

A-Engrossed
House Bill 4035

Ordered by the House February 9
Including House Amendments dated February 9

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Business and Labor for Oregon Law Commission)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Amends provisions of Oregon law to conform to changes in Uniform Commercial Code, to clarify meaning of name of debtor, to permit filing of information statement, to adopt official filing forms, to specify priority of competing secured claims, **to specify source of law for securing vehicles exempt from Oregon titling requirements** and to address related matters. Amendments become operative July 1, 2013.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to secured transactions in personal property; creating new provisions; amending ORS
3 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408,
4 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097; and de-
5 claring an emergency.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 79.0102 is amended to read:

8 79.0102. **UCC 9-102. Definitions and index of definitions.** (1) As used in this chapter:

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

11 (b) "Account," except as used in "account for":

12 (A) Means a right to payment of a monetary obligation, whether or not earned by performance:

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

15 (ii) For services rendered or to be rendered;

16 (iii) For a policy of insurance issued or to be issued;

17 (iv) For a secondary obligation incurred or to be incurred;

18 (v) For energy provided or to be provided;

19 (vi) For the use or hire of a vessel under a charter or other contract;

20 (vii) Arising out of the use of a credit or charge card or information contained on or for use
21 with the card; or

22 (viii) As winnings in a lottery or other game of chance operated or sponsored by a state, gov-
23 ernmental unit of a state, or person licensed or authorized to operate the game by a state or gov-
24 ernmental unit of a state. The term includes health-care-insurance receivables.

25 (B) Does not include:

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

- 1 (i) Rights to payment evidenced by chattel paper or an instrument;
2 (ii) Commercial tort claims;
3 (iii) Deposit accounts;
4 (iv) Investment property;
5 (v) Letter-of-credit rights or letters of credit; or
6 (vi) Rights to payment for money or funds advanced or sold, other than rights arising out of the
7 use of a credit or charge card or information contained on or for use with the card.
- 8 (c)(A) “Account debtor” means a person obligated on an account, chattel paper or general in-
9 tangible.
- 10 (B) The term does not include persons obligated to pay a negotiable instrument, even if the in-
11 strument constitutes part of chattel paper.
- 12 (d) “Accounting,” except as used in “accounting for,” means a record:
13 (A) Authenticated by a secured party;
14 (B) Indicating the aggregate unpaid secured obligations as of a date not more than 35 days
15 earlier or 35 days later than the date of the record; and
16 (C) Identifying the components of the obligations in reasonable detail.
- 17 (e) “Agricultural lien” means an interest, other than a security interest or a lien created under
18 ORS 87.226, 87.228, 87.700 to 87.736 or 87.750 to 87.777, in farm products:
19 (A) Which secures payment or performance of an obligation for:
20 (i) Goods or services furnished in connection with a debtor’s farming operation; or
21 (ii) Rent on real property leased by a debtor in connection with its farming operation;
22 (B) Which is created by statute in favor of a person that:
23 (i) In the ordinary course of its business furnished goods or services to a debtor in connection
24 with a debtor’s farming operation; or
25 (ii) Leased real property to a debtor in connection with the debtor’s farming operation; and
26 (C) Whose effectiveness does not depend on the person’s possession of the personal property.
- 27 (f) “As-extracted collateral” means:
28 (A) Oil, gas or other minerals that are subject to a security interest that:
29 (i) Is created by a debtor having an interest in the minerals before extraction; and
30 (ii) Attaches to the minerals as extracted; or
31 (B) Accounts arising out of the sale at the wellhead or minehead of oil, gas or other minerals
32 in which the debtor had an interest before extraction.
- 33 (g) “Authenticate” means:
34 (A) To sign; or
35 (B) *[To execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or*
36 *in part, with the present intent of the authenticating person to identify the person and adopt or accept*
37 *a record.]* **With present intent to adopt or accept a record, to attach to or logically associate**
38 **with the record an electronic sound, symbol or process.**
- 39 (h) “Bank” means an organization that is engaged in the business of banking. The term includes
40 savings banks, savings and loan associations, credit unions and trust companies.
- 41 (i) “Cash proceeds” means proceeds that are money, checks, deposit accounts or the like.
42 (j) “Certificate of title” means a certificate of title with respect to which a statute provides for
43 the security interest in question to be indicated on the certificate as a condition or result of the
44 security interest’s obtaining priority over the rights of a lien creditor with respect to the collateral.
45 **“Certificate of title” includes another record maintained as an alternative to the certificate**

1 **of title by the governmental unit that issues certificates of title if a statute permits the se-**
2 **curity interest in question to be indicated on the record as a condition or result of the se-**
3 **curity interest's obtaining priority over the rights of the lien creditor with respect to the**
4 **collateral.**

5 (k)(A) "Chattel paper" means a record or records that evidence both a monetary obligation and
6 a security interest in specific goods, a security interest in specific goods and software used in the
7 goods, a security interest in specific goods and license of software used in the goods, a lease of
8 specific goods, or a lease of specific goods and license of software used in the goods. In this para-
9 graph, "monetary obligation" means a monetary obligation secured by the goods or owed under a
10 lease of the goods and includes a monetary obligation with respect to software used in the goods.

11 (B) The term does not include:

12 (i) Charters or other contracts involving the use or hire of a vessel; or

13 (ii) Records that evidence a right to payment arising out of the use of a credit or charge card
14 or information contained on or for use with the card. If a transaction is evidenced by records that
15 include an instrument or series of instruments, the group of records taken together constitutes
16 chattel paper.

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

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

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

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

22 (m) "Commercial tort claim" means a claim arising in tort with respect to which:

23 (A) The claimant is an organization; or

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

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

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

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

29 (o) "Commodity contract" means a commodity futures contract, an option on a commodity fu-
30 tures contract, a commodity option or another contract if the contract or option is:

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

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

35 (p) "Commodity customer" means a person for which a commodity intermediary carries a com-
36modity contract on its books.

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

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

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

41 (r) "Communicate" means:

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

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

45 (C) In the case of transmission of a record to or by a filing office, to transmit a record by any

- 1 means prescribed by filing-office rule.
- 2 (s) "Consignee" means a merchant to which goods are delivered in a consignment.
- 3 (t) "Consignment" means a transaction, regardless of its form, in which a person delivers goods
4 to a merchant for the purpose of sale and:
- 5 (A) The merchant:
- 6 (i) Deals in goods of that kind under a name other than the name of the person making delivery;
- 7 (ii) Is not an auctioneer; and
- 8 (iii) Is not generally known by its creditors to be substantially engaged in selling the goods of
9 others;
- 10 (B) With respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time
11 of delivery;
- 12 (C) The goods are not consumer goods immediately before delivery; and
- 13 (D) The transaction does not create a security interest that secures an obligation.
- 14 (u) "Consignor" means a person that delivers goods to a consignee in a consignment.
- 15 (v) "Consumer debtor" means a debtor in a consumer transaction.
- 16 (w) "Consumer goods" means goods that are used or bought for use primarily for personal,
17 family or household purposes.
- 18 (x) "Consumer-goods transaction" means a consumer transaction in which:
- 19 (A) An individual incurs an obligation primarily for personal, family or household purposes; and
- 20 (B) A security interest in consumer goods secures the obligation.
- 21 (y) "Consumer obligor" means an obligor who is an individual and who incurred the obligation
22 as part of a transaction entered into primarily for personal, family or household purposes.
- 23 (z)(A) "Consumer transaction" means a transaction in which:
- 24 (i) An individual incurs an obligation primarily for personal, family or household purposes;
- 25 (ii) A security interest secures the obligation; and
- 26 (iii) The collateral is held or acquired primarily for personal, family or household purposes.
- 27 (B) The term includes consumer-goods transactions.
- 28 (aa) "Continuation statement" means an amendment of a financing statement which:
- 29 (A) Identifies, by its file number, the initial financing statement to which it relates; and
- 30 (B) Indicates that it is a continuation statement for, or that it is filed to continue the effec-
31 tiveness of, the identified financing statement.
- 32 (bb) "Debtor" means:
- 33 (A) A person having an interest, other than a security interest or other lien, in the collateral,
34 whether or not the person is an obligor;
- 35 (B) A seller of accounts, chattel paper, payment intangibles or promissory notes; or
- 36 (C) A consignee.
- 37 (cc)(A) "Deposit account" means a demand, time, savings, passbook or similar account main-
38 tained with a bank.
- 39 (B) The term does not include investment property or accounts evidenced by an instrument.
- 40 (dd) "Document" means a document of title or a receipt of the type described in ORS 77.2010
41 (2).
- 42 (ee) "Electronic chattel paper" means chattel paper evidenced by a record or records consisting
43 of information stored in an electronic medium.
- 44 (ff) "Encumbrance" means a right, other than an ownership interest, in real property. The term
45 includes mortgages and other liens on real property.

