as if the debtor were located in this state. Any description of
6961 the transition property shall be sufficient if it refers to the financing
6962 order creating the transition property. A copy of the financing
6963 statement shall be filed by the assignee with the department, and the
6964 department may require the assignor or the assignee to make other
6965 filings with respect to the transfer in accordance with procedures it
6966 may establish, but these filings shall not affect the perfection of the
6967 transfer.

6968 Sec. 168. Subsection (b) of section 22a-452a of the general statutes is
6969 repealed and the following is substituted in lieu thereof:

6970 (b) A lien pursuant to this section shall not be effective unless (1) a
6971 certificate of lien is filed in the land records of each town in which the

6972 real estate is located, describing the real estate, the amount of the lien,
6973 the name of the owner as grantor, and (2) the commissioner mails a
6974 copy of the certificate to the owner of record and to all other persons of
6975 record holding an interest in such real estate over which the
6976 commissioner's lien is entitled to priority. Upon presentation of a
6977 certificate of lien, the town clerk shall endorse thereon his
6978 identification and the date and time of receipt and forthwith record it
6979 in accordance with section [42a-9-409] 90 of this act.

6980 Sec. 169. Subsection (f) of section 32-23f of the general statutes is
6981 repealed and the following is substituted in lieu thereof:

6982 (f) The principal of and interest on bonds or notes issued by the
6983 authority may be secured by a pledge of any revenues and receipts of
6984 the authority derived from any project and may be additionally
6985 secured by a mortgage or deed of trust covering all or any part of a
6986 project, including any additions, improvements, extensions to or
6987 enlargements of any projects thereafter made. Such bonds or notes
6988 may also be secured by a pledge or assignment of a loan agreement,
6989 conditional sale agreement or agreement of sale or by an assignment of
6990 the lease of any project for the construction and acquisition of which
6991 said bonds or notes are issued and by an assignment of the revenues
6992 and receipts derived by the authority from such project. The payments
6993 of principal and interest on such bonds or notes may be additionally
6994 secured by a pledge of any other property, revenues, moneys, or funds
6995 available to the authority for such purpose. The resolution authorizing
6996 the issuance of any such bonds or notes and any such mortgage or
6997 deed of trust or lease or loan agreement, conditional sale agreement or
6998 agreement of sale or credit agreement may contain agreements and
6999 provisions respecting the establishment of reserves to secure such
7000 bonds or notes, the maintenance and insurance of the projects covered
7001 thereby, the fixing and collection of rents for any portion thereof leased
7002 by the authority to others or the sums to be paid under any conditional
7003 sale agreement or agreement of sale entered into by the authority with
7004 others, the creation and maintenance of special funds from such
7005 revenues and the rights and remedies available in the event of default,

7006 the vesting in a trustee or trustees of such property, rights, powers and
7007 duties in trust as the authority may determine, which may include any
7008 or all of the rights, powers and duties of any trustee appointed by the
7009 holders of any bonds and notes and limiting or abrogating the right of
7010 the holders of any bonds and notes of the authority to appoint a trustee
7011 under this chapter, chapter 578 and subsection (a) of section 10-320b,
7012 or limiting the rights, powers and duties of such trustee; provision for
7013 a trust agreement by and between the authority and a corporate trust
7014 which may be any trust company or bank having the powers of a trust
7015 company within or without the state, which agreement may provide
7016 for the pledging or assigning of any revenues or assets or income from
7017 assets to which or in which the authority has any rights or interest, and
7018 may further provide for such other rights and remedies exercisable by
7019 the trustee as may be proper for the protection of the holders of any
7020 bonds or notes and not otherwise in violation of law, and such
7021 agreement may provide for the restriction of the rights of any
7022 individual holder of bonds or notes of the authority and may contain
7023 any further provisions which are reasonable to delineate further the
7024 respective rights, duties, safeguards, responsibilities and liabilities of
7025 the authority; persons and collective holders of bonds or notes of the
7026 authority and the trustee; and covenants to do or refrain from doing
7027 such acts and things as may be necessary or convenient or desirable in
7028 order to better secure any bonds or notes of the authority, or which, in
7029 the discretion of the authority, will tend to make any bonds or notes to
7030 be issued more marketable notwithstanding that such covenants, acts
7031 or things may not be enumerated herein; and any other matters of like
7032 or different character, which in any way affect the security or
7033 protection of the bonds or notes, all as the authority shall deem
7034 advisable and not in conflict with the provisions hereof. Each pledge,
7035 agreement, mortgage and deed of trust made for the benefit or security
7036 of any of the bonds or notes of the authority shall be in effect until the
7037 principal of and interest on the bonds or notes for the benefit of which
7038 the same were made have been fully paid, or until provision has been
7039 made for payment in the manner provided in the resolution or
7040 resolutions authorizing their issuance. Any pledge made in respect of

