



# House of Representatives

General Assembly

**File No. 543**

January Session, 2011

Substitute House Bill No. 6274

*House of Representatives, April 18, 2011*

The Committee on Judiciary reported through REP. FOX of the 146th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT CONCERNING AMENDMENTS TO 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 Section 42a-9-102 of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) In this article:

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

7 (2) "Account", except as used in "account for", means a right to  
8 payment of a monetary obligation, whether or not earned by  
9 performance, (i) for property that has been or is to be sold, leased,  
10 licensed, assigned or otherwise disposed of, (ii) for services rendered  
11 or to be rendered, (iii) for a policy of insurance issued or to be issued,  
12 (iv) for a secondary obligation incurred or to be incurred, (v) for

13 energy provided or to be provided, (vi) for the use or hire of a vessel  
14 under a charter or other contract, (vii) arising out of the use of a credit  
15 or charge card or information contained on or for use with the card, or  
16 (viii) as winnings in a lottery or other game of chance operated or  
17 sponsored by a state, governmental unit of a state or person licensed or  
18 authorized to operate the game by a state or governmental unit of a  
19 state. The term includes health-care-insurance receivables. The term  
20 does not include (i) rights to payment evidenced by chattel paper or an  
21 instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv)  
22 investment property, (v) letter-of-credit rights or letters of credit, or  
23 (vi) rights to payment for money or funds advanced or sold, other than  
24 rights arising out of the use of a credit or charge card or information  
25 contained on or for use with the card.

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

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

31 (A) Authenticated by a secured party;

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

35 (C) Identifying the components of the obligations in reasonable  
36 detail.

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

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

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

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

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

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

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

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

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

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

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

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

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

60 (7) "Authenticate" means:

61 (A) To sign; or

62 (B) [To execute or otherwise adopt a symbol, or encrypt or similarly  
63 process a record in whole or in part, with the present intent of the  
64 authenticating person to identify the person and adopt or accept a  
65 record] With present intent to adopt or accept a record, to attach to or  
66 logically associate with the record an electronic sound, symbol or  
67 process.

68 (8) "Bank" means an organization that is engaged in the business of

69 banking. The term includes savings banks, savings and loan  
70 associations, credit unions and trust companies.

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

73 (10) "Certificate of title" means a certificate of title with respect to  
74 which a statute provides for the security interest in question to be  
75 indicated on the certificate as a condition or result of the security  
76 interest's obtaining priority over the rights of a lien creditor with  
77 respect to the collateral. The term includes another record maintained  
78 as an alternative to a certificate of title by the governmental unit that  
79 issues certificates of title if a statute permits the security interest in  
80 question to be indicated on the record as a condition or result of the  
81 security interest's obtaining priority over the rights of a lien creditor  
82 with respect to the collateral.

83 (11) "Chattel paper" means a record or records that evidence both a  
84 monetary obligation and a security interest in specific goods, a security  
85 interest in specific goods and software used in the goods, a security  
86 interest in specific goods and license of software used in the goods, a  
87 lease of specific goods, or a lease of specific goods and license of  
88 software used in the goods. In this subdivision, "monetary obligation"  
89 means a monetary obligation secured by the goods or owed under a  
90 lease of the goods and includes a monetary obligation with respect to  
91 software used in the goods. The term does not include (i) charters or  
92 other contracts involving the use or hire of a vessel, or (ii) records that  
93 evidence a right to payment arising out of the use of a credit or charge  
94 card or information contained on or for use with the card. If a  
95 transaction is evidenced by records that include an instrument or  
96 series of instruments, the group of records taken together constitutes  
97 chattel paper.

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

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

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

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

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

106 (A) The claimant is an organization; or

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

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

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

111 (14) "Commodity account" means an account maintained by a  
112 commodity intermediary in which a commodity contract is carried for  
113 a commodity customer.

114 (15) "Commodity contract" means a commodity futures contract, an  
115 option on a commodity futures contract, a commodity option or  
116 another contract if the contract or option is:

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

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

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

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

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

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

131 (18) "Communicate" means:

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

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

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

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

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

142 (A) The merchant:

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

145 (ii) Is not an auctioneer; and

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

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

150 (C) The goods are not consumer goods immediately before delivery;  
151 and

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

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

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

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

159 (24) "Consumer-goods transaction" means a consumer transaction in  
160 which:

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

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

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

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

172 (27) "Continuation statement" means an amendment of a financing  
173 statement which:

174 (A) Identifies, by its file number or, in the case of a recording with a  
175 filing office described in subdivision (1) of subsection (a) of section  
176 42a-9-501, by book and page number, the initial financing statement to  
177 which it relates; and

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

180 (28) "Debtor" means:

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

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

185 (C) A consignee.

186 (29) "Deposit account" means a demand, time, savings, passbook or  
187 similar account maintained with a bank. The term does not include  
188 investment property or accounts evidenced by an instrument.

189 (30) "Document" means a document of title or a receipt of the type  
190 described in subsection (b) of section 42a-7-201.

191 (31) "Electronic chattel paper" means chattel paper evidenced by a  
192 record or records consisting of information stored in an electronic  
193 medium.

194 (32) "Encumbrance" includes real property mortgages and other  
195 liens on real property and all other rights in real property that are not  
196 ownership interests.

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

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

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

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

204 (ii) Aquatic goods produced in aquacultural operations;

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

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

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

209 (35) "Farming operation" means raising, cultivating, propagating,  
210 fattening, grazing or any other farming, livestock or aquacultural  
211 operation.

212 (36) "File number" means the number assigned to an initial  
213 financing statement pursuant to subsection (a) of section 42a-9-519, as  
214 amended by this act.

215 (37) "Filing office" means an office designated in section 42a-9-501 as  
216 the place to file a financing statement.

217 (38) "Filing-office regulation" means a regulation adopted pursuant  
218 to section 42a-9-526.

219 (39) "Financing statement" means a record or records composed of  
220 an initial financing statement and any filed record relating to the initial  
221 financing statement.

222 (40) "Fixture filing" means the filing of a financing statement  
223 covering goods that are or are to become fixtures and satisfying  
224 subsections (a) and (b) of section 42a-9-502. The term includes the  
225 filing of a financing statement covering goods of a transmitting utility  
226 which are or are to become fixtures.

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

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

236 (43) "Good faith" has the same meaning as provided in subdivision

237 (20) of subsection (b) of section 42a-1-201.

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

255 (45) "Governmental unit" means a subdivision, agency, department,  
256 county, parish, municipality, or other unit of the government of the  
257 United States, a state or a foreign country. The term includes an  
258 organization having a separate corporate existence if the organization  
259 is eligible to issue debt on which interest is exempt from income  
260 taxation under the laws of the United States.

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

264 (47) "Instrument" means a negotiable instrument or any other  
265 writing that evidences a right to the payment of a monetary obligation,  
266 is not itself a security agreement or lease and is of a type that in  
267 ordinary course of business is transferred by delivery with any  
268 necessary endorsement or assignment. The term does not include (i)  
269 investment property, (ii) letters of credit, or (iii) writings that evidence

270 a right to payment arising out of the use of a credit or charge card or  
271 information contained on or for use with the card.

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

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

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

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

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

279 (49) "Investment property" means a security, whether certificated or  
280 uncertificated, security entitlement, securities account, commodity  
281 contract or commodity account.

282 (50) "Jurisdiction of organization", with respect to a registered  
283 organization, means the jurisdiction under whose law the organization  
284 is formed or organized.

285 (51) "Letter-of-credit right" means a right to payment or  
286 performance under a letter of credit, whether or not the beneficiary has  
287 demanded or is at the time entitled to demand payment or  
288 performance. The term does not include the right of a beneficiary to  
289 demand payment or performance under a letter of credit.

290 (52) "Lien creditor" means:

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

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

294 (C) A trustee in bankruptcy from the date of the filing of the  
295 petition; or

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

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

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

300 (A) That creates a purchase-money security interest in a  
301 manufactured home, other than a manufactured home held as  
302 inventory; or

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

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

308 (56) "New debtor" means a person that becomes bound as debtor  
309 under subsection (d) of section 42a-9-203 by a security agreement  
310 previously entered into by another person.

311 (57) "New value" means (i) money, (ii) money's worth in property,  
312 services or new credit, or (iii) release by a transferee of an interest in  
313 property previously transferred to the transferee. The term does not  
314 include an obligation substituted for another obligation.

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

316 (59) "Obligor" means a person that, with respect to an obligation  
317 secured by a security interest in or an agricultural lien on the collateral,  
318 (i) owes payment or other performance of the obligation, (ii) has  
319 provided property other than the collateral to secure payment or other  
320 performance of the obligation, or (iii) is otherwise accountable in  
321 whole or in part for payment or other performance of the obligation.  
322 The term does not include issuers or nominated persons under a letter  
323 of credit.

324 (60) "Original debtor", except as used in subsection (c) of section  
325 42a-9-310, means a person that, as debtor, entered into a security

326 agreement to which a new debtor has become bound under subsection  
327 (d) of section 42a-9-203.

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

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

331 (A) The spouse of the individual;

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

334 (C) An ancestor or lineal descendant of the individual or the  
335 individual's spouse; or

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

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

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

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

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

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

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

350 (64) "Proceeds", except as used in subsection (b) of section 42a-9-609,  
351 means the following property:

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

354 (B) Whatever is collected on, or distributed on account of, collateral;

355 (C) Rights arising out of collateral;

356 (D) To the extent of the value of collateral, claims arising out of the  
357 loss, nonconformity or interference with the use of, defects or  
358 infringement of rights in, or damage to, the collateral; or

359 (E) To the extent of the value of collateral and to the extent payable  
360 to the debtor or the secured party, insurance payable by reason of the  
361 loss or nonconformity of, defects or infringement of rights in, or  
362 damage to, the collateral.

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

367 (66) "Proposal" means a record authenticated by a secured party  
368 which includes the terms on which the secured party is willing to  
369 accept collateral in full or partial satisfaction of the obligation it secures  
370 pursuant to sections 42a-9-620, 42a-9-621 and 42a-9-622.

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

373 (A) Debt securities are issued;

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

376 (C) The debtor, obligor, secured party, account debtor or other  
377 person obligated on collateral, assignor or assignee of a secured  
378 obligation or assignor or assignee of a security interest is a state or a  
379 governmental unit of a state.

380 (68) "Public organic record" means a record that is available to the  
381 public for inspection and is:

382 (A) A record consisting of the record initially filed with or issued by  
383 a state or the United States to form or organize an organization and  
384 any record filed with or issued by the state or the United States which  
385 amends or restates the initial record;

386 (B) An organic record of a business trust consisting of the record  
387 initially filed with a state and any record filed with the state which  
388 amends or restates the initial record, if a statute of the state governing  
389 business trusts requires that the record be filed with the state; or

390 (C) A record consisting of legislation enacted by the legislature of a  
391 state or the Congress of the United States which forms or organizes an  
392 organization, any record amending the legislation and any record filed  
393 with or issued by the state or the United States which amends or  
394 restates the name of the organization.

395 [(68)] (69) "Pursuant to commitment", with respect to an advance  
396 made or other value given by a secured party, means pursuant to the  
397 secured party's obligation, whether or not a subsequent event of  
398 default or other event not within the secured party's control has  
399 relieved or may relieve the secured party from its obligation.

400 [(69)] (70) "Record", except as used in "for record", "of record",  
401 "record or legal title" and "record owner", means information that is  
402 inscribed on a tangible medium or which is stored in an electronic or  
403 other medium and is retrievable in perceivable form.

404 [(70)] (71) "Registered organization" means an organization formed  
405 or organized solely under the law of a single state or the United States  
406 [and as to which the state or the United States must maintain a public  
407 record showing the organization to have been organized] by the filing  
408 of a public organic record with, the issuance of a public organic record  
409 by or the enactment of legislation by the state or the United States. The  
410 term includes a business trust that is formed or organized under the

411 law of a single state if a statute of the state governing business trusts  
412 requires that the business trust's organic record be filed with the state.

413 [(71)] (72) "Secondary obligor" means an obligor to the extent that:

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

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

418 [(72)] (73) "Secured party" means:

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

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

423 (C) A consignor;

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

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

429 (F) A person that holds a security interest arising under section 42a-  
430 2-401, section 42a-2-505, subsection (3) of section 42a-2-711, subsection  
431 (d) of section 42a-2A-724, section 42a-4-210 or section 42a-5-118.