- 1 (gg) "Equipment" means goods other than inventory, farm products or consumer goods.
- 2 (hh) "Farm products" means goods, other than standing timber, with respect to which the debtor
3 is engaged in a farming operation and which are:
- 4 (A) Crops grown, growing, or to be grown, including:
- 5 (i) Crops produced on trees, vines and bushes; and
- 6 (ii) Aquatic goods produced in aquacultural operations;
- 7 (B) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;
- 8 (C) Supplies used or produced in a farming operation; or
- 9 (D) Products of crops or livestock in their unmanufactured states.
- 10 (ii) "Farming operation" means raising, cultivating, propagating, fattening, grazing or any other
11 farming, livestock or aquacultural operation.
- 12 (jj) "File number" means the number assigned to an initial financing statement pursuant to ORS
13 79.0519 (1).
- 14 (kk) "Filing office" means an office designated in ORS 79.0501 as the place to file a financing
15 statement.
- 16 (LL) "Filing-office rule" means a rule adopted pursuant to ORS 79.0526.
- 17 (mm) "Financing statement" means a record or records composed of an initial financing state-
18 ment and any filed record relating to the initial financing statement.
- 19 (nn) "Fixture filing" means the filing of a financing statement covering goods that are or are to
20 become fixtures and satisfying ORS 79.0502 (1) and (2). The term includes the filing of a financing
21 statement covering goods of a transmitting utility which are or are to become fixtures.
- 22 (oo)(A) "Fixtures" means goods that have become so related to particular real property that an
23 interest in them arises under real property law.
- 24 (B) The term does not include portable irrigation equipment including movable pipe, pumps,
25 electrical pump panels, pump columns, electrical wire, wheel lines, center pivots and handlines.
- 26 (C) The term includes domestic pumps, domestic pump wire, domestic pump panels, domestic
27 pump columns and buried irrigation equipment including buried pipe, buried electrical wire and all
28 buried well casings.
- 29 (pp) "General intangible" means any personal property, including things in action, other than
30 accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments,
31 investment property, letter-of-credit rights, letters of credit, money and oil, gas or other minerals
32 before extraction. The term includes payment intangibles and software.
- 33 (qq)(A) "Goods" means all things that are movable when a security interest attaches.
- 34 (B) The term includes:
- 35 (i) Fixtures;
- 36 (ii) Standing timber that is to be cut and removed under a conveyance or contract for sale;
- 37 (iii) The unborn young of animals;
- 38 (iv) Crops grown, growing or to be grown, even if the crops are produced on trees, vines or
39 bushes; and
- 40 (v) Manufactured structures.
- 41 (C) The term also includes a computer program embedded in goods and any supporting infor-
42 mation provided in connection with a transaction relating to the program if:
- 43 (i) The program is associated with the goods in such a manner that it customarily is considered
44 part of the goods; or
- 45 (ii) By becoming the owner of the goods, a person acquires a right to use the program in con-

1 nection with the goods.

2 (D) The term does not include a computer program embedded in goods that consist solely of the
3 medium in which the program is embedded. The term also does not include accounts, chattel paper,
4 commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment
5 property, letter-of-credit rights, letters of credit, money or oil, gas or other minerals before ex-
6 traction.

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

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

13 (tt)(A) "Instrument" means a negotiable instrument or any other writing that evidences a right
14 to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type
15 that in ordinary course of business is transferred by delivery with any necessary indorsement or
16 assignment.

17 (B) The term does not include:

18 (i) Investment property;

19 (ii) Letters of credit; or

20 (iii) Writings that evidence a right to payment arising out of the use of a credit or charge card
21 or information contained on or for use with the card.

22 (uu) "Inventory" means goods, other than farm products, which:

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

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

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

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

27 (vv) "Investment property" means a security, whether certificated or uncertificated, security
28 entitlement, securities account, commodity contract or commodity account.

29 (ww) "Jurisdiction of organization," with respect to a registered organization, means the juris-
30 diction under whose law the organization is organized.

31 (xx)(A) "Letter-of-credit right" means a right to payment or performance under a letter of credit,
32 whether or not the beneficiary has demanded or is at the time entitled to demand payment or per-
33 formance.

34 (B) The term does not include the right of a beneficiary to demand payment or performance
35 under a letter of credit.

36 (yy) "Lien creditor" means:

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

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

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

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

41 (zz) "Manufactured structure" has the meaning given that term in ORS 446.561.

42 (aaa) "Manufactured-structure transaction" means a secured transaction:

43 (A) That creates a purchase-money security interest in a manufactured structure, other than a
44 manufactured structure held as inventory; or

45 (B) In which a manufactured structure, other than a manufactured structure held as inventory,

1 is the primary collateral.

2 (bbb) "Mortgage" means a consensual interest in real property, including fixtures, which secures
3 payment or performance of an obligation.

4 (ccc) "New debtor" means a person that becomes bound as debtor under ORS 79.0203 (4) by a
5 security agreement previously entered into by another person.

6 (ddd)(A) "New value" means:

7 (i) Money;

8 (ii) Money's worth in property, services or new credit; or

9 (iii) Release by a transferee of an interest in property previously transferred to the transferee.

10 (B) The term does not include an obligation substituted for another obligation.

11 (eee) "Noncash proceeds" means proceeds other than cash proceeds.

12 (fff)(A) "Obligor" means a person that, with respect to an obligation secured by a security in-
13 terest in or an agricultural lien on the collateral:

14 (i) Owes payment or other performance of the obligation;

15 (ii) Has provided property other than the collateral to secure payment or other performance of
16 the obligation; or

17 (iii) Is otherwise accountable in whole or in part for payment or other performance of the obli-
18 gation.

19 (B) The term does not include issuers or nominated persons under a letter of credit.

20 (ggg) "Original debtor," except as used in ORS 79.0310 (3), means a person that, as debtor, en-
21 tered into a security agreement to which a new debtor has become bound under ORS 79.0203 (4).

22 (hhh) "Payment intangible" means a general intangible under which the account debtor's prin-
23 cipal obligation is a monetary obligation.