7041 such bonds or notes shall be valid and binding from the time when the
7042 pledge is made; the revenues, money or property so pledged and
7043 thereafter received by the authority shall immediately be subject to the
7044 lien of such pledge without any physical delivery thereof or further
7045 act; and the lien of any such pledge shall be valid and binding as
7046 against all parties having claims of any kind in tort, contract or
7047 otherwise against the authority irrespective of whether such parties
7048 have notice thereof. Neither the resolution, trust indenture nor any
7049 other instrument by which a pledge is created need be recorded. The
7050 resolution authorizing the issuance of such bonds or notes may
7051 provide for the enforcement of any such pledge or security in any
7052 lawful manner. The authority may elect, notwithstanding the
7053 exclusions provided in [section 42a-9-104(e)] subdivision (14) of
7054 subsection (d) of section 42a-9-109, as amended by this act, to have the
7055 provisions of the Connecticut uniform commercial code apply to any
7056 pledge made by or to the authority to secure its bonds or notes by
7057 filing a financing statement with respect to the security interest created
7058 by the pledge. In each such case, the financing statement shall be filed
7059 as if the debtor were located in this state.

7060 Sec. 170. Section 36a-770 of the general statutes is repealed and the
7061 following is substituted in lieu thereof:

7062 (a) The Uniform Commercial Code. A transaction subject to
7063 sections 36a-770 to 36a-788, inclusive, 42-100b and 42-100c is also
7064 subject to the Uniform Commercial Code, title 42a, but in case of any
7065 conflict the provisions of sections 36a-770 to 36a-788, inclusive, 42-100b
7066 and 42-100c shall control.

7067 (b) Filing and recording. Section [42a-9-302] 42a-9-310, as amended
7068 by this act, determines the need for filing or recording to perfect a
7069 security interest, section [42a-9-301] 42a-9-317, as amended by this act,
7070 the persons who take subject to an unperfected security interest, and
7071 [sections 42a-9-302(3)(b) and 42a-9-401 to 42a-9-409, inclusive] section
7072 42a-9-311, as amended by this act, sections 42a-9-501 to 42a-9-507,
7073 inclusive, as amended by this act, and sections 79 to 89, inclusive, of

7074 this act, the place for such filing or recording.

7075 (c) Definitions. As used in sections 36a-770 to 36a-788, inclusive, 42-
7076 100b and 42-100c, unless the context otherwise requires:

7077 (1) "Boat" means any watercraft, as defined in section 22a-248, other
7078 than a seaplane, used or capable of being used as a means of
7079 transportation on water, by any power including muscular.

7080 (2) "Cash price" means the total amount in dollars at which the seller
7081 and buyer agreed the seller would transfer unqualified title to the
7082 goods, if the transaction were a cash sale instead of a sale under a retail
7083 installment contract.

7084 (3) "Commercial vehicle" means any domestic or foreign truck or
7085 truck tractor of ten thousand or more pounds gross vehicular weight
7086 or any trailer or semitrailer designed for use in connection with any
7087 truck or truck tractor of ten thousand or more pounds gross vehicular
7088 weight and which is not used primarily for personal, family or
7089 household use.