432 [(73)] (74) "Security agreement" means an agreement that creates or  
433 provides for a security interest.

434 [(74)] (75) "Send", in connection with a record or notification, means:

435 (A) To deposit in the mail, deliver for transmission or transmit by  
436 any other usual means of communication, with postage or cost of  
437 transmission provided for, addressed to any address reasonable under

438 the circumstances; or

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

442 [(75)] (76) "Software" means a computer program and any  
443 supporting information provided in connection with a transaction  
444 relating to the program. The term does not include a computer  
445 program that is included in the definition of goods.

446 [(76)] (77) "State" means a state of the United States, the District of  
447 Columbia, Puerto Rico, the United States Virgin Islands or any  
448 territory or insular possession subject to the jurisdiction of the United  
449 States.

450 [(77)] (78) "Supporting obligation" means a letter-of-credit right or  
451 secondary obligation that supports the payment or performance of an  
452 account, chattel paper, a document, a general intangible, an instrument  
453 or investment property.

454 [(78)] (79) "Tangible chattel paper" means chattel paper evidenced  
455 by a record or records consisting of information that is inscribed on a  
456 tangible medium.

457 [(79)] (80) "Termination statement" means an amendment of a  
458 financing statement which:

459 (A) Identifies, by its file number or, in the case of a recording with a  
460 filing office described in subdivision (1) of subsection (a) of section  
461 42a-9-501, by book and page number, the initial financing statement to  
462 which it relates; and

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

465 [(80)] (81) "Transmitting utility" means a person primarily engaged  
466 in the business of:

- 467 (A) Operating a railroad, subway, street railway or trolley bus;
- 468 (B) Transmitting communications electrically, electromagnetically or  
469 by light;
- 470 (C) Transmitting goods by pipeline or sewer; or
- 471 (D) Transmitting or producing and transmitting electricity, steam,  
472 gas or water.

473 (b) "Control" as provided in section 42a-7-106 and the following  
474 definitions in other articles apply to this article:

- T1 "Applicant". Section 42a-5-102.
- T2 "Beneficiary". Section 42a-5-102.
- T3 "Broker". Section 42a-8-102.
- T4 "Certificated security". Section 42a-8-102.
- T5 "Check". Section 42a-3-104.
- T6 "Clearing corporation". Section 42a-8-102.
- T7 "Contract for sale". Section 42a-2-106.
- T8 "Customer". Section 42a-4-104.
- T9 "Entitlement holder". Section 42a-8-102.
- T10 "Financial asset". Section 42a-8-102.
- T11 "Holder in due course". Section 42a-3-302.
- T12 "Issuer" (with respect to a letter of credit or letter-of-credit  
T13 right). Section 42a-5-102.
- T14 "Issuer" (with respect to a security). Section 42a-8-201.
- T15 "Issuer" (with respect to documents of title). Section 42a-7-102.
- T16 "Lease". Section 42a-2A-102, as amended by this act.
- T17 "Lease agreement". Section 42a-2A-102, as amended by this act.
- T18 "Lease contract". Section 42a-2A-102, as amended by this act.
- T19 "Leasehold interest". Section 42a-2A-102, as amended by this  
T20 act.
- T21 "Lessee". Section 42a-2A-102, as amended by this act.
- T22 "Lessee in ordinary course of business". Section 42a-2A-102, as  
T23 amended by this act.
- T24 "Lessor". Section 42a-2A-102, as amended by this act.

- T25 "Lessor's residual interest". Section 42a-2A-102, as amended by  
T26 this act.
- T27 "Letter of credit". Section 42a-5-102.
- T28 "Merchant". Section 42a-2-104.
- T29 "Negotiable instrument". Section 42a-3-104.
- T30 "Nominated person". Section 42a-5-102.
- T31 "Note". Section 42a-3-104.
- T32 "Proceeds of a letter of credit". Section 42a-5-114.
- T33 "Prove". Section 42a-3-103.
- T34 "Sale". Section 42a-2-106.
- T35 "Securities account". Section 42a-8-501.
- T36 "Securities intermediary". Section 42a-8-102.
- T37 "Security". Section 42a-8-102.
- T38 "Security certificate". Section 42a-8-102.
- T39 "Security entitlement". Section 42a-8-102.
- T40 "Uncertificated security". Section 42a-8-102.

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

477 Sec. 2. Section 42a-9-105 of the general statutes is repealed and the  
478 following is substituted in lieu thereof (*Effective July 1, 2013*):

479 (a) A secured party has control of electronic chattel paper if a system  
480 employed for evidencing the transfer of interests in the chattel paper  
481 reliably establishes the secured party as the person to which the chattel  
482 paper was assigned.

483 (b) A system satisfies subsection (a) of this section if the record or  
484 records comprising the chattel paper are created, stored and assigned  
485 in such a manner that:

486 (1) A single authoritative copy of the record or records exists which  
487 is unique, identifiable and, except as otherwise provided in  
488 subdivisions (4), (5) and (6) of this subsection, unalterable;

489 (2) The authoritative copy identifies the secured party as the

490 assignee of the record or records;

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

493 (4) Copies or [revisions] amendments that add or change an  
494 identified assignee of the authoritative copy can be made only with the  
495 [participation] consent of the secured party;

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

498 (6) Any [revision] amendment of the authoritative copy is readily  
499 identifiable as [an] authorized or unauthorized. [revision.]

500 Sec. 3. Section 42a-9-307 of the general statutes is repealed and the  
501 following is substituted in lieu thereof (*Effective July 1, 2013*):

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

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

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

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

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

512 (c) Subsection (b) of this section applies only if a debtor's residence,  
513 place of business or chief executive office, as applicable, is located in a  
514 jurisdiction whose law generally requires information concerning the  
515 existence of a nonpossessory security interest to be made generally  
516 available in a filing, recording or registration system as a condition or  
517 result of the security interest's obtaining priority over the rights of a

518 lien creditor with respect to the collateral. If subsection (b) of this  
519 section does not apply, the debtor is located in the District of  
520 Columbia.

521 (d) A person that ceases to exist, have a residence or have a place of  
522 business continues to be located in the jurisdiction specified by  
523 subsections (b) and (c) of this section.

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

526 (f) Except as otherwise provided in subsection (i) of this section, a  
527 registered organization that is organized under the law of the United  
528 States and a branch or agency of a bank that is not organized under the  
529 law of the United States or a state are located:

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

532 (2) In the state that the registered organization, branch or agency  
533 designates, if the law of the United States authorizes the registered  
534 organization, branch or agency to designate its state of location,  
535 including by designating its main office, home office or other  
536 comparable office; or

537 (3) In the District of Columbia, if neither subdivision (1) nor  
538 subdivision (2) of this subsection applies.

539 (g) A registered organization continues to be located in the  
540 jurisdiction specified by subsection (e) or (f) of this section  
541 notwithstanding:

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

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

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

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

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

554 (k) This section applies only for purposes of this part.

555 Sec. 4. Section 42a-9-311 of the general statutes is repealed and the  
556 following is substituted in lieu thereof (*Effective July 1, 2013*):

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

560 (1) A statute, regulation or treaty of the United States whose  
561 requirements for a security interest's obtaining priority over the rights  
562 of a lien creditor with respect to the property preempt subsection (a) of  
563 section 42a-9-310;

564 (2) Any [certificate-of-title] statute covering automobiles, trailers,  
565 mobile homes, boats, farm tractors or the like, which provides for a  
566 security interest to be indicated on [the] a certificate of title as a  
567 condition or result of perfection, and any non-Uniform Commercial  
568 Code filing statute, including chapter 247, section 21-67a, section 49-5,  
569 chapter 282 and chapter 283; or

570 (3) A [certificate-of-title] statute of another jurisdiction which  
571 provides for a security interest to be indicated on [the] a certificate of  
572 title as a condition or result of the security interest's obtaining priority  
573 over the rights of a lien creditor with respect to the property.

574 (b) Compliance with the requirements of a statute, regulation or  
575 treaty described in subsection (a) of this section for obtaining priority  
576 over the rights of a lien creditor is equivalent to the filing of a financing

577 statement under this article. Except as otherwise provided in  
578 subsection (d) of this section, section 42a-9-313 and subsections (d) and  
579 (e) of section 42a-9-316, as amended by this act, for goods covered by a  
580 certificate of title, a security interest in property subject to a statute,  
581 regulation or treaty described in subsection (a) of this section may be  
582 perfected only by compliance with those requirements, and a security  
583 interest so perfected remains perfected notwithstanding a change in  
584 the use or transfer of possession of the collateral.

585 (c) Except as otherwise provided in subsection (d) of this section  
586 and subsections (d) and (e) of section 42a-9-316, as amended by this  
587 act, duration and renewal of perfection of a security interest perfected  
588 by compliance with the requirements prescribed by a statute,  
589 regulation or treaty described in subsection (a) of this section are  
590 governed by the statute, regulation or treaty. In other respects, the  
591 security interest is subject to this article.

592 (d) During any period in which collateral subject to a statute  
593 specified in subdivision (2) of subsection (a) of this section is inventory  
594 held for sale or lease by a person or leased by that person as lessor and  
595 that person is in the business of selling goods of that kind, this section  
596 does not apply to a security interest in that collateral created by that  
597 person.

598 Sec. 5. Section 42a-9-316 of the general statutes is repealed and the  
599 following is substituted in lieu thereof (*Effective July 1, 2013*):

600 (a) A security interest perfected pursuant to the law of the  
601 jurisdiction designated in subdivision (1) of section 42a-9-301 or  
602 subsection (c) of section 42a-9-305 remains perfected until the earliest  
603 of:

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

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

608 (3) The expiration of one year after a transfer of collateral to a  
609 person that thereby becomes a debtor and is located in another  
610 jurisdiction. ] or

611 (4) The expiration of one year after a new debtor located in another  
612 jurisdiction becomes bound under subsection (d) of section 42a-9-203.]

613 (b) If a security interest described in subsection (a) of this section  
614 becomes perfected under the law of the other jurisdiction before the  
615 earliest time or event described in that subsection, it remains perfected  
616 thereafter. If the security interest does not become perfected under the  
617 law of the other jurisdiction before the earliest time or event, it  
618 becomes unperfected and is deemed never to have been perfected as  
619 against a purchaser of the collateral for value.

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

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

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

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

628 (d) Except as otherwise provided in subsection (e) of this section, a  
629 security interest in goods covered by a certificate of title which is  
630 perfected by any method under the law of another jurisdiction when  
631 the goods become covered by a certificate of title from this state  
632 remains perfected until the security interest would have become  
633 unperfected under the law of the other jurisdiction had the goods not  
634 become so covered.

635 (e) A security interest described in subsection (d) of this section  
636 becomes unperfected as against a purchaser of the goods for value and  
637 is deemed never to have been perfected as against a purchaser of the

638 goods for value if the applicable requirements for perfection under  
639 subsection (b) of section 42a-9-311, as amended by this act, or section  
640 42a-9-313 are not satisfied before the earlier of:

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

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

646 (f) A security interest in deposit accounts, letter-of-credit rights or  
647 investment property which is perfected under the law of the bank's  
648 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,  
649 the securities intermediary's jurisdiction or the commodity  
650 intermediary's jurisdiction, as applicable, remains perfected until the  
651 earlier of:

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

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

656 (g) If a security interest described in subsection (f) of this section  
657 becomes perfected under the law of the other jurisdiction before the  
658 earlier of the time or the end of the period described in that subsection,  
659 it remains perfected thereafter. If the security interest does not become  
660 perfected under the law of the other jurisdiction before the earlier of  
661 that time or the end of that period, it becomes unperfected and is  
662 deemed never to have been perfected as against a purchaser of the  
663 collateral for value.

664 (h) The following rules apply to collateral to which a security  
665 interest attaches within four months after the debtor changes its  
666 location to another jurisdiction:

667 (1) A financing statement filed before the change pursuant to the

668 law of the jurisdiction designated in subdivision (1) of section 42a-9-  
669 301 or subsection (c) of section 42a-9-305 is effective to perfect a  
670 security interest in the collateral if the financing statement would have  
671 been effective to perfect a security interest in the collateral had the  
672 debtor not changed its location.

673 (2) If a security interest perfected by a financing statement that is  
674 effective under subdivision (1) of this subsection becomes perfected  
675 under the law of the other jurisdiction before the earlier of the time the  
676 financing statement would have become ineffective under the law of  
677 the jurisdiction designated in subdivision (1) of section 42a-9-301 or  
678 subsection (c) of section 42a-9-305 or the expiration of the four-month  
679 period, it remains perfected thereafter. If the security interest does not  
680 become perfected under the law of the other jurisdiction before the  
681 earlier time or event, it becomes unperfected and is deemed never to  
682 have been perfected as against a purchaser of the collateral for value.