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

25 (A) The spouse of the individual;

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

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

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

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

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

33 (B) An officer or director of, or a person performing similar functions with respect to, the or-
34 ganization;

35 (C) An officer or director of, or a person performing similar functions with respect to, a person
36 described in subparagraph (A) of this paragraph;

37 (D) The spouse of an individual described in subparagraph (A), (B) or (C) of this paragraph; or

38 (E) An individual who is related by blood or marriage to an individual described in subpara-
39 graph (A), (B), (C) or (D) of this paragraph and shares the same home with the individual.

40 (kkk) "Proceeds," except as used in ORS 79.0609 (2), means the following property:

41 (A) Whatever is acquired upon the sale, lease, license, exchange or other disposition of collat-
42 eral;

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

44 (C) Rights arising out of collateral;

45 (D) To the extent of the value of collateral, claims arising out of the loss, nonconformity or in-

1 interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

2 (E) To the extent of the value of collateral and to the extent payable to the debtor or the se-
3 cured party, insurance payable by reason of the loss or nonconformity of, defects or infringement
4 of rights in, or damage to, the collateral.

5 (LLL) "Promissory note" means an instrument that evidences a promise to pay a monetary ob-
6 ligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that
7 the bank has received for deposit a sum of money or funds.

8 (mmm) "Proposal" means a record authenticated by a secured party which includes the terms
9 on which the secured party is willing to accept collateral in full or partial satisfaction of the obli-
10 gation it secures pursuant to ORS 79.0620, 79.0621 and 79.0622.

11 (nnn) "Public-finance transaction" means a secured transaction in connection with which:

12 (A) Debt securities are issued;

13 (B) All or a portion of the securities issued have an initial stated maturity of at least 20 years;
14 and

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

18 (ooo) "**Public organic record**" means a record that is available to the public for inspection
19 and is:

20 (A) **A record consisting of the record initially filed with or issued by a state or the United**
21 **States to form or organize an organization and any record filed with or issued by the state**
22 **or the United States that amends or restates the initial record;**

23 (B) **An organic record of a business trust consisting of the record initially filed with a**
24 **state and any record filed with the state that amends or restates the initial record, if a**
25 **statute of the state governing business trusts requires that the record be filed with the**
26 **state; or**

27 (C) **A record consisting of legislation enacted by the legislature of a state or the Congress**
28 **of the United States that forms or organizes an organization, any record amending the leg-**
29 **islation and any record filed with or issued by the state or the United States that amends**
30 **or restates the name of the organization.**

31 [(ooo)] (ppp) "Pursuant to commitment," with respect to an advance made or other value given
32 by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent
33 event of default or other event not within the secured party's control has relieved or may relieve
34 the secured party from its obligation.

35 [(ppp)] (qqq) "Record," except as used in "for record," "of record," "record or legal title" and
36 "record owner," means information that is inscribed on a tangible medium or which is stored in an
37 electronic or other medium and is retrievable in perceivable form.

38 [(qqq)] (rrr) "Registered organization" means an organization **formed or** organized solely under
39 the law of a single state or the United States [*and as to which the state or the United States is re-*
40 *quired by statute or regulation to maintain a public record showing the organization to have been or-*
41 *ganized.*] **by the filing of a public organic record with, the issuance of a public organic record**
42 **by or the enactment of legislation by the state or the United States. "Registered**
43 **organization" includes a business trust that is formed or organized under the law of a single**
44 **state if a statute of the state governing business trusts requires that the business trust's**
45 **organic record be filed with the state.**

1 [(rrr)] (sss) "Secondary obligor" means an obligor to the extent that:

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

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

5 [(sss)] (ttt) "Secured party" means:

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

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

9 (C) A consignor;

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

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

14 (F) A person that holds a security interest arising under ORS 72.4010, 72.5050, 72.7110 (3),
15 72A.5080 (5), 74.2100 or 75.1180.

16 [(ttt)] (uuu) "Security agreement" means an agreement that creates or provides for a security
17 interest.

18 [(uuu)] (vvv) "Send," in connection with a record or notification, means:

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

22 (B) To cause the record or notification to be received within the time that it would have been
23 received if properly sent under subparagraph (A) of this paragraph.

24 [(vvv)(A)] (www)(A) "Software" means a computer program and any supporting information
25 provided in connection with a transaction relating to the program.

26 (B) The term does not include a computer program that is included in the definition of goods.

27 [(www)] (xxx) "State" means a state of the United States, the District of Columbia, Puerto Rico,
28 the United States Virgin Islands or any territory or insular possession subject to the jurisdiction
29 of the United States.

30 [(xxx)] (yyy) "Supporting obligation" means a letter-of-credit right or secondary obligation that
31 supports the payment or performance of an account, chattel paper, a document, a general intangible,
32 an instrument or investment property.

33 [(yyy)] (zzz) "Tangible chattel paper" means chattel paper evidenced by a record or records
34 consisting of information that is inscribed on a tangible medium.

35 [(zzz)] (aaaa) "Termination statement" means an amendment of a financing statement which:

36 (A) Identifies, by its file number, the initial financing statement to which it relates; and

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

39 [(aaaa)] (bbbb) "Transmitting utility" means an organization primarily engaged in the business
40 of:

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

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

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

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

45 (2) "Control" as provided in ORS 77.1060 and the following definitions in other sections apply

1	to this chapter:	
2		
3	“Applicant”	ORS 75.1020
4	“Beneficiary”	ORS 75.1020
5	“Broker”	ORS 78.1020
6	“Certificated security”	ORS 78.1020
7	“Check”	ORS 73.0104
8	“Clearing corporation”	ORS 78.1020
9	“Contract for sale”	ORS 72.1060
10	“Customer”	ORS 74.1040
11	“Entitlement holder”	ORS 78.1020
12	“Financial asset”	ORS 78.1020
13	“Holder in due course”	ORS 73.0302
14	“Issuer” (with respect	
15	to a letter of credit or	
16	letter-of-credit right)	ORS 75.1020
17	“Issuer” (with respect	
18	to a security)	ORS 78.2010
19	“Issuer” (with respect	
20	to documents of title)	ORS 77.1020
21	“Lease”	ORS 72A.1030
22	“Lease agreement”	ORS 72A.1030
23	“Lease contract”	ORS 72A.1030
24	“Leasehold interest”	ORS 72A.1030
25	“Lessee”	ORS 72A.1030
26	“Lessee in ordinary course	
27	of business”	ORS 72A.1030
28	“Lessor”	ORS 72A.1030
29	“Lessor’s residual	
30	interest”	ORS 72A.1030
31	“Letter of credit”	ORS 75.1020
32	“Merchant”	ORS 72.1040
33	“Negotiable instrument”	ORS 73.0104
34	“Nominated person”	ORS 75.1020
35	“Note”	ORS 73.0104
36	“Proceeds of a letter	
37	of credit”	ORS 75.1140
38	“Prove”	ORS 73.0103
39	“Sale”	ORS 72.1060
40	“Securities account”	ORS 78.5010
41	“Securities intermediary”	ORS 78.1020
42	“Security”	ORS 78.1020
43	“Security certificate”	ORS 78.1020
44	“Security entitlement”	ORS 78.1020
45	“Uncertificated security”	ORS 78.1020

1 (3) ORS chapter 71 contains general definitions and principles of construction and interpretation
2 applicable throughout this chapter.