7090 (4) "Filing fee" means the fee prescribed by law for filing, recording
7091 or otherwise perfecting and releasing or satisfying a security interest,
7092 as defined in [section 42a-1-201(37)] subdivision (37) of section 42a-1-
7093 201, as amended by this act, retained or created by a retail installment
7094 contract or installment loan contract.

7095 (5) "Finance charge" means the amount in excess of the cash price of
7096 the goods agreed upon by the retail seller and the retail buyer, to be
7097 paid by the retail buyer for the privilege of purchasing the goods
7098 under the retail installment contract or installment loan contract.

7099 (6) "Goods" means (A) "consumer goods", as defined in [sections
7100 42a-9-105(1)(h) and 42a-9-109(1)] subdivision (23) of subsection (a) of
7101 section 42a-9-102, as amended by this act, and motor vehicles included
7102 under such [definitions] definition, having an aggregate cash price of
7103 fifty thousand dollars or less, and (B) equipment, as defined in [section

7104 42a-9-109(2)] subdivision (33) of subsection (a) of section 42a-9-102, as
7105 amended by this act, having an aggregate cash price of sixteen
7106 thousand dollars or less, provided such consumer goods or such
7107 equipment is included in one retail installment contract or installment
7108 loan contract.

7109 (7) "Installment loan contract" means any agreement made in this
7110 state to repay in installments the amount loaned or advanced to a retail
7111 buyer for the purpose of paying the retail purchase price of goods and
7112 by virtue of which a security interest, as defined in [section 42a-1-
7113 201(37)] subdivision (37) of section 42a-1-201, as amended by this act,
7114 is taken in the goods for the payment of the amount loaned or
7115 advanced. For purposes of this subdivision, "installment loan contract"
7116 does not include agreements to repay in installments loans made by
7117 the United States or any department, agency or instrumentality
7118 thereof.

7119 (8) "Lender" means a person who extends or offers to extend credit
7120 to a retail buyer under an installment loan contract.

7121 (9) A retail installment contract or installment loan contract is "made
7122 in this state" if: (A) An offer or agreement is made in Connecticut by a
7123 retail seller or a lender to sell or extend credit to a resident retail buyer,
7124 including, but not limited to, any verbal or written solicitation or
7125 communication to sell or extend credit originating outside the state of
7126 Connecticut but forwarded to and received in Connecticut by a
7127 resident retail buyer; or (B) an offer to buy or an application for
7128 extension of credit, or an acceptance of an offer to buy or to extend
7129 credit, is made in Connecticut by a resident retail buyer, regardless of
7130 the situs of the contract which may be specified therein, including, but
7131 not limited to, any verbal or written solicitation or communication to
7132 buy or to have credit extended, originating within the state of
7133 Connecticut but forwarded to and received by a retail seller or a lender
7134 outside the state of Connecticut. For purposes of this subdivision, a
7135 "resident retail buyer" means a retail buyer who is a resident of the
7136 state of Connecticut.

7137 (10) "Motor vehicle" means any device in, upon or by which any
7138 person or property is or may be transported or drawn upon a highway
7139 by any power other than muscular. For purposes of this subdivision,
7140 "motor vehicle" does not include self-propelled wheelchairs and
7141 invalid tricycles, tractors, power shovels, road machinery, implements
7142 of husbandry and other agricultural machinery, or other machinery
7143 not designed primarily for highway transportation but which may
7144 incidentally transport persons or property on a highway, or devices
7145 which move upon or are guided by a track or travel through the air.

7146 (11) "Retail buyer" means a person who buys or agrees to buy one or
7147 more articles of goods from a retail seller not for the purpose of resale
7148 or lease to others in the course of business and who executes a retail
7149 installment contract or an installment loan contract in connection
7150 therewith.

7151 (12) "Retail installment contract" means any security agreement, as
7152 defined in [section 42a-9-105(1)(l)] subdivision (73) of subsection (a) of
7153 section 42a-9-102, as amended by this act, made in this state, including
7154 one in the form of a mortgage, conditional sale contract or other
7155 instrument evidencing an agreement to pay the retail purchase price of
7156 goods, or any part thereof, in installments over a period of time and
7157 pursuant to which a security interest, as defined in [section 42a-1-
7158 201(37)] subdivision (37) of section 42a-1-201, as amended by this act,
7159 is retained or taken by the retail seller for the payment of the amount
7160 of such retail installment contract. For purposes of this subdivision,
7161 "retail installment contract" does not include a rent-to-own agreement,
7162 as defined in section 42-240.