683 (i) If a financing statement naming an original debtor is filed  
684 pursuant to the law of the jurisdiction designated in subdivision (1) of  
685 section 42a-9-301 or subsection (c) of section 42a-9-305 and the new  
686 debtor is located in another jurisdiction, the following rules apply:

687 (1) The financing statement is effective to perfect a security interest  
688 in collateral acquired by the new debtor before, and within four  
689 months after, the new debtor becomes bound under subsection (d) of  
690 section 42a-9-203, if the financing statement would have been effective  
691 to perfect a security interest in the collateral had the collateral been  
692 acquired by the original debtor.

693 (2) A security interest perfected by the financing statement and  
694 which becomes perfected under the law of the other jurisdiction before  
695 the earlier of the time the financing statement would have become  
696 ineffective under the law of the jurisdiction designated in subdivision  
697 (1) of section 42a-9-301 or subsection (c) of section 42a-9-305 or the  
698 expiration of the four-month period remains perfected thereafter. A  
699 security interest that is perfected by the financing statement but which  
700 does not become perfected under the law of the other jurisdiction

701 before the earlier time or event becomes unperfected and is deemed  
702 never to have been perfected as against a purchaser of the collateral for  
703 value.

704 Sec. 6. Section 42a-9-317 of the general statutes is repealed and the  
705 following is substituted in lieu thereof (*Effective July 1, 2013*):

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

708 (1) A person entitled to priority under section 42a-9-322; and

709 (2) Except as otherwise provided in subsection (e) of this section, a  
710 person that becomes a lien creditor before the earlier of the time:

711 (A) The security interest or agricultural lien is perfected; or

712 (B) One of the conditions specified in subdivision (3) of subsection  
713 (b) of section 42a-9-203 is met and a financing statement covering the  
714 collateral is filed.

715 (b) Except as otherwise provided in subsection (e) of this section, a  
716 buyer, other than a secured party, of tangible chattel paper, tangible  
717 documents, goods, instruments or a [security certificate] certificated  
718 security takes free of a security interest or agricultural lien if the buyer  
719 gives value and receives delivery of the collateral without knowledge  
720 of the security interest or agricultural lien and before it is perfected.

721 (c) Except as otherwise provided in subsection (e) of this section, a  
722 lessee of goods takes free of a security interest or agricultural lien if the  
723 lessee gives value and receives delivery of the collateral without  
724 knowledge of the security interest or agricultural lien and before it is  
725 perfected.

726 (d) A licensee of a general intangible or a buyer, other than a  
727 secured party, of [accounts, electronic chattel paper, electronic  
728 documents, general intangibles or investment property] collateral  
729 other than tangible chattel paper, tangible documents, goods,

730 instruments or a certificated security takes free of a security interest if  
731 the licensee or buyer gives value without knowledge of the security  
732 interest and before it is perfected.

733 (e) Except as otherwise provided in sections 42a-9-320 and 42a-9-  
734 321, if a person files a financing statement with respect to a purchase-  
735 money security interest before or within twenty days after the debtor  
736 receives delivery of the collateral, the security interest takes priority  
737 over the rights of a buyer, lessee or lien creditor which arise between  
738 the time the security interest attaches and the time of filing.

739 Sec. 7. Section 42a-9-326 of the general statutes is repealed and the  
740 following is substituted in lieu thereof (*Effective July 1, 2013*):

741 (a) Subject to subsection (b) of this section, a security interest that is  
742 created by a new debtor [which is] in collateral in which the new  
743 debtor has or acquires rights and is perfected solely by a filed  
744 financing statement that [is effective solely under section 42a-9-508 in  
745 collateral in which a new debtor has or acquires rights] would be  
746 ineffective to perfect the security interest but for the application of  
747 subdivision (1) of subsection (i) of section 42a-9-316, as amended by  
748 this act, or section 42a-9-508 is subordinate to a security interest in the  
749 same collateral which is perfected other than by such a filed financing  
750 statement. [that is effective solely under section 42a-9-508.]

751 (b) The other provisions of this part determine the priority among  
752 conflicting security interests in the same collateral perfected by filed  
753 financing statements [that are effective solely under section 42a-9-508]  
754 described in subsection (a) of this section. However, if the security  
755 agreements to which a new debtor became bound as debtor were not  
756 entered into by the same original debtor, the conflicting security  
757 interests rank according to priority in time of the new debtor's having  
758 become bound.

759 Sec. 8. Section 42a-9-406 of the general statutes is repealed and the  
760 following is substituted in lieu thereof (*Effective July 1, 2013*):

761 (a) Subject to subsections (b) to (j), inclusive, of this section, an  
762 account debtor on an account, chattel paper or a payment intangible  
763 may discharge its obligation by paying the assignor until, but not after,  
764 the account debtor receives a notification, authenticated by the  
765 assignor or the assignee, that the amount due or to become due has  
766 been assigned and that payment is to be made to the assignee. After  
767 receipt of the notification, the account debtor may discharge its  
768 obligation by paying the assignee and may not discharge the  
769 obligation by paying the assignor. An assignor who receives payment  
770 after notification is given must return the payment to the account  
771 debtor or forward the payment to the assignee.

772 (b) Subject to subsection (h) of this section, notification is ineffective  
773 under subsection (a) of this section:

774 (1) If it does not reasonably identify the rights assigned;

775 (2) To the extent that an agreement between an account debtor and a  
776 seller of a payment intangible limits the account debtor's duty to pay a  
777 person other than the seller and the limitation is effective under law  
778 other than this article; or

779 (3) At the option of an account debtor, if the notification notifies the  
780 account debtor to make less than the full amount of any installment or  
781 other periodic payment to the assignee, even if:

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

784 (B) A portion has been assigned to another assignee; or

785 (C) The account debtor knows that the assignment to that assignee  
786 is limited.

787 (c) Subject to subsection (h) of this section, if requested by the  
788 account debtor, an assignee shall seasonably furnish reasonable proof  
789 that the assignment has been made. Unless the assignee complies, the  
790 account debtor may discharge its obligation by paying the assignor,

791 even if the account debtor has received a notification under subsection  
792 (a) of this section.

793 (d) Except as otherwise provided in subsection (e) of this section  
794 and in [section] sections 42a-2A-403 and [section] 42a-9-407, and  
795 subject to subsection (h) of this section, a term in an agreement  
796 between an account debtor and an assignor or in a promissory note is  
797 ineffective to the extent that it:

798 (1) Prohibits, restricts or requires the consent of the account debtor  
799 or person obligated on the promissory note to the assignment or  
800 transfer of, or the creation, attachment, perfection or enforcement of a  
801 security interest in, the account, chattel paper, payment intangible or  
802 promissory note; or

803 (2) Provides that the assignment or transfer or the creation,  
804 attachment, perfection or enforcement of the security interest may give  
805 rise to a default, breach, right of recoupment, claim, defense,  
806 termination, right of termination or remedy under the account, chattel  
807 paper, payment intangible or promissory note.

808 (e) Subsection (d) of this section does not apply to the sale of a  
809 payment intangible or promissory note, other than a sale pursuant to a  
810 disposition under section 42a-9-610 or an acceptance of collateral  
811 under section 42a-9-620.

812 (f) Except as otherwise provided in [section] sections 42a-2A-403  
813 and [section] 42a-9-407, and subject to subsections (h) and (i) of this  
814 section, a rule of law, statute or regulation that prohibits, restricts or  
815 requires the consent of a government, governmental body or official or  
816 account debtor to the assignment or transfer of, or creation of a  
817 security interest in, an account or chattel paper is ineffective to the  
818 extent that the rule of law, statute or regulation:

819 (1) Prohibits, restricts or requires the consent of the government,  
820 governmental body or official or account debtor to the assignment or  
821 transfer of, or the creation, attachment, perfection or enforcement of a

822 security interest in the account or chattel paper; or

823 (2) Provides that the assignment or transfer or the creation,  
824 attachment, perfection or enforcement of the security interest may give  
825 rise to a default, breach, right of recoupment, claim, defense,  
826 termination, right of termination or remedy under the account or  
827 chattel paper.

828 (g) Subject to subsection (h) of this section, an account debtor may  
829 not waive or vary its option under subdivision (3) of subsection (b) of  
830 this section.

831 (h) This section is subject to law other than this article which  
832 establishes a different rule for an account debtor who is an individual  
833 and who incurred the obligation primarily for personal, family or  
834 household purposes.

835 (i) Except as provided in subsection (j) of this section, this section  
836 prevails over any inconsistent provision of any statute or regulation of  
837 this state unless the provision is contained in a statute of this state,  
838 refers expressly to this section and states that the provision prevails  
839 over this section.

840 (j) (1) This section does not apply to:

841 (A) An assignment of a health-care-insurance receivable;

842 (B) An assignment or transfer of or creation of a security interest in:

843 (i) A claim or right to receive compensation for injuries or sickness  
844 as described in 26 USC 104(a)(1) or (2), as amended from time to time,  
845 or

846 (ii) A claim or right to receive benefits under a special needs trust as  
847 described in 42 USC 1396p(d)(4), as amended from time to time.

848 (2) Subsection (f) of this section does not apply to an assignment or  
849 transfer of, or the creation, attachment, perfection or enforcement of a  
850 security interest in, a right the transfer of which is prohibited or

851 restricted by any of the following statutes to the extent that the statute  
852 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

853 Sec. 9. Section 42a-9-408 of the general statutes is repealed and the  
854 following is substituted in lieu thereof (*Effective July 1, 2013*):

855 (a) Except as otherwise provided in subsection (b) of this section, a  
856 term in a promissory note or in an agreement between an account  
857 debtor and a debtor which relates to a health-care-insurance receivable  
858 or a general intangible, including a contract, permit, license or  
859 franchise, and which term prohibits, restricts or requires the consent of  
860 the person obligated on the promissory note or the account debtor to,  
861 the assignment or transfer of, or creation, attachment or perfection of a  
862 security interest in, the promissory note, health-care-insurance  
863 receivable or general intangible, is ineffective to the extent that the  
864 term:

865 (1) Would impair the creation, attachment or perfection of a security  
866 interest; or

867 (2) Provides that the assignment or transfer or the creation,  
868 attachment or perfection of the security interest may give rise to a  
869 default, breach, right of recoupment, claim, defense, termination, right  
870 of termination or remedy under the promissory note, health-care-  
871 insurance receivable or general intangible.

872 (b) Subsection (a) of this section applies to a security interest in a  
873 payment intangible or promissory note only if the security interest  
874 arises out of a sale of the payment intangible or promissory note, other  
875 than a sale pursuant to a disposition under section 42a-9-610 or an  
876 acceptance of collateral under section 42a-9-620.

877 (c) Except as provided in subsection (f) of this section, a rule of law,  
878 statute or regulation that prohibits, restricts or requires the consent of a  
879 government, governmental body or official, person obligated on a  
880 promissory note or account debtor to the assignment or transfer of, or  
881 creation of a security interest in, a promissory note, health-care-

882 insurance receivable or general intangible, including a contract, permit,  
883 license or franchise between an account debtor and a debtor, is  
884 ineffective to the extent that the rule of law, statute or regulation:

885 (1) Would impair the creation, attachment or perfection of a security  
886 interest; or

887 (2) Provides that the assignment or transfer or the creation,  
888 attachment or perfection of the security interest may give rise to a  
889 default, breach, right of recoupment, claim, defense, termination, right  
890 of termination or remedy under the promissory note, health-care-  
891 insurance receivable or general intangible.

892 (d) To the extent that a term in a promissory note or in an agreement  
893 between an account debtor and a debtor which relates to a health-care-  
894 insurance receivable or general intangible or a rule of law, statute or  
895 regulation described in subsection (c) of this section would be effective  
896 under law other than this article but is ineffective under subsection (a)  
897 or (c) of this section, the creation, attachment or perfection of a security  
898 interest in the promissory note, health-care-insurance receivable or  
899 general intangible:

900 (1) Is not enforceable against the person obligated on the promissory  
901 note or the account debtor;

902 (2) Does not impose a duty or obligation on the person obligated on  
903 the promissory note or the account debtor;

904 (3) Does not require the person obligated on the promissory note or  
905 the account debtor to recognize the security interest, pay or render  
906 performance to the secured party, or accept payment or performance  
907 from the secured party;

908 (4) Does not entitle the secured party to use or assign the debtor's  
909 rights under the promissory note, health-care-insurance receivable or  
910 general intangible, including any related information or materials  
911 furnished to the debtor in the transaction giving rise to the promissory  
912 note, health-care-insurance receivable or general intangible;

913 (5) Does not entitle the secured party to use, assign, possess or have  
914 access to any trade secrets or confidential information of the person  
915 obligated on the promissory note or the account debtor; and

916 (6) Does not entitle the secured party to enforce the security interest  
917 in the promissory note, health-care-insurance receivable or general  
918 intangible.