3 **SECTION 2.** ORS 79.0105 is amended to read:

4 79.0105. **UCC 9-105. Control of electronic chattel paper.** *[A secured party has control of elec-*
5 *tronic chattel paper if the record or records comprising the chattel paper are created, stored and as-*
6 *signed in such a manner that:]*

7 (1) **A secured party has control of electronic chattel paper if a system employed for evi-**
8 **dencing the transfer of interests in the chattel paper reliably establishes the secured party**
9 **as the person to which the chattel paper was assigned.**

10 (2) **A system satisfies the provisions of subsection (1) of this section if the record or re-**
11 **ords comprising the chattel paper are created, stored and assigned in such a manner that:**

12 [(1)] (a) A single authoritative copy of the record or records exists which is unique, identifiable
13 and, except as otherwise provided in [subsections (4), (5) and (6) of this section] **paragraphs (d), (e)**
14 **and (f) of this subsection**, unalterable;

15 [(2)] (b) The authoritative copy identifies the secured party as the assignee of the record or re-
16 cords;

17 [(3)] (c) The authoritative copy is communicated to and maintained by the secured party or its
18 designated custodian;

19 [(4)] (d) Copies or [revisions] **amendments** that add or change an identified assignee of the au-
20 thoritative copy can be made only with the [participation] **consent** of the secured party;

21 [(5)] (e) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a
22 copy that is not the authoritative copy; and

23 [(6)] (f) Any [revision] **amendment** of the authoritative copy is readily identifiable as [an] au-
24 thorized or unauthorized [revision].

25 **SECTION 3.** ORS 79.0208 is amended to read:

26 79.0208. **UCC 9-208. Additional duties of secured party having control of collateral.** (1) This
27 section applies to cases in which there is no outstanding secured obligation and the secured party
28 is not committed to make advances, incur obligations or otherwise give value.

29 (2) Within 10 days after receiving an authenticated demand by the debtor:

30 (a) A secured party having control of a deposit account under ORS 79.0104 (1)(b) shall send to
31 the bank with which the deposit account is maintained an authenticated statement that releases the
32 bank from any further obligation to comply with instructions originated by the secured party;

33 (b) A secured party having control of a deposit account under ORS 79.0104 (1)(c) shall:

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

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

36 (c) A secured party, other than a buyer, having control of electronic chattel paper under ORS
37 79.0105 shall:

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

40 (B) If the debtor designates a custodian that is the designated custodian with which the au-
41 thoritative copy of the electronic chattel paper is maintained for the secured party, communicate
42 to the custodian an authenticated record releasing the designated custodian from any further obli-
43 gation to comply with instructions originated by the secured party and instructing the custodian to
44 comply with instructions originated by the debtor; and

45 (C) Take appropriate action to enable the debtor or its designated custodian to make copies of

1 or [revisions] **amendments** to the authoritative copy which add or change an identified assignee of
2 the authoritative copy without the consent of the secured party;

3 (d) A secured party having control of investment property under ORS 78.1060 (4)(b) or 79.0106
4 (2) shall send to the securities intermediary or commodity intermediary with which the security
5 entitlement or commodity contract is maintained an authenticated record that releases the securities
6 intermediary or commodity intermediary from any further obligation to comply with entitlement or-
7 ders or directions originated by the secured party;

8 (e) A secured party having control of a letter-of-credit right under ORS 79.0107 shall send to
9 each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the
10 secured party an authenticated release from any further obligation to pay or deliver proceeds of the
11 letter of credit to the secured party; and

12 (f) A secured party having control of an electronic document shall:

13 (A) Give control of the electronic document to the debtor or a designated custodian;

14 (B) If the debtor designates a custodian that is the designated custodian with which the au-
15 thoritative copy of the electronic document is maintained for the secured party, communicate to the
16 custodian an authenticated record releasing the designated custodian from any further obligation to
17 comply with instructions originated by the secured party and instructing the custodian to comply
18 with instructions originated by the debtor; and

19 (C) Take appropriate action to enable the debtor or its designated custodian to make copies of
20 or [revisions] **amendments** to the authoritative copy that add or change an identified assignee of
21 the authoritative copy without the consent of the secured party.

22 **SECTION 4.** ORS 79.0307 is amended to read:

23 79.0307. **UCC 9-307. Location of debtor.** (1) As used in this section, “place of business” means
24 a place where a debtor conducts its affairs.

25 (2) Except as otherwise provided in this section, the following rules determine a debtor’s lo-
26 cation:

27 (a) A debtor who is an individual is located at the individual’s principal residence.

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

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

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

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

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

41 (6) Except as otherwise provided in subsection (9) of this section, a registered organization that
42 is organized under the law of the United States and a branch or agency of a bank that is not or-
43 ganized under the law of the United States or a state are located:

44 (a) In the state that the law of the United States designates, if the law designates a state of
45 location;

1 (b) In the state that the registered organization, branch or agency designates, if the law of the
2 United States authorizes the registered organization, branch or agency to designate its state of lo-
3 cation, **including by designating its main office, home office or other comparable office**; or

4 (c) In the District of Columbia, if neither paragraph (a) nor paragraph (b) of this subsection
5 applies.

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

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

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

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

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

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

17 (11) This section applies only for purposes of ORS 79.0301 to 79.0342.

18 **SECTION 5.** ORS 79.0311 is amended to read:

19 79.0311. **UCC 9-311. Perfection of security interests in property subject to certain statutes,**
20 **regulations and treaties.** (1) Except as otherwise provided in subsection (4) of this section, the
21 filing of a financing statement is not necessary or effective to perfect a security interest in property
22 subject to:

23 (a) A statute, regulation or treaty of the United States whose requirements for a security
24 interest's obtaining priority over the rights of a lien creditor with respect to the property preempt
25 ORS 79.0310 (1);

26 (b) ORS chapter 830 and the Oregon Vehicle Code;

27 (c) A [*certificate-of-title*] statute of another jurisdiction [*which*] **that** provides for a security in-
28 terest to be indicated on [*the*] **a certificate of title** as a condition or result of the security interest's
29 obtaining priority over the rights of a lien creditor with respect to the property; or

30 (d) ORS 446.611 (1).

31 (2) Compliance with the requirements of a statute, regulation or treaty described in subsection
32 (1) of this section for obtaining priority over the rights of a lien creditor is equivalent to the filing
33 of a financing statement under this chapter. Except as otherwise provided in subsection (4) of this
34 section and ORS 79.0313, 79.0316 (4) and (5) and 79.0334 for goods covered by a certificate of title
35 or for a manufactured structure, a security interest in property subject to a statute, regulation or
36 treaty described in subsection (1) of this section may be perfected only by compliance with those
37 requirements, and a security interest so perfected remains perfected notwithstanding a change in the
38 use or transfer of possession of the collateral.

39 (3) Except as otherwise provided in subsection (4) of this section and ORS 79.0316 (4) and (5),
40 duration and renewal of perfection of a security interest perfected by compliance with the require-
41 ments prescribed by a statute, regulation or treaty described in subsection (1) of this section are
42 governed by the statute, regulation or treaty. In other respects, the security interest is subject to
43 this chapter.

44 (4) During any period in which collateral subject to a statute specified in subsection (1)(b) or (d)
45 of this section is inventory held for sale or lease by a person or leased by that person as lessor and

1 that person is in the business of selling goods of that kind, this section does not apply to a security
2 interest in that collateral created by that person.

3 **SECTION 6.** ORS 79.0316 is amended to read:

4 **79.0316. UCC 9-316. Effect of change in governing law.** (1) A security interest perfected pur-
5 suant to the law of the jurisdiction designated in ORS 79.0301 (1) or 79.0305 (3) remains perfected
6 until the earliest of:

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

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

9 or

10 (c) The expiration of one year after a transfer of collateral to a person that thereby becomes a
11 debtor and is located in another jurisdiction.