7163 (13) "Retail installment sale" means any sale evidenced by a retail
7164 installment contract or installment loan contract wherein a retail buyer
7165 buys goods from a retail seller at a time sale price payable in two or
7166 more installments. The cash price of the goods, the amount, if any,
7167 included for other itemized charges which are included in the amount
7168 of the credit extended but which are not part of the finance charge
7169 under sections 36a-675 to 36a-685, inclusive, and the finance charge

7170 shall together constitute the time sale price. For purposes of this
7171 subdivision, "retail installment sale" does not include a rent-to-own
7172 agreement, as defined in section 42-240.

7173 (14) "Retail seller" means a person who sells or agrees to sell one or
7174 more articles of goods under a retail installment contract to a retail
7175 buyer.

7176 (15) "Sales finance company" means any person engaging in this
7177 state in the business, in whole or in part, of acquiring retail installment
7178 contracts from retail sellers or installment loan contracts from holders
7179 thereof, by purchase, discount or pledge, or by loan or advance to the
7180 holder of either on the security thereof, or otherwise.

7181 Sec. 171. Section 36a-779 of the general statutes is repealed and the
7182 following is substituted in lieu thereof:

7183 Any sales finance company may purchase or acquire from the
7184 original holder thereof or from any other sales finance company any
7185 retail installment contract or any installment loan contract on such
7186 terms and conditions as may be mutually agreed upon not inconsistent
7187 with the provisions of sections 36a-770 to 36a-788, inclusive, 42-100b
7188 and 42-100c. Such contracts constitute chattel paper, as defined in
7189 [section 42a-9-105 (1) (b)] subdivision (11) of subsection (a) of section
7190 42a-9-102, as amended by this act, and are governed by article 9 of title
7191 42a, as amended by this act, except as otherwise provided in said
7192 sections.

7193 Sec. 172. Section 42-160 of the general statutes is repealed and the
7194 following is substituted in lieu thereof:

7195 The owner of a self-service storage facility shall have a lien upon all
7196 personal property located at such facility for the amounts of any rent,
7197 labor or other valid charges incurred in relation to such personal
7198 property, for any valid expenses incurred in the necessary preservation
7199 of such personal property and for any expenses reasonably incurred in
7200 the sale or other disposition of such personal property pursuant to law.

7201 Such lien attaches on the date of default by the occupant.
7202 Notwithstanding the provisions of section [42a-9-310] 53 of this act,
7203 such lien shall not have priority over a lien or security interest which
7204 has attached or been perfected prior to such default.

7205 Sec. 173. Section 49-32a of the general statutes is repealed and the
7206 following is substituted in lieu thereof:

7207 (a) (1) Notices of liens upon real property for taxes payable to the
7208 United States and notices of liens upon real property for costs and
7209 damages payable to the United States, and certificates and notices
7210 affecting such liens shall be filed in the office of the clerk of the town in
7211 which the real property subject to a federal tax lien or other federal lien
7212 is situated. (2) Notices of liens upon personal property, whether
7213 tangible or intangible, for taxes payable to the United States and for
7214 costs and damages payable to the United States and certificates and
7215 notices affecting such liens shall be filed in the office of the Secretary of
7216 the State in accordance with subsection [(1) of section 42a-9-403] (a) of
7217 section 87 of this act.

7218 (b) Certification by the Secretary of the Treasury of the United States
7219 or [his] said secretary's delegate of notices of liens, certificates or other
7220 notices affecting tax liens or other federal liens entitles them to be filed
7221 and no other attestation, certification or acknowledgment is necessary.