919 (e) Except as provided in subsection (f) of this section, this section  
920 prevails over any inconsistent provision of any statute or regulation of  
921 this state unless the provision is contained in a statute of this state,  
922 refers expressly to this section and states that the provision prevails  
923 over this section.

924 (f) (1) This section does not apply to an assignment or transfer of, or  
925 the creation, attachment or perfection of a security interest in:

926 (A) A claim or right to receive compensation for injuries or sickness  
927 as described in 26 USC 104(a)(1) or (2), as amended from time to time,  
928 or

929 (B) A claim or right to receive benefits under a special needs trust as  
930 described in 42 USC 1396p(d)(4), as amended from time to time.

931 (2) Subsection (c) of this section does not apply to an assignment or  
932 transfer of, or the creation, attachment or perfection of a security  
933 interest in, a right the transfer of which is prohibited or restricted by  
934 any of the following statutes to the extent that the statute is  
935 inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

936 Sec. 10. Section 42a-9-503 of the general statutes is repealed and the  
937 following is substituted in lieu thereof (*Effective July 1, 2013*):

938 (a) A financing statement sufficiently provides the name of the  
939 debtor:

940 (1) [If] Except as otherwise provided in subdivision (3) of this  
941 subsection, if the debtor is a registered organization or the collateral is

942 held in a trust that is a registered organization, only if the financing  
943 statement provides the name [of the debtor indicated] that is stated to  
944 be the registered organization's name on the public organic record [of]  
945 most recently filed with or issued or enacted by the [debtor's]  
946 registered organization's jurisdiction of organization which [shows the  
947 debtor to have been organized] purports to state, amend or restate the  
948 registered organization's name;

949 (2) [If] Subject to subsection (f) of this section, if the [debtor is a  
950 decedent's estate] collateral is being administered by a personal  
951 representative of a decedent, only if the financing statement provides,  
952 as the name of the debtor, the name of the decedent and, in a separate  
953 part of the financing statement, indicates that the [debtor is an estate]  
954 collateral is being administered by a personal representative;

955 [(3) If the debtor is a trust or a trustee acting with respect to  
956 property held in trust, only if the financing statement:

957 (A) Provides the name specified for the trust in its organic  
958 documents or, if no name is specified, provides the name of the settlor  
959 and additional information sufficient to distinguish the debtor from  
960 other trusts having one or more of the same settlors; and

961 (B) Indicates, in the debtor's name or otherwise, that the debtor is a  
962 trust or is a trustee acting with respect to property held in trust; and]

963 (3) If the collateral is held in a trust that is not a registered  
964 organization, only if the financing statement:

965 (A) Provides, as the name of the debtor:

966 (i) If the organic record of the trust specifies a name for the trust, the  
967 name specified; or

968 (ii) If the organic record of the trust does not specify a name for the  
969 trust, the name of the settlor or testator; and

970 (B) In a separate part of the financing statement:

971 (i) If the name is provided in accordance with subparagraph (A)(i)  
972 of this subdivision, indicates that the collateral is held in a trust; or

973 (ii) If the name is provided in accordance with subparagraph (A)(ii)  
974 of this subdivision, provides additional information sufficient to  
975 distinguish the trust from other trusts having one or more of the same  
976 settlers or the same testator and indicates that the collateral is held in a  
977 trust, unless the additional information so indicates;

978 (4) If the debtor is an individual, only if the financing statement:

979 (A) Provides the individual name of the debtor;

980 (B) Provides the surname and first personal name of the debtor; or

981 (C) Subject to subsection (g) of this section, provides the name of the  
982 individual which is indicated on a motor vehicle operator's license or  
983 identity card that this state has issued to the individual in accordance  
984 with subpart (B) of part III of chapter 246 or section 1-1h, respectively,  
985 and which has not expired; and

986 [(4)] (5) In other cases:

987 (A) If the debtor has a name, only if [it] the financing statement  
988 provides the [individual or] organizational name of the debtor; and

989 (B) If the debtor does not have a name, only if [it] the financing  
990 statement provides the names of the partners, members, associates or  
991 other persons comprising the debtor, in a manner that each name  
992 provided would be sufficient if the person named were the debtor.

993 (b) A financing statement that provides the name of the debtor in  
994 accordance with subsection (a) of this section is not rendered  
995 ineffective by the absence of:

996 (1) A trade name or other name of the debtor; or

997 (2) Unless required under subparagraph (B) of subdivision [(4)] (5)  
998 of subsection (a) of this section, names of partners, members, associates

999 or other persons comprising the debtor.

1000 (c) A financing statement that provides only the debtor's trade name  
1001 does not sufficiently provide the name of the debtor.

1002 (d) Failure to indicate the representative capacity of a secured party  
1003 or representative of a secured party does not affect the sufficiency of a  
1004 financing statement.

1005 (e) A financing statement may provide the name of more than one  
1006 debtor and the name of more than one secured party.

1007 (f) The name of the decedent indicated on an order appointing a  
1008 personal representative of the decedent issued by a court having  
1009 jurisdiction over the collateral is sufficient as the "name of the  
1010 decedent" under subdivision (2) of subsection (a) of this section.

1011 (g) If this state has issued to an individual more than one motor  
1012 vehicle operator's license or identity card of a kind described in  
1013 subparagraph (C) of subdivision (4) of subsection (a) of this section,  
1014 the one that was issued most recently is the one to which  
1015 subparagraph (C) of subdivision (4) of subsection (a) of this section  
1016 refers.

1017 (h) In this section, the "name of the settlor or testator" means:

1018 (1) If the settlor is a registered organization, the name that is stated  
1019 to be the settlor's name on the public organic record most recently filed  
1020 with or issued or enacted by the settlor's jurisdiction of organization  
1021 which purports to state, amend or restate the settlor's name; or

1022 (2) In other cases, the name of the settlor or testator indicated in the  
1023 trust's organic record.

1024 Sec. 11. Section 42a-9-507 of the general statutes is repealed and the  
1025 following is substituted in lieu thereof (*Effective July 1, 2013*):

1026 (a) A filed financing statement remains effective with respect to  
1027 collateral that is sold, exchanged, leased, licensed or otherwise

1028 disposed of and in which a security interest or agricultural lien  
1029 continues, even if the secured party knows of or consents to the  
1030 disposition.

1031 (b) Except as otherwise provided in subsection (c) of this section and  
1032 section 42a-9-508, a financing statement is not rendered ineffective if,  
1033 after the financing statement is filed, the information provided in the  
1034 financing statement becomes seriously misleading under section 42a-  
1035 9-506.

1036 (c) If [a debtor so changes its] the name that a filed financing  
1037 statement provides for a debtor becomes insufficient as the name of the  
1038 debtor under subsection (a) of section 42a-9-503, as amended by this  
1039 act, so that the financing statement becomes seriously misleading  
1040 under section 42a-9-506:

1041 (1) The financing statement is effective to perfect a security interest  
1042 in collateral acquired by the debtor before, or within four months after,  
1043 the [change] filed financing statement becomes seriously misleading;  
1044 and

1045 (2) The financing statement is not effective to perfect a security  
1046 interest in collateral acquired by the debtor more than four months  
1047 after the [change] filed financing statement becomes seriously  
1048 misleading, unless an amendment to the financing statement which  
1049 renders the financing statement not seriously misleading is filed within  
1050 four months after the [change] financing statement became seriously  
1051 misleading.

1052 Sec. 12. Section 42a-9-515 of the general statutes is repealed and the  
1053 following is substituted in lieu thereof (*Effective July 1, 2013*):

1054 (a) Except as otherwise provided in subsections (b), (e), (f) and (g) of  
1055 this section, a filed financing statement is effective for a period of five  
1056 years after the date of filing.

1057 (b) Except as otherwise provided in subsections (e), (f) and (g) of  
1058 this section, an initial financing statement filed in connection with a

1059 public finance transaction or manufactured-home transaction is  
1060 effective for a period of thirty years after the date of filing if it indicates  
1061 that it is filed in connection with a public finance transaction or  
1062 manufactured-home transaction.

1063 (c) The effectiveness of a filed financing statement lapses on the  
1064 expiration of the period of its effectiveness unless before the lapse a  
1065 continuation statement is filed pursuant to subsection (d) of this  
1066 section. Upon lapse, a financing statement ceases to be effective and  
1067 any security interest or agricultural lien that was perfected by the  
1068 financing statement becomes unperfected, unless the security interest  
1069 is perfected otherwise. If the security interest or agricultural lien  
1070 becomes unperfected upon lapse, it is deemed never to have been  
1071 perfected as against a purchaser of the collateral for value.

1072 (d) A continuation statement may be filed only within six months  
1073 before the expiration of the five-year period specified in subsection (a)  
1074 of this section or the thirty-year period specified in subsection (b) of  
1075 this section, whichever is applicable.

1076 (e) Except as otherwise provided in section 42a-9-510, upon timely  
1077 filing of a continuation statement, the effectiveness of the initial  
1078 financing statement continues for a period of five years commencing  
1079 on the day on which the financing statement would have become  
1080 ineffective in the absence of the filing. Upon the expiration of the five-  
1081 year period, the financing statement lapses in the same manner as  
1082 provided in subsection (c) of this section, unless, before the lapse,  
1083 another continuation statement is filed pursuant to subsection (d) of  
1084 this section. Succeeding continuation statements may be filed in the  
1085 same manner to continue the effectiveness of the initial financing  
1086 statement.

1087 (f) If a debtor is a transmitting utility and a filed initial financing  
1088 statement so indicates, the financing statement is effective until a  
1089 termination statement is filed.

1090 (g) A record of a mortgage that is effective as a financing statement

1091 filed as a fixture filing under subsection (c) of section 42a-9-502  
1092 remains effective as a financing statement filed as a fixture filing until  
1093 the mortgage is released or satisfied of record or its effectiveness  
1094 otherwise terminates as to the real property.

1095 Sec. 13. Section 42a-9-516 of the general statutes is repealed and the  
1096 following is substituted in lieu thereof (*Effective July 1, 2013*):

1097 (a) Except as otherwise provided in subsection (b) of this section,  
1098 communication of a record to a filing office and tender of the filing fee  
1099 or acceptance of the record by the filing office constitutes filing. In the  
1100 case of the recording of a record in a filing office described in  
1101 subdivision (1) of subsection (a) of section 42a-9-501, tender of the  
1102 filing fee means tender of the fee specified in section 7-34a.

1103 (b) Filing does not occur with respect to a record that a filing office  
1104 refuses to accept because:

1105 (1) The record is not communicated by a method or medium of  
1106 communication authorized by the filing office;

1107 (2) An amount equal to or greater than the applicable filing fee is  
1108 not tendered;

1109 (3) The filing office is unable to index the record because:

1110 (A) In the case of an initial financing statement, the record does not  
1111 provide a name for the debtor;

1112 (B) In the case of an amendment or [correction] information  
1113 statement, the record:

1114 (i) Does not identify the initial financing statement as required by  
1115 section 42a-9-512 or 42a-9-518, as amended by this act, as applicable; or

1116 (ii) Identifies an initial financing statement whose effectiveness has  
1117 lapsed under section 42a-9-515, as amended by this act; or

1118 (C) In the case of an initial financing statement that provides the

1119 name of a debtor identified as an individual or an amendment that  
1120 provides a name of a debtor identified as an individual which was not  
1121 previously provided in the financing statement to which the record  
1122 relates, the record does not identify the debtor's [last name] surname;

1123 (4) In the case of an initial financing statement or an amendment  
1124 that adds a secured party of record, the record does not provide a  
1125 name and mailing address for the secured party of record;

1126 (5) In the case of an initial financing statement or an amendment  
1127 that provides a name of a debtor which was not previously provided  
1128 in the financing statement to which the amendment relates, the record  
1129 does not:

1130 (A) Provide a mailing address for the debtor; or

1131 (B) Indicate whether the name provided as the name of the debtor is  
1132 the name of an individual or an organization; [or

1133 (C) If the financing statement indicates that the debtor is an  
1134 organization, provide:

1135 (i) A type of organization for the debtor; and

1136 (ii) A jurisdiction of organization for the debtor;]

1137 (6) In the case of an assignment reflected in an initial financing  
1138 statement under subsection (a) of section 42a-9-514 or an amendment  
1139 filed under subsection (b) of section 42a-9-514, the record does not  
1140 provide a name and mailing address for the assignee; or

1141 (7) In the case of a continuation statement, the record is not filed  
1142 within the six-month period prescribed by subsection (d) of section  
1143 42a-9-515, as amended by this act.