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

17 (3) A possessory security interest in collateral, other than goods covered by a certificate of title,
18 a manufactured structure or as-extracted collateral consisting of goods, remains continuously per-
19 fected if:

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

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

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

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

31 (5) A security interest described in subsection (4) of this section becomes unperfected as against
32 a purchaser of the goods for value and is deemed never to have been perfected as against a pur-
33 chaser of the goods for value if the applicable requirements for perfection under ORS 79.0311 (2) or
34 79.0313 are not satisfied before the earlier of:

35 (a) The time the security interest would have become unperfected under the law of the other
36 jurisdiction had the goods not become covered by a certificate of title or a manufactured structure
37 ownership document or deed record in this state; or

38 (b) The expiration of four months after the goods had become so covered.

39 (6) A security interest in deposit accounts, letter-of-credit rights or investment property which
40 is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's
41 jurisdiction, the securities intermediary's jurisdiction or the commodity intermediary's jurisdiction,
42 as applicable, remains perfected until the earlier of:

43 (a) The time the security interest would have become unperfected under the law of that juris-
44 diction; or

45 (b) The expiration of four months after a change of the applicable jurisdiction to another juris-

1 diction.

2 (7) If a security interest described in subsection (6) of this section becomes perfected under the
3 law of the other jurisdiction before the earlier of the time or the end of the period described in
4 subsection (6) of this section, it remains perfected thereafter. If the security interest does not be-
5 come perfected under the law of the other jurisdiction before the earlier of that time or the end of
6 that period, it becomes unperfected and is deemed never to have been perfected as against a pur-
7 chaser of the collateral for value.

8 **(8) The following rules apply to collateral to which a security interest attaches within**
9 **four months after the debtor changes the debtor's location to another jurisdiction:**

10 (a) **A financing statement filed before the change pursuant to the law of the jurisdiction**
11 **designated in ORS 79.0301 (1) or 79.0305 (3) is effective to perfect a security interest in the**
12 **collateral if the financing statement would have been effective to perfect a security interest**
13 **in the collateral had the debtor not changed the debtor's location.**

14 (b) **If a security interest perfected by a financing statement that is effective under par-**
15 **agraph (a) of this subsection becomes perfected under the law of the other jurisdiction before**
16 **the earlier of the time the financing statement would have become ineffective under the law**
17 **of the jurisdiction designated in ORS 79.0301 (1) or 79.0305 (3), or the expiration of the four-**
18 **month period, it remains perfected thereafter. If the security interest does not become per-**
19 **fected under the law of the other jurisdiction before the earlier time or event, it becomes**
20 **unperfected and is deemed never to have been perfected as against a purchaser of the**
21 **collateral for value.**

22 (9) **If a financing statement naming an original debtor is filed pursuant to the law of the**
23 **jurisdiction designated in ORS 79.0301 (1) or 79.0305 (3) and the new debtor in another juris-**
24 **isdiction, the following rules apply:**

25 (a) **The financing statement is effective to perfect a security interest in collateral ac-**
26 **quired by the new debtor before, and within four months after, the new debtor becomes**
27 **bound under ORS 79.0203 (4) if the financing statement would have been effective to perfect**
28 **a security interest in the collateral had the collateral been acquired by the original debtor.**

29 (b) **A security interest perfected by the financing statement and that becomes perfected**
30 **under the law of the other jurisdiction before the earlier of the time the financing statement**
31 **would have become ineffective under the law of the jurisdiction designated in ORS 79.0301 (1)**
32 **or 79.0305 (3), or the expiration of the four-month period, remains perfected thereafter. A**
33 **security interest that is perfected by the financing statement but that does not become**
34 **perfected under the law of the other jurisdiction before the earlier time or event becomes**
35 **unperfected and is deemed never to have been perfected as against a purchaser of the**
36 **collateral for value.**

37 **SECTION 7.** ORS 79.0317 is amended to read:

38 **79.0317. UCC 9-317. Interests that take priority over or take free of security interest or**
39 **agricultural lien.** (1) A security interest or agricultural lien is subordinate to the rights of:

40 (a) A person entitled to priority under ORS 79.0322; and

41 (b) Except as otherwise provided in subsection (5) of this section, a person that becomes a lien
42 creditor before the earlier of the time:

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

44 (B) One of the conditions specified in ORS 79.0203 (2)(c) is met and a financing statement cov-
45 ering the collateral is filed.

1 (2) Except as otherwise provided in subsection (5) of this section, a buyer, other than a secured
 2 party, of tangible chattel paper, tangible documents, goods, instruments or a **certificated** security
 3 [*certificate*] takes free of a security interest or agricultural lien if the buyer gives value and receives
 4 delivery of the collateral without knowledge of the security interest or agricultural lien and before
 5 it is perfected.

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

9 (4) A licensee of a general intangible or a buyer, other than a secured party, of [*accounts, elec-*
 10 *tronic chattel paper, electronic documents, general intangibles or investment property*] **collateral** other
 11 than **tangible chattel paper, tangible documents, goods, instruments or** a certificated security
 12 takes free of a security interest if the licensee or buyer gives value without knowledge of the se-
 13 curity interest and before it is perfected.

14 (5) Except as otherwise provided in ORS 79.0320 and 79.0321, if a person files a financing
 15 statement with respect to a purchase-money security interest before or within 20 days after the
 16 debtor receives delivery of the collateral, the security interest takes priority over the rights of a
 17 buyer, lessee or lien creditor which arise between the time the security interest attaches and the
 18 time of filing.

19 **SECTION 8.** ORS 79.0326 is amended to read:

20 79.0326. **UCC 9-326. Priority of security interests created by new debtor.** (1) Subject to
 21 subsection (2) of this section, a security interest **that is** created by a new debtor [*which is*] **in**
 22 **collateral in which the new debtor has or acquires rights and is** perfected **solely** by a filed fi-
 23 nancing statement that [*is effective solely under ORS 79.0508 in collateral in which a new debtor has*
 24 *or acquires rights*] **would be ineffective to perfect the security interest but for the application**
 25 **of ORS 79.0316 (9)(a) or 79.0508** is subordinate to a security interest in the same collateral which
 26 is perfected other than by **such** a filed financing statement [*that is effective solely under ORS*
 27 *79.0508*].

28 (2) The other provisions of ORS 79.0301 to 79.0342 determine the priority among conflicting se-
 29 curity interests in the same collateral perfected by filed financing statements [*that are effective solely*
 30 *under ORS 79.0508*] **described in subsection (1) of this section.** However, if the security agree-
 31 ments to which a new debtor became bound as debtor were not entered into by the same original
 32 debtor, the conflicting security interests rank according to priority in time of the new debtor's
 33 having become bound.

34 **SECTION 9.** ORS 79.0335 is amended to read:

35 79.0335. **UCC 9-335. Accessions.** (1) A security interest may be created in an accession and
 36 continues in collateral that becomes an accession.

37 (2) If a security interest is perfected when the collateral becomes an accession, the security in-
 38 terest remains perfected in the collateral.

39 (3) Except as otherwise provided in subsections (4) and (7) of this section, the other provisions
 40 of ORS 79.0301 to 79.0342 determine the priority of a security interest in an accession.

41 (4) Except as otherwise provided in subsection (7) of this section, a security interest in an ac-
 42 cession is subordinate to a security interest in the whole which is perfected by compliance with [*the*
 43 *requirements of a certificate-of-title statute under*] ORS 79.0311 (2), [*or with ORS*] 446.611 or 446.626.

44 (5) After default, subject to ORS 79.0601 to 79.0628, a secured party may remove an accession
 45 from other goods if the security interest in the accession has priority over the claims of every per-

1 son having an interest in the whole.