7222 (c) (1) If a notice of federal tax lien or other federal lien, a refiling of
7223 a notice of tax lien or other federal lien or a notice of revocation of any
7224 certificate described in subdivision (2) is presented to the filing officer
7225 and (A) [he] the filing officer is the Secretary of the State, [he] said
7226 secretary shall cause the notice to be marked, held and indexed in
7227 accordance with the provisions of [subsection (4) of section 42a-9-403]
7228 section 90 of this act, as if the notice were a financing statement within
7229 the meaning of that section; or (B) [he] the filing officer is a town clerk,
7230 [he] such town clerk shall endorse thereon [his] such town clerk's
7231 identification and the date and time of receipt and forthwith record it
7232 in accordance with section [42a-9-409] 90 of this act. (2) If a certificate

7233 of release, nonattachment, discharge or subordination of any tax lien or
7234 other federal lien is presented to the Secretary of the State for filing,
7235 [he] said secretary shall (A) cause a certificate of release or
7236 nonattachment to be marked, held and indexed as if the certificate
7237 were a termination statement within the meaning of the Uniform
7238 Commercial Code, and (B) cause a certificate of discharge or
7239 subordination to be held, marked and indexed as if the certificate were
7240 a release of collateral within the meaning of the Uniform Commercial
7241 Code. (3) If a refiled notice of federal tax lien or other federal lien
7242 referred to in subdivision (1) or any of the certificates or notices
7243 referred to in subsection (b) is presented for filing with any other filing
7244 officer specified in subsection (a), [he] such filing officer shall record it
7245 in accordance with [subsection (2) of section 42a-9-409] section 90 of
7246 this act if the original was recorded or, if the original was filed,
7247 permanently attach the refiled notice or the certificate to the original
7248 notice of lien and enter the refiled notice or the certificate with the date
7249 of filing in any alphabetical federal tax lien index or other federal lien
7250 index on the line where the original notice of lien is entered. (4) Upon
7251 request of any person, the filing officer shall issue [his] a certificate
7252 showing whether there is on file, on the date and hour stated therein,
7253 any notice of federal tax lien or other federal lien or certificate or notice
7254 affecting the lien, filed on or after July 1, 1967, naming a particular
7255 person, and if a notice or certificate is on file, giving the date and hour
7256 of filing of each notice or certificate. The fee for such a certificate and
7257 for a copy of any notice of federal tax lien or other federal lien or notice
7258 or certificate affecting a federal tax lien or other federal lien shall be
7259 computed in accordance with [subsection (2) of section 42a-9-407]
7260 section 96 of this act.

7261 (d) Except as provided by subsection [(5) of section 42a-9-403] (a) of
7262 section 96 of this act, the fee for filing and indexing each notice of lien
7263 or certificate or notice affecting the tax lien or other federal lien is: (1)
7264 For a tax lien or other federal lien on real estate, as provided in section
7265 7-34a; (2) for a tax lien on tangible and intangible personal property,
7266 three dollars; (3) for all other notices, including a certificate of release,

7267 discharge, subordination or nonattachment, one dollar.

7268 Sec. 174. Subsection (a) of section 52-355a of the general statutes is
7269 repealed and the following is substituted in lieu thereof:

7270 (a) Except in the case of a consumer judgment, a judgment lien,
7271 securing the unpaid amount of any money judgment, including
7272 interest and costs, may be placed on any nonexempt personal property
7273 in which, by a filing in the office of the Secretary of the State, a security
7274 interest could be perfected under title 42a, as amended by this act. The
7275 judgment lien shall be created by filing a judgment lien certificate in
7276 the office of the Secretary of the State. For purposes of this section, the
7277 judgment lien shall be filed as if the debtor were located in this state.
7278 However, in the case of a debtor who is not located in this state, the
7279 judgment lien shall be effective only as to the debtor's tangible
7280 personal property that is located in this state.