1144 (c) For purposes of subsection (b) of this section:

1145 (1) A record does not provide information if the filing office is  
1146 unable to read or decipher the information; and

1147 (2) A record that does not indicate that it is an amendment or  
1148 identify an initial financing statement to which it relates, as required  
1149 by section 42a-9-512, 42a-9-514 or 42a-9-518, as amended by this act, is  
1150 an initial financing statement.

1151 (d) A record that is communicated to the filing office with tender of  
1152 the filing fee, but which the filing office refuses to accept for a reason  
1153 other than one set forth in subsection (b) of this section, is effective as a  
1154 filed record except as against a purchaser of the collateral which gives  
1155 value in reasonable reliance upon the absence of the record from the  
1156 files.

1157 Sec. 14. Section 42a-9-518 of the general statutes is repealed and the  
1158 following is substituted in lieu thereof (*Effective July 1, 2013*):

1159 (a) A person may file in the filing office [a correction] an  
1160 information statement with respect to a record indexed there under the  
1161 person's name if the person believes that the record is inaccurate or  
1162 was wrongfully filed.

1163 (b) [A correction] An information statement under subsection (a) of  
1164 this section must:

1165 (1) Identify the record to which it relates by:

1166 (A) The file number assigned to the initial financing statement to  
1167 which the record relates; or

1168 (B) If the [correction] information statement relates to a record  
1169 recorded in a filing office described in subdivision (1) of subsection (a)  
1170 of section 42a-9-501, the book and page number on which or the date  
1171 and time that the initial financing statement was recorded;

1172 (2) Indicate that it is [a correction] an information statement; and

1173 (3) Provide the basis for the person's belief that the record is  
1174 inaccurate and indicate the manner in which the person believes the  
1175 record should be amended to cure any inaccuracy or provide the basis

1176 for the person's belief that the record was wrongfully filed.

1177 (c) A person may file in the filing office an information statement  
1178 with respect to a record filed there if the person is a secured party of  
1179 record with respect to the financing statement to which the record  
1180 relates and believes that the person that filed the record was not  
1181 entitled to do so under subsection (d) of section 42a-9-509.

1182 (d) An information statement under subsection (c) of this section  
1183 must:

1184 (1) Identify the record to which it relates by:

1185 (A) The file number assigned to the initial financing statement to  
1186 which the record relates; or

1187 (B) If the information statement relates to a record recorded in a  
1188 filing office described in subdivision (1) of subsection (a) of section  
1189 42a-9-501, the book and page number on which or the date and time  
1190 that the initial financing statement was recorded;

1191 (2) Indicate that it is an information statement; and

1192 (3) Provide the basis for the person's belief that the person that filed  
1193 the record was not entitled to do so under subsection (d) of section  
1194 42a-9-509.

1195 [(c)] (e) The filing of [a correction] an information statement does  
1196 not affect the effectiveness of an initial financing statement or other  
1197 filed record.

1198 Sec. 15. Section 42a-9-519 of the general statutes is repealed and the  
1199 following is substituted in lieu thereof (*Effective July 1, 2013*):

1200 (a) For each record filed in a filing office, the filing office shall:

1201 (1) In the case of a record filed in the filing office described in  
1202 subdivision (2) of subsection (a) of section 42a-9-501, assign a unique  
1203 number to the filed record;

1204 (2) In the case of a record filed in the filing office described in  
1205 subdivision (2) of subsection (a) of section 42a-9-501, create a record  
1206 that bears the number assigned to the filed record and the date and  
1207 time of filing;

1208 (3) Maintain the filed record for public inspection; and

1209 (4) Index the filed record in accordance with subsections (b), (c) and  
1210 (d) of this section.

1211 (b) Except as otherwise provided in subsections (c) and (d) of this  
1212 section, the filing office shall:

1213 (1) Index an initial financing statement according to the name of the  
1214 debtor and index all filed records relating to the initial financing  
1215 statement in a manner that associates with one another an initial  
1216 financing statement and all filed records relating to the initial financing  
1217 statement; and

1218 (2) Index a record that provides a name of a debtor which was not  
1219 previously provided in the financing statement to which the record  
1220 relates also according to the name that was not previously provided.

1221 (c) If a financing statement is filed as a fixture filing or covers as-  
1222 extracted collateral or timber to be cut, it must be filed for record and  
1223 the filing office shall index it:

1224 (1) In the grantor index under the names of the debtor and of each  
1225 owner of record shown on the financing statement as if they were the  
1226 mortgagors under a mortgage of the real property described; and

1227 (2) In the grantee index under the name of the secured party as if the  
1228 secured party were the mortgagee thereunder, or, if indexing is by  
1229 description, as if the financing statement were a record of a mortgage  
1230 of the real property described.

1231 (d) (1) If a financing statement is filed as a fixture filing or covers as-  
1232 extracted collateral or timber to be cut, the filing office shall index an

1233 assignment filed under subsection (a) of section 42a-9-514 or an  
1234 amendment filed under subsection (b) of section 42a-9-514:

1235 (A) In the grantor index under the name of the assignor as grantor;  
1236 and

1237 (B) In the grantee index under the name of the assignee as grantee.

1238 (2) The filing officer shall also enter upon the margin of the record  
1239 of such initial financing statement a notation of the record of the  
1240 subsequent assignment or amendment and of any continuation  
1241 statement, termination statement or [correction] information  
1242 statement.

1243 (e) The filing office shall maintain a capability:

1244 (1) To retrieve a record by the name of the debtor and:

1245 (A) If the filing office is described in subdivision (1) of subsection (a)  
1246 of section 42a-9-501, by the book and page number assigned to the  
1247 initial financing statement to which the record relates; or

1248 (B) If the filing office is described in subdivision (2) of subsection (a)  
1249 of section 42a-9-501, by the file number assigned to the initial financing  
1250 statement to which the record relates; and

1251 (2) To associate and retrieve with one another an initial financing  
1252 statement and each filed record relating to the initial financing  
1253 statement.

1254 (f) The filing office may not remove a debtor's name from the index  
1255 until one year after the effectiveness of a financing statement naming  
1256 the debtor lapses under section 42a-9-515, as amended by this act, with  
1257 respect to all secured parties of record.

1258 (g) The filing office shall perform the acts required by subsections  
1259 (a) to (d), inclusive, of this section at the time and in the manner  
1260 prescribed by filing-office regulation, but not later than five business  
1261 days after the filing office receives the record in question.

1262 (h) Subsection (g) of this section does not apply to a filing office  
1263 described in subdivision (1) of subsection (a) of section 42a-9-501.

1264 Sec. 16. Section 42a-9-525 of the general statutes is repealed and the  
1265 following is substituted in lieu thereof (*Effective July 1, 2013*):

1266 (a) The filing office described in subdivision (2) of subsection (a) of  
1267 section 42a-9-501 shall charge and collect the following uniform fee:  
1268 For filing and indexing an initial financing statement, [a correction] an  
1269 information statement or an amendment, fifty dollars. No fee shall be  
1270 charged (1) to the state when the initial financing statement,  
1271 [correction] information statement or amendment is filed by or at the  
1272 request of the Attorney General or an assistant attorney general or by a  
1273 duly authorized official of the state or any of its agencies, boards or  
1274 commissions acting in an official capacity, or (2) to a municipality  
1275 when the initial financing statement, [correction] information  
1276 statement or amendment is filed by a tax collector or other municipal  
1277 officer of such municipality pursuant to the provisions of sections 12-  
1278 195a to 12-195g, inclusive, or (3) for any filing accomplished solely by  
1279 electronic means and without the physical submission of any  
1280 document, instrument or paper, in accordance with a plan approved  
1281 by the Secretary of the State.

1282 (b) The uniform fee for responding to a request for information from  
1283 the filing office described in subdivision (2) of subsection (a) of section  
1284 42a-9-501, including issuing a certificate showing whether there is on  
1285 file, on the date and time stated therein, any financing statement  
1286 naming a particular debtor and any amendment thereof and, if there is,  
1287 giving the date and hour of filing such amendment and the name and  
1288 address of each secured party named therein, is fifty dollars. Upon  
1289 request, the filing officer shall furnish a photographic or electronic  
1290 copy of any filed financing statement or amendment for a uniform fee  
1291 of forty dollars regardless of the number of pages and affix such filing  
1292 officer's certification and official seal thereto for a fee of fifteen dollars.  
1293 No fee shall be charged to the state when a certificate showing whether  
1294 there is on file, on the date and hour stated therein, any presently

1295 effective financing statement naming a particular debtor and any  
1296 amendment thereof, is requested by the Attorney General or an  
1297 assistant attorney general or by a duly authorized official of the state  
1298 or any of its agencies, boards or commissions acting in an official  
1299 capacity, and no fee shall be charged to a municipality when such  
1300 certificate is requested by the tax collector or other municipal officer of  
1301 such municipality pursuant to the provisions of sections 12-195a to 12-  
1302 195g, inclusive.

1303 (c) This section does not require a fee with respect to a record of a  
1304 mortgage which is effective as a financing statement filed as a fixture  
1305 filing or as a financing statement covering as-extracted collateral or  
1306 timber to be cut under subsection (c) of section 42a-9-502. However,  
1307 the recording and satisfaction fees that otherwise would be applicable  
1308 to the record of the mortgage apply.

1309 Sec. 17. Section 42a-9-607 of the general statutes is repealed and the  
1310 following is substituted in lieu thereof (*Effective July 1, 2013*):

1311 (a) If so agreed, and in any event after default, a secured party:

1312 (1) May notify an account debtor or other person obligated on  
1313 collateral to make payment or otherwise render performance to or for  
1314 the benefit of the secured party;

1315 (2) May take any proceeds to which the secured party is entitled  
1316 under section 42a-9-315;

1317 (3) May enforce the obligations of an account debtor or other person  
1318 obligated on collateral and exercise the rights of the debtor with  
1319 respect to the obligation of the account debtor or other person  
1320 obligated on collateral to make payment or otherwise render  
1321 performance to the debtor, and with respect to any property that  
1322 secures the obligations of the account debtor or other person obligated  
1323 on the collateral;

1324 (4) If it holds a security interest in a deposit account perfected by  
1325 control under subdivision (1) of subsection (a) of section 42a-9-104,

1326 may apply the balance of the deposit account to the obligation secured  
1327 by the deposit account; and

1328 (5) If it holds a security interest in a deposit account perfected by  
1329 control under subdivision (2) or (3) of subsection (a) of section 42a-9-  
1330 104, may instruct the bank to pay the balance of the deposit account to  
1331 or for the benefit of the secured party.

1332 (b) If necessary to enable a secured party to exercise under  
1333 subdivision (3) of subsection (a) of this section the right, if any, of a  
1334 debtor to enforce a mortgage nonjudicially, the secured party may  
1335 record in the office in which a record of the mortgage is recorded:

1336 (1) A copy of the security agreement that creates or provides for a  
1337 security interest in the obligation secured by the mortgage; and

1338 (2) The secured party's sworn affidavit in recordable form stating  
1339 that:

1340 (A) A default has occurred with respect to an obligation secured by  
1341 the mortgage; and

1342 (B) The secured party is entitled to enforce the mortgage  
1343 nonjudicially.

1344 (c) A secured party shall proceed in a commercially reasonable  
1345 manner if the secured party:

1346 (1) Undertakes to collect from or enforce an obligation of an account  
1347 debtor or other person obligated on collateral; and

1348 (2) Is entitled to charge back uncollected collateral or otherwise to  
1349 full or limited recourse against the debtor or a secondary obligor.

1350 (d) A secured party may deduct from the collections made pursuant  
1351 to subsection (c) of this section reasonable expenses of collection and  
1352 enforcement, including reasonable attorney's fees and legal expenses  
1353 incurred by the secured party.