2 (6) A secured party that removes an accession from other goods under subsection (5) of this
3 section shall promptly reimburse any holder of a security interest or other lien on, or owner of, the
4 whole or of the other goods, other than the debtor, for the cost of repair of any physical injury to
5 the whole or the other goods. The secured party need not reimburse the holder or owner for any
6 diminution in value of the whole or the other goods caused by the absence of the accession removed
7 or by any necessity for replacing it. A person entitled to reimbursement may refuse permission to
8 remove until the secured party gives adequate assurance for the performance of the obligation to
9 reimburse.

10 (7) A security interest in an accession has priority over a security interest in the whole which
11 is perfected by compliance with the requirements of [*a certificate-of-title statute under*] ORS 79.0311
12 (2) or with ORS 446.611 or 446.626 if the security interest in the accession is a purchase money se-
13 curity interest that is perfected when the debtor receives possession of the accession or within 20
14 days thereafter.

15 **SECTION 10.** ORS 79.0406 is amended to read:

16 **79.0406. UCC 9-406. Discharge of account debtor; notification of assignment; identification**
17 **and proof of assignment; restrictions on assignment of accounts, chattel paper, payment in-**
18 **tangibles and promissory notes ineffective.** (1) Subject to subsections (2) to (9) of this section,
19 an account debtor on an account, chattel paper or a payment intangible may discharge its obligation
20 by paying the assignor until, but not after, the account debtor receives a notification, authenticated
21 by the assignor or the assignee, that the amount due or to become due has been assigned and that
22 payment is to be made to the assignee. After receipt of the notification, the account debtor may
23 discharge its obligation by paying the assignee and may not discharge the obligation by paying the
24 assignor.

25 (2) Subject to subsection (8) of this section, notification is ineffective under subsection (1) of this
26 section:

27 (a) If it does not reasonably identify the rights assigned;

28 (b) To the extent that an agreement between an account debtor and a seller of a payment in-
29 tangible limits the account debtor's duty to pay a person other than the seller and the limitation is
30 effective under law other than this chapter; or

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

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

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

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

37 (3) Subject to subsection (8) of this section, if requested by the account debtor, an assignee shall
38 seasonably furnish reasonable proof that the assignment has been made. Unless the assignee com-
39 plies, the account debtor may discharge its obligation by paying the assignor, even if the account
40 debtor has received a notification under subsection (1) of this section.

41 (4) Except as otherwise provided in subsection (5) of this section and ORS 72A.3030 and 79.0407,
42 and subject to subsection (8) of this section, a term in an agreement between an account debtor and
43 an assignor or in a promissory note is ineffective to the extent that it:

44 (a) Prohibits, restricts or requires the consent of the account debtor or person obligated on the
45 promissory note to the assignment or transfer of, or the creation, attachment, perfection or

1 enforcement of a security interest in, the account, chattel paper, payment intangible or promissory
2 note; or

3 (b) Provides that the assignment or transfer or the creation, attachment, perfection or enforce-
4 ment of the security interest may give rise to a default, breach, right of recoupment, claim, defense,
5 termination, right of termination or remedy under the account, chattel paper, payment intangible
6 or promissory note.

7 (5) Subsection (4) of this section does not apply to the sale of a payment intangible or
8 promissory note, **other than a sale pursuant to a disposition under ORS 79.0610 or an accept-**
9 **ance of collateral under ORS 79.0620.**

10 (6) Except as otherwise provided in ORS 72A.3030 and 79.0407 and subject to subsections (8) and
11 (9) of this section, a rule of law, statute or regulation that prohibits, restricts or requires the con-
12 sent of a government, governmental body or official, or account debtor to the assignment or transfer
13 of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that
14 the rule of law, statute or regulation:

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

18 (b) Provides that the assignment or transfer or the creation, attachment, perfection or enforce-
19 ment of the security interest may give rise to a default, breach, right of recoupment, claim, defense,
20 termination, right of termination or remedy under the account or chattel paper.

21 (7) Subject to subsection (8) of this section, an account debtor may not waive or vary its option
22 under subsection (2)(c) of this section.

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

26 (9)(a) This section does not apply to the assignment of a health-care-insurance receivable.

27 (b) Subsections (4) and (6) of this section do not apply to the assignment or transfer of, or the
28 creation of a security interest in, a claim or right to receive compensation for injuries or sickness
29 as described in 26 U.S.C. 104(a)(2), provided that such transaction constitutes a sale of such claim
30 or right. The limitation in this paragraph is intended to leave to the court the determination of the
31 proper rules in such cases. The court may not infer from that limitation the nature of the proper
32 rule in such cases and may continue to apply established approaches.

33 (c) Subsections (4) and (6) of this section do not apply to the following:

34 (A) The assignment or transfer of, or the creation of a security interest in, a claim or right to
35 receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(1);

36 (B) The assignment or transfer of, or the creation of a security interest in, a claim or right to
37 receive benefits under a special needs trust as described in 42 U.S.C. 1396p(d)(4); or

38 (C) The assignment or transfer of, or the creation, attachment, perfection or enforcement of a
39 security interest in, the benefits, rights, privileges or options accruing under an annuity policy, to
40 the extent that the annuity policy provides for such a restriction and the restriction is permitted
41 under ORS 743.049.

42 (d) Subsection (6) of this section does not apply to the assignment or transfer of, or the creation,
43 attachment, perfection or enforcement of a security interest in, a right when the transfer of the right
44 is prohibited or restricted by ORS 147.325, 461.250 (8) or 656.234, to the extent that ORS 147.325,
45 461.250 (8) or 656.234 is inconsistent with subsection (6) of this section.

1 (10) Except to the extent otherwise provided in subsection (9) of this section, this section pre-
2 vails over any inconsistent provision of an existing or future statute unless the provision refers ex-
3 pressly to this section and states that the provision prevails over this section.

4 **SECTION 11.** ORS 79.0408 is amended to read:

5 79.0408. **UCC 9-408. Restrictions on assignment of promissory notes, health care insurance**
6 **receivables and certain general intangibles ineffective.** (1) Except as otherwise provided in sub-
7 section (2) of this section, a term in a promissory note or in an agreement between an account
8 debtor and a debtor which relates to a health-care-insurance receivable or a general intangible, in-
9 cluding a contract, permit, license or franchise, and which term prohibits, restricts or requires the
10 consent of the person obligated on the promissory note or the account debtor to, the assignment or
11 transfer of, or creation, attachment or perfection of a security interest in, the promissory note,
12 health-care-insurance receivable or general intangible, is ineffective to the extent that the term:

13 (a) Would impair the creation, attachment or perfection of a security interest; or

14 (b) Provides that the assignment or transfer or the creation, attachment or perfection of the
15 security interest may give rise to a default, breach, right of recoupment, claim, defense, termination,
16 right of termination or remedy under the promissory note, health-care-insurance receivable or gen-
17 eral intangible.

18 (2) Subsection (1) of this section applies to a security interest in a payment intangible or
19 promissory note only if the security interest arises out of a sale of the payment intangible or
20 promissory note, **other than a sale pursuant to a disposition under ORS 79.0610 or an accept-**
21 **ance of collateral under ORS 79.0620.**

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

28 (a) Would impair the creation, attachment or perfection of a security interest; or

29 (b) Provides that the assignment or transfer or the creation, attachment or perfection of the
30 security interest may give rise to a default, breach, right of recoupment, claim, defense, termination,
31 right of termination or remedy under the promissory note, health-care-insurance receivable or gen-
32 eral intangible.