7281 Sec. 175. Subsection (c) of section 52-380d of the general statutes is
7282 repealed and the following is substituted in lieu thereof:

7283 (c) A release of a judgment lien filed on personal property pursuant
7284 to section 52-355a, as amended by this act, is sufficient if it contains a
7285 description of the property released, the name and address of the
7286 judgment creditor and judgment debtor, and the file number of the
7287 judgment lien certificate in the office of the Secretary of the State. On
7288 presentation of such a statement of release to the filing officer in the
7289 office of the Secretary of the State, the filing officer shall mark the
7290 statement with the hour and date of filing and shall note the same on
7291 the index. The release shall be on a form prescribed by the Secretary of
7292 the State. On filing, the Secretary of the State may charge the fee
7293 prescribed by section [42a-9-403] 96 of this act for filing and indexing a
7294 termination statement.

7295 Sec. 176. Subsection (a) of section 52-572g of the general statutes is
7296 repealed and the following is substituted in lieu thereof:

7297 (a) Any holder in due course of a promissory note, contract or other

7298 instrument, other than an instrument issued in connection with a
7299 credit card transaction, evidencing an indebtedness, signed or
7300 executed by a buyer in connection with a credit transaction covering
7301 consumer goods, as defined in section [42a-9-109] 42a-9-102, as
7302 amended by this act, or for consumer services rendered, shall be
7303 subject to all of the claims and defenses which the buyer has against
7304 the seller arising out of the transaction or against the person or persons
7305 providing the services, limited to the amount of indebtedness then
7306 outstanding in connection with the credit transaction, provided the
7307 buyer shall have made a prior written demand on the seller with
7308 respect to the transaction.

7309 Sec. 177. Subsection (a) of section 53-129a of the general statutes is
7310 repealed and the following is substituted in lieu thereof:

7311 [(a) As used in this section, the words "debtor", "security
7312 agreement", "security interest", "collateral", "secured party" and
7313 "proceeds" shall have the meanings provided in sections 42a-9-
7314 105(1)(d), 42a-9-105(1)(l), 42a-1-201(37), 42a-9-105(1)(c), 42a-9-105(1)(m)
7315 and 42a-9-306(1), respectively.]

7316 (a) As used in this section:

7317 (1) "Collateral" has the same meaning as specified in subdivision
7318 (12) of subsection (a) of section 42a-9-102, as amended by this act;

7319 (2) "Debtor" has the same meaning as specified in subdivision (28) of
7320 subsection (a) of section 42a-9-102, as amended by this act;

7321 (3) "Proceeds" has the same meaning as specified in subdivision (64)
7322 of subsection (a) of section 42a-9-102, as amended by this act;

7323 (4) "Security agreement" has the same meaning as specified in
7324 subdivision (73) of subsection (a) of section 42a-9-102, as amended by
7325 this act;

7326 (5) "Security interest" has the same meaning as specified in
7327 subdivision (37) of section 42a-1-201, as amended by this act; and

7328 (6) "Secured party" has the same meaning as specified in
7329 subdivision (72) of subsection (a) of section 42a-9-102, as amended by
7330 this act.

7331 Sec. 178. Subdivision (6) of section 42a-10-102 of the general statutes
7332 is repealed and the following is substituted in lieu thereof:

7333 (6) A financing statement which contains the information required
7334 in section 42a-9-402 of the general statutes, revised to January 1, 2001,
7335 may be filed on or after October 1, 1961, in the place specified for filing
7336 in section 42a-9-401, of the general statutes, revised to January 1, 2001,
7337 with respect to transactions taking place before October 1, 1961. If a
7338 security interest arising from any such transaction was perfected under
7339 the law applicable thereto, filing under this title continues the
7340 perfected status of the interest. If any such interest was not perfected
7341 under applicable law, filing under this title perfects the interest from
7342 the time of filing. With respect to a chattel mortgage filed before
7343 October 1, 1961, as provided in section 49-96, or a contract of
7344 conditional sale filed before October 1, 1961, as provided in section 42-
7345 77, the financing statement need be signed only by the chattel
7346 mortgagee or conditional sale vendor as secured party and need not be
7347 signed by the chattel mortgagor or conditional vendee.