1354 (e) This section does not determine whether an account debtor, bank  
1355 or other person obligated on collateral owes a duty to a secured party.

1356 Sec. 18. (NEW) (*Effective July 1, 2013*) (a) Except as otherwise  
1357 provided in sections 18 to 25, inclusive, of this act, this act applies to a  
1358 transaction or lien within its scope, even if the transaction or lien was  
1359 entered into or created before July 1, 2013.

1360 (b) This act does not affect an action, case or proceeding commenced  
1361 before July 1, 2013.

1362 Sec. 19. (NEW) (*Effective July 1, 2013*) (a) A security interest that is a  
1363 perfected security interest immediately before July 1, 2013, is a  
1364 perfected security interest under article 9 of title 42a of the general  
1365 statutes, as amended by this act, if, on July 1, 2013, the applicable  
1366 requirements for attachment and perfection under article 9 of title 42a  
1367 of the general statutes, as amended by this act, are satisfied without  
1368 further action.

1369 (b) Except as otherwise provided in section 21 of this act, if,  
1370 immediately before July 1, 2013, a security interest is a perfected  
1371 security interest, but the applicable requirements for perfection under  
1372 article 9 of title 42a of the general statutes, as amended by this act, are  
1373 not satisfied on July 1, 2013, the security interest remains perfected  
1374 thereafter only if the applicable requirements for perfection under  
1375 article 9 of title 42a of the general statutes, as amended by this act, are  
1376 satisfied within one year after July 1, 2013.

1377 Sec. 20. (NEW) (*Effective July 1, 2013*) A security interest that is an  
1378 unperfected security interest immediately before July 1, 2013, becomes  
1379 a perfected security interest:

1380 (1) Without further action, on July 1, 2013, if the applicable  
1381 requirements for perfection under article 9 of title 42a of the general  
1382 statutes, as amended by this act, are satisfied before or at that time; or

1383 (2) When the applicable requirements for perfection are satisfied if  
1384 the requirements are satisfied after that time.

1385       Sec. 21. (NEW) (*Effective July 1, 2013*) (a) The filing of a financing  
1386 statement before July 1, 2013, is effective to perfect a security interest to  
1387 the extent the filing would satisfy the applicable requirements for  
1388 perfection under article 9 of title 42a of the general statutes, as  
1389 amended by this act.

1390       (b) This act does not render ineffective an effective financing  
1391 statement that, before July 1, 2013, is filed and satisfies the applicable  
1392 requirements for perfection under the law of the jurisdiction governing  
1393 perfection as provided in article 9 of title 42a of the general statutes in  
1394 effect on June 30, 2013. However, except as otherwise provided in  
1395 subsections (c) and (d) of this section and section 22 of this act, the  
1396 financing statement ceases to be effective:

1397       (1) If the financing statement is filed in this state, at the time the  
1398 financing statement would have ceased to be effective had this act not  
1399 taken effect; or

1400       (2) If the financing statement is filed in another jurisdiction, at the  
1401 earlier of:

1402       (A) The time the financing statement would have ceased to be  
1403 effective under the law of that jurisdiction; or

1404       (B) June 30, 2018.

1405       (c) The filing of a continuation statement on or after July 1, 2013,  
1406 does not continue the effectiveness of a financing statement filed  
1407 before July 1, 2013. However, upon the timely filing of a continuation  
1408 statement on or after July 1, 2013, and in accordance with the law of  
1409 the jurisdiction governing perfection as provided in article 9 of title 42a  
1410 of the general statutes, as amended by this act, the effectiveness of a  
1411 financing statement filed in the same office in that jurisdiction before  
1412 July 1, 2013, continues for the period provided by the law of that  
1413 jurisdiction.

1414       (d) Subparagraph (B) of subdivision (2) of subsection (b) of this  
1415 section applies to a financing statement that, before July 1, 2013, is filed

1416 against a transmitting utility and satisfies the applicable requirements  
1417 for perfection under the law of the jurisdiction governing perfection as  
1418 provided in article 9 of title 42a of the general statutes in effect on June  
1419 30, 2013, only to the extent that article 9 of title 42a of the general  
1420 statutes, as amended by this act, provides that the law of a jurisdiction  
1421 other than the jurisdiction in which the financing statement is filed  
1422 governs perfection of a security interest in collateral covered by the  
1423 financing statement.

1424 (e) A financing statement that includes a financing statement filed  
1425 before July 1, 2013, and a continuation statement filed on or after July  
1426 1, 2013, is effective only to the extent that it satisfies the requirements  
1427 of part 5 of article 9 of title 42a of the general statutes, as amended by  
1428 this act, for an initial financing statement. A financing statement that  
1429 indicates that the debtor is a decedent's estate indicates that the  
1430 collateral is being administered by a personal representative within the  
1431 meaning of subdivision (2) of subsection (a) of section 42a-9-503 of the  
1432 general statutes, as amended by this act. A financing statement that  
1433 indicates that the debtor is a trust or is a trustee acting with respect to  
1434 property held in trust indicates that the collateral is held in a trust  
1435 within the meaning of subdivision (3) of subsection (a) of section 42a-9-  
1436 503 of the general statutes, as amended by this act.

1437 Sec. 22. (NEW) (*Effective July 1, 2013*) (a) The filing of an initial  
1438 financing statement in the office specified in section 42a-9-501 of the  
1439 general statutes continues the effectiveness of a financing statement  
1440 filed before July 1, 2013, if:

1441 (1) The filing of an initial financing statement in that office would be  
1442 effective to perfect a security interest under article 9 of title 42a of the  
1443 general statutes, as amended by this act;

1444 (2) The pre-effective-date financing statement, as defined in section  
1445 23 of this act, was filed in an office in another state; and

1446 (3) The initial financing statement satisfies subsection (c) of this  
1447 section.

1448 (b) The filing of an initial financing statement under subsection (a)  
1449 of this section continues the effectiveness of the pre-effective-date  
1450 financing statement, as defined in section 23 of this act:

1451 (1) If the initial financing statement is filed before July 1, 2013, for  
1452 the period provided in section 42a-9-515 of the general statutes in  
1453 effect on June 30, 2013, with respect to an initial financing statement;  
1454 and

1455 (2) If the initial financing statement is filed on or after July 1, 2013,  
1456 for the period provided in section 42a-9-515 of the general statutes, as  
1457 amended by this act, with respect to an initial financing statement.

1458 (c) To be effective for purposes of subsection (a) of this section, an  
1459 initial financing statement must:

1460 (1) Satisfy the requirements of part 5 of article 9 of title 42a of the  
1461 general statutes, as amended by this act, for an initial financing  
1462 statement;

1463 (2) Identify the pre-effective-date financing statement, as defined in  
1464 section 23 of this act, by indicating the office in which the financing  
1465 statement was filed and providing the dates of filing and file numbers,  
1466 if any, of the financing statement and of the most recent continuation  
1467 statement filed with respect to the financing statement; and

1468 (3) Indicate that the pre-effective-date financing statement, as  
1469 defined in section 23 of this act, remains effective.

1470 Sec. 23. (NEW) (*Effective July 1, 2013*) (a) In this section and section  
1471 22 of this act, "pre-effective-date financing statement" means a  
1472 financing statement filed before July 1, 2013.

1473 (b) On or after July 1, 2013, a person may add or delete collateral  
1474 covered by, continue or terminate the effectiveness of, or otherwise  
1475 amend the information provided in, a pre-effective-date financing  
1476 statement only in accordance with the law of the jurisdiction  
1477 governing perfection as provided in article 9 of title 42a of the general

1478 statutes, as amended by this act. However, the effectiveness of a pre-  
1479 effective-date financing statement also may be terminated in  
1480 accordance with the law of the jurisdiction in which the financing  
1481 statement is filed.

1482 (c) Except as otherwise provided in subsection (d) of this section, if  
1483 the law of this state governs perfection of a security interest, the  
1484 information in a pre-effective-date financing statement may be  
1485 amended on or after July 1, 2013, only if:

1486 (1) The pre-effective-date financing statement and an amendment  
1487 are filed in the office specified in section 42a-9-501 of the general  
1488 statutes;

1489 (2) An amendment is filed in the office specified in section 42a-9-501  
1490 of the general statutes concurrently with, or after the filing in that  
1491 office of, an initial financing statement that satisfies subsection (c) of  
1492 section 22 of this act; or

1493 (3) An initial financing statement that provides the information as  
1494 amended and satisfies subsection (c) of section 22 of this act is filed in  
1495 the office specified in section 42a-9-501 of the general statutes.

1496 (d) If the law of this state governs perfection of a security interest,  
1497 the effectiveness of a pre-effective-date financing statement may be  
1498 continued only under subsections (c) and (e) of section 21 of this act or  
1499 section 22 of this act.

1500 (e) Whether or not the law of this state governs perfection of a  
1501 security interest, the effectiveness of a pre-effective-date financing  
1502 statement filed in this state may be terminated on or after July 1, 2013,  
1503 by filing a termination statement in the office in which the pre-  
1504 effective-date financing statement is filed, unless an initial financing  
1505 statement that satisfies subsection (c) of section 22 of this act has been  
1506 filed in the office specified by the law of the jurisdiction governing  
1507 perfection as provided in article 9 of title 42a of the general statutes, as  
1508 amended by this act, as the office in which to file a financing statement.

1509 Sec. 24. (NEW) (*Effective July 1, 2013*) A person may file an initial  
1510 financing statement or a continuation statement under sections 18 to  
1511 25, inclusive, of this act if:

1512 (1) The secured party of record authorizes the filing; and

1513 (2) The filing is necessary under sections 18 to 25, inclusive, of this  
1514 act:

1515 (A) To continue the effectiveness of a financing statement filed  
1516 before July 1, 2013; or

1517 (B) To perfect or continue the perfection of a security interest.

1518 Sec. 25. (NEW) (*Effective July 1, 2013*) This act determines the priority  
1519 of conflicting claims to collateral. However, if the relative priorities of  
1520 the claims were established before July 1, 2013, article 9 of title 42a of  
1521 the general statutes in effect on June 30, 2013, determines priority.

1522 Sec. 26. Subsection (a) of section 12-35a of the general statutes is  
1523 repealed and the following is substituted in lieu thereof (*Effective July*  
1524 *1, 2013*):

1525 (a) Whenever used in this section, unless the context otherwise  
1526 requires: (1) "Goods" means goods, as defined in subdivision (44) of  
1527 subsection (a) of section 42a-9-102, as amended by this act; (2)  
1528 "proceeds" means proceeds, as defined in subdivision (64) of  
1529 subsection (a) of section 42a-9-102, as amended by this act; (3) "debtor"  
1530 means the taxpayer; (4) "secured party" means the state of Connecticut;  
1531 (5) "collateral" means property which is the subject of the tax lien; (6)  
1532 "obligations" means amount of tax and accrued penalties and interest  
1533 claimed to be due the state in relation to the tax lien; (7) "person"  
1534 means any individual, trust, partnership, association, company,  
1535 limited liability company or corporation; (8) "purchase money security  
1536 interest" means purchase money security interest, as defined in section  
1537 42a-9-103a; (9) "commercial transactions financing agreement" means  
1538 an agreement entered into by a person in the course of his trade or  
1539 business to make loans to the taxpayer, part or all of the security for

1540 repayment of any such loan being inventory acquired by the taxpayer  
1541 in the ordinary course of trade or business; (10) "qualified property"  
1542 when used with respect to a commercial transactions financing  
1543 agreement, means inventory; (11) "obligatory disbursement  
1544 agreement" means an agreement, entered into by a person in the  
1545 course of trade or business, to make disbursements but such an  
1546 agreement shall be considered within this term only to the extent of  
1547 disbursements which are required to be made by reason of the  
1548 intervention of the rights of a person other than the taxpayer; (12)  
1549 "qualified property" when used with respect to obligatory  
1550 disbursement agreement, means property subject to the lien imposed  
1551 in accordance with this section, at the time of tax lien filing and, to the  
1552 extent that the acquisition is directly traceable to the disbursements  
1553 under an obligatory disbursement agreement, property acquired by  
1554 the taxpayer after the time of tax lien filing; (13) "inventory" means  
1555 inventory, as defined in subdivision (48) of subsection (a) of section  
1556 42a-9-102, as amended by this act; (14) "lien creditor" means lien  
1557 creditor, as defined in subdivision (52) of subsection (a) of section 42a-  
1558 9-102, as amended by this act; (15) "account" means account, as defined  
1559 in subdivision (2) of subsection (a) of section 42a-9-102, as amended by  
1560 this act; (16) "chattel paper" means chattel paper, as defined in  
1561 subdivision (11) of subsection (a) of section 42a-9-102, as amended by  
1562 this act; (17) "commercial tort claim" means commercial tort claim, as  
1563 defined in subdivision (13) of subsection (a) of section 42a-9-102, as  
1564 amended by this act; (18) "deposit account" means deposit account, as  
1565 defined in subdivision (29) of subsection (a) of section 42a-9-102, as  
1566 amended by this act; (19) "document" means document, as defined in  
1567 subdivision (30) of subsection (a) of section 42a-9-102, as amended by  
1568 this act; (20) "general intangible" means general intangible, as defined  
1569 in subdivision (42) of subsection (a) of section 42a-9-102, as amended  
1570 by this act; (21) "instrument" means instrument, as defined in  
1571 subdivision (47) of subsection (a) of section 42a-9-102, as amended by  
1572 this act; (22) "investment property" means investment property, as  
1573 defined in subdivision (49) of subsection (a) of section 42a-9-102, as  
1574 amended by this act; (23) "filing office" means filing office, as defined

1575 in subdivision (37) of subsection (a) of section 42a-9-102, as amended  
1576 by this act; and (24) "state" means state, as defined in subdivision [(76)]  
1577 (77) of subsection (a) of section 42a-9-102, as amended by this act,  
1578 except that "the state" or "this state" means the state of Connecticut.