33 (4) To the extent that a term in a promissory note or in an agreement between an account
34 debtor and a debtor which relates to a health-care-insurance receivable or general intangible or a
35 rule of law, statute or regulation described in subsection (3) of this section would be effective under
36 law other than this chapter but is ineffective under subsection (1) or (3) of this section, the creation,
37 attachment or perfection of a security interest in the promissory note, health-care-insurance
38 receivable or general intangible:

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

40 (b) Does not impose a duty or obligation on the person obligated on the promissory note or the
41 account debtor;

42 (c) Does not require the person obligated on the promissory note or the account debtor to rec-
43 ognize the security interest, pay or render performance to the secured party, or accept payment or
44 performance from the secured party;

45 (d) Does not entitle the secured party to use or assign the debtor's rights under the promissory

1 note, health-care-insurance receivable or general intangible, including any related information or
2 materials furnished to the debtor in the transaction giving rise to the promissory note, health-care-
3 insurance receivable or general intangible;

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

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

9 (5)(a) Subsections (1) and (3) of this section do not apply to the assignment or transfer of, or the
10 creation of a security interest in, a claim or right to receive compensation for injuries or sickness
11 as described in 26 U.S.C. 104(a)(2), provided that such transaction constitutes a sale of such claim
12 or right. The limitation in this paragraph is intended to leave to the court the determination of the
13 proper rules in such cases. The court may not infer from that limitation the nature of the proper
14 rule in such cases and may continue to apply established approaches.

15 (b) Subsections (1) and (3) of this section do not apply to the following:

16 (A) The assignment or transfer of, or the creation of a security interest in, a claim or right to
17 receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(1);

18 (B) The assignment or transfer of, or the creation of a security interest in, a claim or right to
19 receive benefits under a special needs trust as described in 42 U.S.C. 1396p(d)(4); or

20 (C) The assignment or transfer of, or the creation, attachment, perfection or enforcement of a
21 security interest in, the benefits, rights, privileges or options accruing under an annuity policy, to
22 the extent that the annuity policy provides for such a restriction and the restriction is permitted
23 under ORS 743.049.

24 (c) Subsection (3) of this section does not apply to the assignment or transfer of, or the creation,
25 attachment, perfection or enforcement of a security interest in, a right when the transfer of the right
26 is prohibited or restricted by ORS 147.325, 461.250 (8) or 656.234, to the extent that ORS 147.325,
27 461.250 (8) or 656.234 is inconsistent with subsection (3) of this section.

28 (6) Except to the extent otherwise provided in subsection (5) of this section, this section prevails
29 over any inconsistent provision of an existing or future statute unless the provision refers expressly
30 to this section and states that the provision prevails over this section.

31 **SECTION 12.** ORS 79.0503 is amended to read:

32 79.0503. **UCC 9-503. Name of debtor and secured party.** (1) A financing statement sufficiently
33 provides the name of the debtor:

34 (a) **Except as otherwise provided in paragraph (c) of this subsection**, if the debtor is a
35 registered organization **or the collateral is held in a trust that is a registered organization**, only
36 if the financing statement provides the name [*of the debtor indicated*] **that is stated to be the**
37 **registered organization's name** on the public **organic** record [*of*] **most recently filed with or**
38 **issued or enacted by** the [*debtor's*] **registered organization's** jurisdiction of organization [*which*
39 *shows the debtor to have been organized*] **that purports to state, amend or restate the registered**
40 **organization's name**;

41 (b) **Subject to subsection (6) of this section**, if the [*debtor is a decedent's estate*] **collateral is**
42 **being administered by the personal representative of a decedent**, only if the financing statement
43 provides, **as the name of the debtor**, the name of the decedent and, **in a separate part of the**
44 **financing statement**, indicates that the [*debtor is an estate*] **collateral is being administered by**
45 **a personal representative**;

1 (c) If the [*debtor is a trust or a trustee acting with respect to property held in trust, only if the*
2 *financing statement*] **collateral is held in a trust that is not a registered organization, only if**
3 **the financing statement:**

4 [(A) *Provides the name specified for the trust in its organic documents or, if no name is specified,*
5 *provides the name of the settlor and additional information sufficient to distinguish the debtor from*
6 *other trusts having one or more of the same settlors; and*]

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

9 **(A) Provides, as the name of the debtor:**

10 **(i) If the organic record of the trust specifies a name for the trust, the name specified;**
11 **or**

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

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

15 **(i) If the name is provided in accordance with subparagraph (A)(i) of this paragraph, in-**
16 **dicates that the collateral is held in trust; or**

17 **(ii) If the name is provided in accordance with subparagraph (A)(ii) of this paragraph,**
18 **provides additional information sufficient to distinguish the trust from other trusts having**
19 **one or more of the same settlors or the same testator and indicates that the collateral is**
20 **held in a trust, unless the additional information so indicates;**

21 **(d) If the debtor is an individual, only if the financing statement:**

22 **(A) Provides the individual name of the debtor;**

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

24 **(C) Subject to subsection (7) of this section, provides the name of the individual that is**
25 **indicated on a driver license or identification card that this state has issued to the individual**
26 **and that has not expired; and**

27 [(d)] **(e) In other cases:**

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

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

33 **(2) A financing statement that provides the name of the debtor in accordance with subsection**
34 **(1) of this section is not rendered ineffective by the absence of:**

35 **(a) A trade name or other name of the debtor; or**

36 **(b) Unless required under subsection [(1)(d)(B)] (1)(e)(B) of this section, names of partners,**
37 **members, associates or other persons comprising the debtor.**

38 **(3) A financing statement that provides only the debtor's trade name does not sufficiently pro-**
39 **vide the name of the debtor.**

40 **(4) Failure to indicate the representative capacity of a secured party or representative of a se-**
41 **cured party does not affect the sufficiency of a financing statement.**

42 **(5) A financing statement may provide the name of more than one debtor and the name of more**
43 **than one secured party.**

44 **(6) The name of the decedent indicated on the order appointing the personal represen-**
45 **tative of the decedent issued by the court having jurisdiction over the collateral is sufficient**

1 as the name of the decedent under subsection (1)(b) of this section.

2 (7) If this state has issued to an individual more than one driver license or identification
3 card of a kind described in subsection (1)(d)(C) of this section, the one that was issued most
4 recently is the one to which subsection (1)(d)(C) of this section refers.

5 (8) As used in this section, “name of the settlor or testator” means:

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

10 (b) In other cases, the name of the settlor or testator indicated in the trust’s organic
11 record.

12 **SECTION 13.** ORS 79.0507 is amended to read:

13 79.0507. **UCC 9-507. Effect of certain events on effectiveness of financing statement.** (1)
14 A filed financing statement remains effective with respect to collateral that is sold, exchanged,
15 leased, licensed or otherwise disposed of and in which a security interest or agricultural lien con-
16 tinues, even if the secured party knows of or consents to the disposition.

17 (2) Except as otherwise provided in subsection (3) of this section and ORS 79.0506 (4) and
18 79.0508, a financing statement is not rendered ineffective if, after the financing statement is filed,
19 the information provided in the financing statement becomes seriously misleading under ORS
20 79.0506.