7348 Sec. 179. Section 42a-10-105 of the general statutes is repealed and
7349 the following is substituted in lieu thereof:

7350 (1) Transactions validly entered into after October 1, 1961, and
7351 before October 1, 1976, and which were subject to the provisions of
7352 title 42a of the general statutes, revised to 1975, and which would be
7353 subject to subsection (2) of section 42a-1-105, subsections (9) and (37) of
7354 section 42a-1-201 of the general statutes, revised to January 1, 2001,
7355 subsections (1) and (2) of section 42a-2-107, subsection (2) of section
7356 42a-5-116, subsection (1) of section 42a-9-102 of the general statutes,
7357 revised to January 1, 2001, sections 42a-9-103a to 42a-9-106, inclusive,
7358 of the general statutes, revised to January 1, 2001, 42a-9-114 of the
7359 general statutes, revised to January 1, 2001, 42a-9-203 to 42a-9-205,

7360 inclusive, of the general statutes, revised to January 1, 2001, 42a-9-301
7361 of the general statutes, revised to January 1, 2001, 42a-9-302 of the
7362 general statutes, revised to January 1, 2001, subsections (1) and (5) of
7363 section 42a-9-304 of the general statutes, revised to January 1, 2001,
7364 sections 42a-9-305 to 42a-9-308, inclusive, of the general statutes,
7365 revised to January 1, 2001, 42a-9-312 of the general statutes, revised to
7366 January 1, 2001, 42a-9-313 of the general statutes, revised to January 1,
7367 2001, 42a-9-318 of the general statutes, revised to January 1, 2001, 42a-
7368 9-401 to 42a-9-407, inclusive, of the general statutes, revised to January
7369 1, 2001, 42a-9-408a of the general statutes, revised to January 1, 2001,
7370 subsection (3) of section 42a-9-501 of the general statutes, revised to
7371 January 1, 2001, subsection (2) of section 42a-9-502 of the general
7372 statutes, revised to January 1, 2001, section 42a-9-504 of the general
7373 statutes, revised to January 1, 2001, subsection (2) of section 42a-9-505
7374 of the general statutes, revised to January 1, 2001, and sections 42a-10-
7375 105 to 42a-10-109, inclusive if they had been entered into after October
7376 1, 1976, and the rights, duties and interests flowing from such
7377 transactions remain valid after the latter date and may be terminated,
7378 completed, consummated or enforced as required or permitted by this
7379 title, as amended. Security interests arising out of such transactions
7380 which are perfected on October 1, 1976, shall remain perfected until
7381 they lapse as provided in this title, as amended, and may be continued
7382 as permitted by this title, as amended, except as stated in section 42-10-
7383 106.

7384 (2) A security interest for the perfection of which filing or the taking
7385 of possession was required under title 42a of the general statutes,
7386 revised to 1975, prior to October 1, 1976, and which attached prior to
7387 October 1, 1976, but was not perfected shall be deemed perfected on
7388 October 1, 1976, if this title, as amended, permits perfection without
7389 filing or authorizes filing in the office or offices where a prior
7390 ineffective filing was made.

7391 Sec. 180. Section 42a-10-106 of the general statutes is repealed and
7392 the following is substituted in lieu thereof:

7393 (1) A financing statement or continuation statement filed prior to
7394 October 1, 1976, which shall not have lapsed prior to said date shall
7395 remain effective for the period provided in title 42a prior to said date,
7396 but not less than five years after the filing.

7397 (2) With respect to any collateral acquired by the debtor subsequent
7398 to October 1, 1976, any effective financing statement or continuation
7399 statement described in this section shall apply only if the filing or
7400 filings are in the office or offices that would be appropriate to perfect
7401 the security interests in the new collateral under this title, as amended.