1579 Sec. 27. Subdivision (7) of section 14-165 of the general statutes is  
1580 repealed and the following is substituted in lieu thereof (*Effective July*  
1581 *1, 2013*):

1582 (7) "Security agreement" means a "security agreement" as defined in  
1583 subdivision [(78)] (74) of subsection (a) of section 42a-9-102, as  
1584 amended by this act.

1585 Sec. 28. Subdivision (12) of subsection (c) of section 36a-770 of the  
1586 general statutes is repealed and the following is substituted in lieu  
1587 thereof (*Effective July 1, 2013*):

1588 (12) "Retail installment contract" means any security agreement, as  
1589 defined in subdivision [(73)] (74) of subsection (a) of section 42a-9-102,  
1590 as amended by this act, made in this state, including one in the form of  
1591 a mortgage, conditional sale contract or other instrument evidencing  
1592 an agreement to pay the retail purchase price of goods, or any part  
1593 thereof, in installments over a period of time and pursuant to which a  
1594 security interest, as defined in subdivision (35) of subsection (b) of  
1595 section 42a-1-201, is retained or taken by the retail seller for the  
1596 payment of the amount of such retail installment contract. For  
1597 purposes of this subdivision, "retail installment contract" does not  
1598 include a rent-to-own agreement, as defined in section 42-240.

1599 Sec. 29. Subsection (b) of section 42a-2A-102 of the general statutes is  
1600 repealed and the following is substituted in lieu thereof (*Effective July*  
1601 *1, 2013*):

1602 (b) The following definitions in other articles apply to this article:

T41 "Account". Section 42a-9-102(a)(2), as amended by this act.

T42 "Between merchants". Section 42a-2-104(3).

T43 "Buyer". Section 42a-2-103(1)(a).

- T44 "Chattel paper". Section 42a-9-102(a)(11), as amended by this act.
- T45 "Consumer goods". Section 42a-9-102(a)(23), as amended by this act.
- T46 "Document". Section 42a-9-102(a)(30), as amended by this act.
- T47 "Entrusting". Section 42a-2-403(3).
- T48 "General intangible". Section 42a-9-102(a)(42), as amended by this
- T49 act.
- T50 "Instrument". Section 42a-9-102(a)(47), as amended by this act.
- T51 "Merchant". Section 42a-2-104(1).
- T52 "Mortgage". Section 42a-9-102(a)(55), as amended by this act.
- T53 "Pursuant to commitment". Section [42a-9-102(a)(68)] 42a-9-102(69),
- T54 as amended by this act.
- T55 "Sale". Section 42a-2-106(1).
- T56 "Sale on approval". Section 42a-2-326(1)(a).
- T57 "Sale or return". Section 42a-2-326(1)(b).
- T58 "Seller". Section 42a-2-103(1)(c).

1603 Sec. 30. Subsection (a) of section 53-129a of the general statutes is  
1604 repealed and the following is substituted in lieu thereof (*Effective July*  
1605 *1, 2013*):

1606 (a) As used in this section:

1607 (1) "Collateral" has the same meaning as specified in subdivision  
1608 (12) of subsection (a) of section 42a-9-102, as amended by this act;

1609 (2) "Debtor" has the same meaning as specified in subdivision (28) of  
1610 subsection (a) of section 42a-9-102, as amended by this act;

1611 (3) "Proceeds" has the same meaning as specified in subdivision (64)  
1612 of subsection (a) of section 42a-9-102, as amended by this act;

1613 (4) "Security agreement" has the same meaning as specified in  
1614 subdivision [(73)] (74) of subsection (a) of section 42a-9-102, as  
1615 amended by this act;

1616 (5) "Security interest" has the same meaning as specified in  
1617 subdivision (35) of subsection (b) of section 42a-1-201; and

1618 (6) "Secured party" has the same meaning as specified in  
 1619 subdivision [(72)] (73) of subsection (a) of section 42a-9-102, as  
 1620 amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2013	42a-9-102
Sec. 2	July 1, 2013	42a-9-105
Sec. 3	July 1, 2013	42a-9-307
Sec. 4	July 1, 2013	42a-9-311
Sec. 5	July 1, 2013	42a-9-316
Sec. 6	July 1, 2013	42a-9-317
Sec. 7	July 1, 2013	42a-9-326
Sec. 8	July 1, 2013	42a-9-406
Sec. 9	July 1, 2013	42a-9-408
Sec. 10	July 1, 2013	42a-9-503
Sec. 11	July 1, 2013	42a-9-507
Sec. 12	July 1, 2013	42a-9-515
Sec. 13	July 1, 2013	42a-9-516
Sec. 14	July 1, 2013	42a-9-518
Sec. 15	July 1, 2013	42a-9-519
Sec. 16	July 1, 2013	42a-9-525
Sec. 17	July 1, 2013	42a-9-607
Sec. 18	July 1, 2013	New section
Sec. 19	July 1, 2013	New section
Sec. 20	July 1, 2013	New section
Sec. 21	July 1, 2013	New section
Sec. 22	July 1, 2013	New section
Sec. 23	July 1, 2013	New section
Sec. 24	July 1, 2013	New section
Sec. 25	July 1, 2013	New section
Sec. 26	July 1, 2013	12-35a(a)
Sec. 27	July 1, 2013	14-165(7)
Sec. 28	July 1, 2013	36a-770(c)(12)
Sec. 29	July 1, 2013	42a-2A-102(b)
Sec. 30	July 1, 2013	53-129a(a)

**Statement of Legislative Commissioners:**

In section 21(e), two references to "section 9-503" were changed to "section 42a-9-503" for accuracy.

**JUD**      *Joint Favorable Subst.-LCO*

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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill makes various changes in regards to the Uniform Commercial Code (UCC) that do not result in a fiscal impact to the state or municipalities.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sHB 6274****AN ACT CONCERNING AMENDMENTS TO ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE CONCERNING SECURED TRANSACTIONS.****SUMMARY:**

This bill makes changes in Article 9 of the Uniform Commercial Code (UCC). Article 9 deals with a creditor's contractual lien interest in a debtor's personal property that secures payment or other performance by the debtor, as well as sales of accounts, chattel paper, payment intangibles, promissory notes, and similar transactions. Among other things, Article 9 sets out requirements for (1) the creditor's interest (a "security interest") to attach to the debtor's property and become enforceable and (2) perfecting a security interest which allows the secured party's interest to have priority over other parties, such as a creditor who gets a judicial lien, bankruptcy trustee, and others who later take a security interest in the collateral. Depending on the type of collateral, a security interest is perfected (1) when a secured party files a financing statement in the appropriate office, (2) when a secured party takes possession or control of the collateral, or (3) automatically on attachment for certain specified collateral items.

The bill:

1. changes definitions and adds a definition of "public organic record," which it uses in relation to organizations;
2. expands the types of systems that a secured party can use to have control of electronic chattel paper and, thus, perfect a security interest in it;

3. for a debtor that moves to another jurisdiction, clarifies and makes more uniform the rules that (a) perfect a security interest in property acquired after the move, if the financing statement would have perfected such an interest had the debtor not moved and (b) requires the secured party to continue perfection by filing in the new jurisdiction within four months;
4. for a new debtor in another jurisdiction who becomes bound by an original debtor's security agreement (such as through a merger), (a) reduces, from one year to four months, the time that a security interest perfected against the original debtor remains perfected against the new debtor without filing in the new jurisdiction and (b) continues perfection of a security interest for four months in collateral owned by the new debtor before becoming bound as the new debtor and after-acquired collateral if the financing statement would have done so for collateral acquired by the original debtor;
5. changes how a debtor's name is recorded on a financing statement, including specifying what is recorded for an individual's name;
6. changes the name of a "correction statement" that a debtor can file claiming that a financing statement against him or her was unauthorized to an "information statement" and also allows secured parties to file these statements when they believe a record was filed by someone not entitled to do so;
7. sets transition rules to allow secured parties to continue the enforceability of their security interests when the bill's changes take effect; and
8. makes minor and technical changes.

Except as described below, the bill applies to transactions and liens that fall within its scope, even if created or entered into before July 1, 2013. The bill does not affect an action, case, or proceeding that began

before July 1, 2013.

EFFECTIVE DATE: July 1, 2013

## **§ 1—DEFINITIONS**

### ***Authenticate***

Under current law, authenticate means to (1) sign or (2) execute or adopt a symbol, encrypt, or process a record with intent to identify the person and adopt or accept a record. In lieu of the second part of the definition, the bill requires attaching or logically associating an electronic sound, symbol, or process with a record intending to adopt or accept it.

### ***Certificate of Title***

The bill allows a certificate of title to be in a record, if the record is maintained as an alternative to a certificate of title by the issuing government unit when a statute permits indicating the security interest on the record. By law, a record is information inscribed on a tangible medium or stored in an electronic or other medium that can be retrieved in a perceivable form.

### ***Organizations and Public Organic Records***

Under current law, a “registered organization” is one organized solely under state or federal law for which the state or federal government must maintain a public record. The bill instead defines it as an organization formed or organized under state or federal law by (1) filing a public organic record with a state or the federal government, (2) a state or the federal government issuing a public organic record, or (3) state or federal legislation. The bill specifies that this includes a business trust formed or organized under a state law requiring that organic records be filed with the state.

The bill defines a “public organic record” as a record available for public inspection that is:

1. initially filed with or issued by a state or the federal government to form or organize an organization and any filed or issued

record that amends or restates it or

2. a business trust's organic record initially filed with a state and any filed record that amends or restates it, if a state statute on business trusts requires filing.

It also includes state or federal legislation to form or organize an organization, records amending the legislation, and records filed with or issued by a state or the U.S. to amend or restate the organization's name.

## **§ 2—ELECTRONIC CHATTEL PAPER**

Chattel paper is a writing with a monetary obligation and security interest in specific goods or a lease of them (such as when a customer buys goods and signs a note that gives the dealer an interest in the goods to secure payment of the purchase price).

A security interest in electronic chattel paper can be perfected by control. In addition to a system that meets the requirements for control in current law, the bill allows a secured party to establish control if a system is employed for evidencing the transfer of interests in the chattel paper that reliably establishes the secured party as the person to whom the chattel paper was assigned.

One of the six specifications to establish control under current law is that copies or changes that add or change an identified assignee of the electronic chattel paper's authoritative copy can only be made with the secured party's participation. The bill instead requires the secured party's consent.

## **§ 3—DEBTOR'S LOCATION**

By law, a registered organization organized under federal law or a bank branch or agency not organized under state or federal law can designate its state of location if federal law allows it to do so. The bill specifies that this applies if the federal law allows designating a main, home, or comparable office.

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**§§ 5 AND 7—COLLATERAL ACQUIRED BY A RE-LOCATED DEBTOR OR A NEW DEBTOR*****Debtor Relocation***

By law, a perfected security interest in collateral remains perfected for four months after a debtor relocates to another jurisdiction and a secured party can continue perfection by filing in the new jurisdiction within the four-month period. Under current law, if the financing statement provides for it, the creditor has a security interest in collateral acquired after the debtor relocates but it is not perfected. The bill:

1. perfects for four months a security interest in after-acquired collateral that would have been covered by the statement if not for the relocation and
2. requires the secured party to perfect the security interest in the new jurisdiction before the four-month period expires and before the financing statement from the old jurisdiction becomes ineffective in order for the security interests to remain perfected.

***New Debtor in Another Jurisdiction***

By law, a new debtor in another jurisdiction can become bound by an original debtor's security agreement (such as through a merger). Under current law, a security interest in the original debtor's collateral remains perfected against the new debtor for one year and the secured party can file to continue perfection in the new jurisdiction.

The bill reduces, from one year to four months, the period that perfection continues without filing. But it also perfects a security interest for four months in collateral owned by the new debtor before becoming bound as the new debtor and after-acquired collateral. Under the bill, this security interest is perfected if the financing statement (1) names the original debtor, (2) is filed under the law of the appropriate jurisdiction, and (3) would have perfected a security interest in the collateral if it were acquired by the original debtor. Under the bill,

1. for the security interests to remain perfected, the secured party must perfect the security interest before the four-month period expires and before the financing statement from the old jurisdiction becomes ineffective;
2. if the secured party does not act to retain perfection, the security interest becomes unperfected and is deemed to have never been perfected as against a purchaser of the collateral for value; and
3. the perfected security interest in the new debtor's collateral under these provisions is subordinate to a security interest in the same collateral that is perfected by other means.

### **§ 6—COLLATERAL NOT SUSCEPTIBLE TO POSSESSION**

Under current law, a buyer (who is not a secured party) of (1) accounts, (2) electronic chattel paper, (3) electronic documents, (4) general intangibles, or (5) investment property other than a certificated security, takes free of a security interest if he or she gives value without knowledge of the security interest and before it is perfected. The bill expands this provision to cover any collateral except tangible chattel paper, tangible documents, goods, instruments, or certificated securities. Thus, the rule applies to all types of intangible collateral that are not susceptible to possession.

### **§§ 8-9—ASSIGNMENTS**

For accounts, chattel paper, payment intangibles, and promissory notes, the law makes a term restricting assignments in an agreement between an account debtor and an assignor or in a promissory note generally ineffective. Under current law, an exception to this rule is the sale of a payment intangible or promissory note. Under the bill, the exception applies to the sale of a payment intangible or promissory note but not when the sale is (1) under a disposition of collateral after default or (2) on acceptance of collateral in full or partial satisfaction of obligation.

Under current law, terms restricting the assignment of a general intangible, health care insurance receivable, or promissory note

whether in the promissory note or the agreement between an account debtor and debtor are generally ineffective. Under current law, this restriction applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note. Under the bill, it applies to a security interest that arises out of a sale other than a sale (1) under a disposition of collateral after default or (2) on acceptance of collateral in full or partial satisfaction of obligation.

### **§ 10—IDENTIFYING THE DEBTOR**

Under current law, a financing statement sufficiently provides the name of a debtor that is a registered organization if it provides the name as indicated on the public record of the jurisdiction where the debtor organized. The bill instead requires the financing statement to include the registered organization's name stated on the public organic record most recently filed with or issued or enacted by the jurisdiction where the organization is organized which purports to state, amend, or restate the name. The bill also applies this rule to a registered organization that holds collateral in trust. The rule is different for collateral otherwise held in trust (see below).

Under current law, if the debtor is a decedent's estate, the financing statement must provide the decedent's name and indicate that the debtor is an estate. Instead, under the bill, when collateral is administered by a personal representative of a decedent the financing statement must (1) provide the decedent's name as the debtor's name and (2) indicate in a separate part of the financing statement that the collateral is administered by a personal representative. Under the bill, the decedent's name indicated on the order appointing the personal representative issued by a court with jurisdiction over the collateral is sufficient as the decedent's name.

When the debtor is a trust or trustee acting regarding property in trust, current law requires the financing statement to (1) provide the name for the trust in its organic record or, if no name is specified, the settlor's name and additional information to distinguish the debtor

from other trusts with one or more of the same settlors and (2) indicate in the debtor's name or otherwise that the debtor is a trust or trustee acting for trust property. The bill limits this rule to collateral held in a trust that is not a registered organization. It also requires the additional information to distinguish the trust and the indication that the collateral is held in trust be in a separate part of the financing statement. It also specifies that a trust without a name can list the settlor's or testator's name which it defines as (1) the name indicated in the trust's organic record or (2) when the settlor is a registered organization, the settlor's name on the public organic record most recently filed with or issued or enacted by the jurisdiction of organization which purports to state, amend, or restate the settlor's name.

In other cases where the debtor has a name, current law requires the financing statement to provide the debtor's individual or organizational name. When the debtor is an individual, the bill instead requires the financing statement to provide the (1) debtor's individual name, (2) debtor's surname and first name, or (3) name as it appears on his or her unexpired Connecticut driver's license or identity card. If more than one Connecticut driver's license or identity card has been issued to the individual, the most recent one applies.

In other cases where the debtor does not have a name, the law requires the financing statement to include the name of partners, members, associates, or others comprising the debtor. The bill specifies that the names be provided in a manner so that each name would be sufficient if the person named was the debtor.

### **§ 11—CHANGE IN DEBTOR'S NAME**

Under current law, if a debtor changes his or her name so that a filed financing statement becomes seriously misleading, it is effective to perfect a security interest in collateral acquired by the debtor before and for four months after the change. The bill broadens this provision to cover any situation where a name becomes insufficient to meet the requirements for a proper name for a debtor (as described above in §

10) so that the financing statement is seriously misleading. The law, unchanged by the bill, requires that the financing statement be amended to preserve its effectiveness after the four month period.

### **§ 12—TRANSMITTING UTILITIES**

Under current law, if a financing statement indicates the debtor is a transmitting utility, it is effective until a termination statement is filed. The bill limits this rule to initial financing statements that indicate the debtor is a transmitting utility. Thus, if a transmitting utility is not listed as the debtor on the initial statement but included on all others, the other statements are effective for five years after the date they are filed.

### **§ 13—REFUSING FILINGS REGARDING ORGANIZATIONS**

The bill eliminates the filing office's ability to refuse an initial financing statement or amendment that names an organization as a debtor when it was not previously named because the document does not state the type of organization or its jurisdiction. As under current law, the filing office can reject the filing if it does not provide the debtor's mailing address and indicate whether the debtor's name is an individual's or organization's name.

### **§§ 14-16—INFORMATION STATEMENTS**

The bill renames correction statements as information statements. Under current law, a person can file one of these statements regarding a record indexed under the person's name if he or she believes the record is inaccurate or wrongfully filed.

The bill also allows a person to file an information statement if he or she is a secured party of record on a financing statement and believes a related record was filed by someone not entitled to do so. The information statement must:

1. identify the record it relates to by the initial financing statement's file number and, if it relates to a record in a town clerk's office, provide the date and time or book and page numbers on which the initial financing statement was filed;

2. indicate it is an information statement; and
3. explain why the person believes the filer was not entitled to file the record.

## **§ 17—MORTGAGES**

The bill makes a change to the affidavit a secured party may record in the office where a mortgage is recorded in order to enable the secured party to enforce a mortgage non-judicially. (Connecticut law does not allow non-judicial enforcement of mortgages.) Current law requires the affidavit to state that a default has occurred and the secured party is entitled to enforce the mortgage non-judicially. The bill requires the affidavit to state that the default is with respect to an obligation secured by the mortgage.

## **§§ 18-25—TRANSITION PROVISIONS**

### ***Continuing Perfection of Security Interests (§§ 19-20)***

Under the bill, a security interest that is perfected immediately before July 1, 2013 continues to be perfected under the bill if on July 1, 2013 the bill's requirements for attachment and perfection are met. If a security interest is technically rendered unperfected on July 1, 2013, the security interest remains perfected only if the bill's perfection requirements are satisfied by July 1, 2014.

Under the bill, a security interest that is unperfected before July 1, 2013 will become perfected (1) on July 1, 2013, if the bill's perfection requirements are met before or on that date or (2) at any date after July 1, 2013, when the bill's perfection requirements are met.

### ***Continuing Perfection by Filing (§ 21)***

By law, depending on the type of collateral, a security interest is perfected by filing a financing statement in the secretary of the state's office or the town clerk's office. By law, a financing statement is generally valid for five years and a secured party must file a continuation statement to continue perfection of a security interest.

Under the bill, a financing statement filed before July 1, 2013 is

effective to perfect a security interest if it satisfies the bill's requirements for perfection. A financing statement filed before July 1, 2013 that satisfies the requirements for perfection at that time is no longer effective:

1. if filed in Connecticut, when it would cease to be effective under current law without the bill's provisions (for example, the time for its effectiveness expires) or
2. if filed in another state, (a) when it would cease to be effective under the other state's law or (b) on June 30, 2018 (the bill specifically applies the June 30, 2018 deadline to a financing statement filed against a transmitting utility before July 1, 2013 only to the extent that current law and the bill provide that a jurisdiction other than the one where the financing statement is filed governs perfection).

Under the bill, filing a continuation statement on or after July 1, 2013 does not continue the effectiveness of a financing statement filed before that date except when it is a continuation statement timely filed according to the law of the jurisdiction governing perfection to continue a financing statement filed in the same office before July 1, 2013. In this case, the financing statement remains effective for the period provided by that jurisdiction's law.

A financing statement filed before July 1, 2013 and a continuation statement filed on or after that date are effective only to the extent they satisfy the bill's requirements for an initial financing statement. The bill considers a financing statement indicating that the debtor is a decedent's estate as indicating the collateral is administered by a personal representative as required by the bill. For a financing statement indicating that the debtor is a trust or trustee acting for property held in trust, it is considered as indicating that the collateral is held in trust as required by the bill.

***When Filing an Initial Financing Statement Continues Effectiveness (§ 22)***

Under the bill, filing an initial financing statement in the appropriate office continues the effectiveness of a financing statement filed before July 1, 2013, if:

1. filing an initial financing statement in that office would be effective to perfect a security interest under the bill;
2. the financing statement filed before July 1, 2013 was filed in an office in another state; and
3. the initial financing statement (a) satisfies the bill's requirements for an initial financing statement; (b) identifies the pre-July 1, 2013 financing statement by its filing office, filing date, and file numbers, if any, and the most recent continuation statement filed; and (c) indicates the pre-July 1, 2013 financing statement remains effective.

Filing such an initial financing statement continues the effectiveness of the pre-July 1, 2013 financing statement for the same period usually granted to an initial financing statement. The bill makes a conforming change regarding debtors who are transmitting utilities.

***Changes to Pre-July 1, 2013 Financing Statement (§ 23)***

Under the bill, after July 1, 2013, a person can only add or delete collateral or continue, terminate, or amend a financing statement filed before that date under the law of the jurisdiction governing perfection. The effectiveness of such a statement may also be terminated under the law of the jurisdiction where it is filed.

If Connecticut law governs perfection, the bill allows the information in the pre-July 1, 2013 financing statement to be amended after that date only if:

1. the pre-July 1, 2013 financing statement and amendment are filed in the appropriate office;
2. an amendment is filed in the appropriate office with or after filing an initial financing statement in that office that continues

the effectiveness of a pre-July 1, 2013 financing statement (as described above in § 22); or

- 3. an initial financing statement is filed in the appropriate office, provides the amended information, and satisfies the requirements for an initial financing statement that continues the effectiveness of a pre-July 1, 2013 financing statement.

If Connecticut law governs perfection, the effectiveness of a pre-July 1, 2013 financing statement can only be continued according to the bill’s transition provisions. Regardless of whether Connecticut law governs perfection, a pre-July 1, 2013 financing statement filed in Connecticut can be terminated after July 1, 2013 by filing a termination statement in the office where the financing statement is filed unless an initial financing statement has been filed under the transition provisions (see § 22) to continue the effectiveness of the financing statement.

**Who Can File (§ 24)**

The bill allows someone to file an initial financing statement or continuation statement under the transition provisions if (1) the secured party of record authorizes it and (2) the filing is necessary under the transition provisions to (a) continue the effectiveness of a financing statement filed before July 1, 2013 or (b) perfect or continue perfection.

**Priority (§ 25)**

The bill determines the priority of conflicting claims to collateral, but allows current law to set priority if the relative priorities of claims were set before July 1, 2013.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable

Yea 41 Nay 0 (03/30/2011)