7402 (3) The effectiveness of any financing statement or continuation
7403 statement filed prior to October 1, 1976, that remains effective on the
7404 effective date of this act, may be continued by a continuation statement
7405 [as permitted by subsection (2) of section 42a-1-105, subsections (9) and
7406 (37) of section 42a-1-201, subsections (1) and (2) of section 42a-2-107,
7407 subsection (2) of section 42a-5-116, subsection (1) of section 42a-9-102,
7408 sections 42a-9-103a to 42a-9-106, inclusive, 42a-9-114, 42a-9-203 to 42a-
7409 9-205, inclusive, 42a-9-301, 42a-9-302, subsections (1) and (5) of section
7410 42a-9-304, sections 42a-9-305 to 42a-9-308, inclusive, 42a-9-312, 42a-9-
7411 313, 42a-9-318, 42a-9-401 to 42a-9-407, inclusive, 42a-9-408a, subsection
7412 (3) of section 42a-9-501, subsection (2) of section 42a-9-502, section 42a-
7413 9-504, subsection (2) of section 42a-9-505 and sections 42a-10-105 to
7414 42a-10-109, inclusive, except that if said sections and subsections
7415 require a filing in an office where there was no previous financing
7416 statement, a new financing statement conforming to section 42a-10-107
7417 shall be filed in that office] in the same manner that a financing
7418 statement or continuation statement filed under article 9 of title 42a of
7419 the general statutes, revised to January 1, 2001, may be continued
7420 under article 9 of title 42a in effect on and after the effective date of this
7421 act.

7422 (4) If the record of a mortgage of real estate would have been
7423 effective as a fixture filing of goods described therein if subsection (2)
7424 of section 42a-1-105, subsections (9) and (37) of section 42a-1-201 of the
7425 general statutes, revised to January 1, 2001, subsections (1) and (2) of

7426 section 42a-2-107, subsection (2) of section 42a-5-116, subsection (1) of
7427 section 42a-9-102 of the general statutes, revised to January 1, 2001,
7428 sections 42a-9-103a to 42a-9-106, inclusive, of the general statutes,
7429 revised to January 1, 2001, 42a-9-114 of the general statutes, revised to
7430 January 1, 2001, 42a-9-203 to 42a-9-205, inclusive, of the general
7431 statutes, revised to January 1, 2001, 42a-9-301 of the general statutes,
7432 revised to January 1, 2001, 42a-9-302 of the general statutes, revised to
7433 January 1, 2001, subsections (1) and (5) of section 42a-9-304 of the
7434 general statutes, revised to January 1, 2001, sections 42a-9-305 to 42a-9-
7435 308, inclusive, of the general statutes, revised to January 1, 2001, 42a-9-
7436 312 of the general statutes, revised to January 1, 2001, 42a-9-313 of the
7437 general statutes, revised to January 1, 2001, 42a-9-318 of the general
7438 statutes, revised to January 1, 2001, 42a-9-401 to 42a-9-407, inclusive, of
7439 the general statutes, revised to January 1, 2001, 42a-9-408a of the
7440 general statutes, revised to January 1, 2001, subsection (3) of section
7441 42a-9-501 of the general statutes, revised to January 1, 2001, subsection
7442 (2) of section 42a-9-502 of the general statutes, revised to January 1,
7443 2001, section 42a-9-504 of the general statutes, revised to January 1,
7444 2001, subsection (2) of section 42a-9-505 of the general statutes, revised
7445 to January 1, 2001, and sections 42a-10-105 to 42a-10-109, inclusive, of
7446 the general statutes, revised to January 1, 2001, had been in effect on
7447 the date of recording the mortgage, the mortgage shall be deemed
7448 effective as a fixture filing as to such goods under subsection (6) of
7449 section 42a-9-402 on October 1, 1976.

7450 Sec. 181. (NEW) Public act 96-198 applies to a letter of credit that is
7451 issued on or after October 1, 1996. Public act 96-198 does not apply to a
7452 transaction, event, obligation or duty arising out of or associated with
7453 a letter of credit that was issued before October 1, 1996.

7454 Sec. 182. (NEW) Any agreement for security in household furniture
7455 owned and in the possession of an individual and used primarily for
7456 housekeeping purposes shall be effective only to the extent that the
7457 agreement involves a purchase-money security interest as provided in
7458 section 42a-9-103a of the general statutes, as amended by this act.

7459 Sec. 183. Sections 42a-9-112 to 42a-9-116, inclusive, 42a-9-408a and
7460 42a-10-107 of the general statutes are repealed.

7461 Sec. 184. This act shall take effect February 1, 2002.

JUD *Joint Favorable Subst.*