21 (3) If [*a debtor so changes its*] **the name that a filed financing statement provides for a debtor**
22 **becomes insufficient as the name of the debtor under ORS 79.0503 (1) so that the financing**
23 **statement becomes** seriously misleading under ORS 79.0506:

24 (a) The financing statement is effective to perfect a security interest in collateral acquired by
25 the debtor before, or within four months after, the [*change*] **filed financing statement becomes**
26 **seriously misleading**; and

27 (b) The financing statement is not effective to perfect a security interest in collateral acquired
28 by the debtor more than four months after the [*change*] **filed financing statement becomes seri-**
29 **ously misleading**, unless an amendment to the financing statement which renders the financing
30 statement not seriously misleading is filed within four months after the [*change*] **financing state-**
31 **ment becomes seriously misleading.**

32 **SECTION 14.** ORS 79.0515 is amended to read:

33 79.0515. **UCC 9-515. Duration and effectiveness of financing statement; effect of lapsed fi-**
34 **nancing statement; renewal notice; rules.** (1) Except as otherwise provided in subsections (2), (5),
35 (6) and (7) of this section, a filed financing statement is effective for a period of five years after the
36 date of filing.

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

40 (3) The effectiveness of a filed financing statement lapses on the expiration of the period of its
41 effectiveness unless before the lapse a continuation statement is filed pursuant to subsection (4) of
42 this section. Upon lapse, a financing statement ceases to be effective and any security interest or
43 agricultural lien that was perfected by the financing statement becomes unperfected, unless the se-
44 curity interest is perfected otherwise. If the security interest or agricultural lien becomes unper-
45 fected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral

1 for value.

2 (4) A continuation statement may be filed only within six months before the expiration of the
3 five-year period specified in subsection (1) of this section or the 30-year period specified in sub-
4 section (2) of this section, whichever is applicable.

5 (5) Except as otherwise provided in ORS 79.0510, upon timely filing of a continuation statement,
6 the effectiveness of the initial financing statement continues for a period of five years commencing
7 on the day on which the financing statement would have become ineffective in the absence of the
8 filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner
9 as provided in subsection (3) of this section, unless, before the lapse, another continuation statement
10 is filed pursuant to subsection (4) of this section. Succeeding continuation statements may be filed
11 in the same manner to continue the effectiveness of the initial financing statement.

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

14 (7) A record of a mortgage that is effective as a financing statement filed as a fixture filing
15 under ORS 79.0502 (3) remains effective as a financing statement filed as a fixture filing until the
16 mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real
17 property.

18 (8) The Secretary of State upon request shall provide a renewal notice report to a secured party
19 by electronic mail or other electronic means. The renewal notice report must include:

20 (a) The file number and expiration date for each financing statement or effective financing
21 statement, as defined in ORS 80.100, or a continuation of the financing statement or effective fi-
22 nancing statement, that:

23 (A) Lists the secured party; and

24 (B) Will expire within a period that begins 90 days after the date of the notice and ends one year
25 after the date of the notice;

26 (b) The name of the debtor;

27 (c) A statement that to continue the financing statement or effective financing statement, the
28 secured party may file a continuation statement or an initial financing statement under section 191
29 or 192, chapter 445, Oregon Laws 2001; and

30 (d) Other information that the Secretary of State specifies by rule.

31 **SECTION 15.** ORS 79.0516 is amended to read:

32 **79.0516. UCC 9-516. What constitutes filing; effectiveness of filing.** (1) Except as otherwise
33 provided in subsection (2) of this section, communication of a record to and receipt by a filing office
34 and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

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

36 (a) The record is not communicated by a method or medium of communication authorized by the
37 filing office;

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

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

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

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

43 (i) Does not identify the initial financing statement as required by ORS 79.0512 or 79.0518, as
44 applicable; or

45 (ii) Identifies an initial financing statement whose effectiveness has lapsed under ORS 79.0515,

1 and the filing office is that described in ORS 79.0501 (1)(b);

2 (C) In the case of an initial financing statement that provides the name of a debtor identified
3 as an individual or an amendment that provides a name of a debtor identified as an individual which
4 was not previously provided in the financing statement to which the record relates, the record does
5 not identify the debtor's [*last name*] **surname**; or

6 (D) In the case of a record filed or recorded in the filing office described in ORS 79.0501 (1)(a),
7 the record does not provide a sufficient description of the real property to which it relates;

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

10 (e) In the case of an initial financing statement or an amendment that provides a name of a
11 debtor which was not previously provided in the financing statement to which the amendment re-
12 lates, the record does not:

13 (A) Provide a mailing address for the debtor, unless the initial financing statement or amend-
14 ment is included in a mortgage and the filing office is that described in ORS 79.0501 (1)(a); **or**

15 (B) Indicate whether the **name provided as the name of the** debtor is **the name of** an indi-
16 vidual or an organization, unless the initial financing statement or amendment is included in a
17 mortgage and the filing office is that described in ORS 79.0501 (1)(a); [or]

18 [*(C) If the filing office is that described in ORS 79.0501 (1)(b) and the financing statement indicates*
19 *that the debtor is an organization, provide:]*

20 [*(i) A type of organization for the debtor;*]

21 [*(ii) A jurisdiction of organization for the debtor or, as an alternative when the debtor is not a*
22 *registered organization, an indication that the debtor is not a registered organization; or]*

23 [*(iii) An organizational identification number for the debtor or indicate that the debtor has none;*]

24 (f) In the case of an assignment reflected in an initial financing statement under ORS 79.0514
25 (1) or an amendment filed under ORS 79.0514 (2), the record does not provide a name and mailing
26 address for the assignee;

27 (g) In the case of a continuation statement, the record is not filed within the six-month period
28 prescribed by ORS 79.0515 (4) and the filing office is that described in ORS 79.0501 (1)(b); or

29 (h) In the case of a record presented for filing at the filing office described in ORS 79.0501 (1)(b),
30 the record on its face reveals, based on factors such as whether the debtor and the secured party
31 are the same person or whether the collateral described is within the scope of this chapter, that the
32 record is being filed for a purpose other than a transaction that is within the scope of this chapter.

33 (3) For purposes of subsection (2) of this section:

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

36 (b) A record that does not indicate that it is an amendment or identify an initial financing
37 statement to which it relates, as required by ORS 79.0512, 79.0514 or 79.0518, is an initial financing
38 statement.

39 (4) A record that is communicated to and received by the filing office with tender of the filing
40 fee under subsection (1) of this section, but which the filing office refuses to accept for a reason
41 other than one set forth in subsection (2) of this section, is effective as a filed record except as
42 against a purchaser of the collateral which gives value in reasonable reliance upon the absence of
43 the record from the files.

44 **SECTION 16.** ORS 79.0518 is amended to read:

45 79.0518. **UCC 9-518. Claim concerning inaccurate or wrongly filed record.** (1) A person may

1 file in the filing office [*a correction*] **an information** statement with respect to a record indexed
2 there under the person's name if the person believes that the record is inaccurate or was wrongfully
3 filed.

4 (2) [*A correction*] **An information statement under subsection (1) of this section** must:

5 (a) Identify the record to which it relates by the file number assigned to the initial financing
6 statement to which the record relates;

7 (b) Indicate that it is [*a correction*] **an information** statement;

8 (c) Provide the basis for the person's belief that the record is inaccurate and indicate the man-
9 ner in which the person believes the record should be amended to cure any inaccuracy or provide
10 the basis for the person's belief that the record was wrongfully filed; and

11 (d) Indicate the name of the debtor and the secured party.

12 (3) **A person may file in the filing office an information statement with respect to a re-**
13 **cord filed there if the person is a secured party of record with respect to the filing statement**
14 **to which the record relates and believes that the person that filed the record was not entitled**
15 **to do so under ORS 79.0509 (4).**

16 (4) **An information statement under subsection (3) of this section** must:

17 (a) **Identify the record to which it relates by the file number assigned to the initial fi-**
18 **nancing statement to which the record relates;**

19 (b) **Indicate that it is an information statement; and**

20 (c) **Provide the basis for the person's belief that the person that filed the record was not**
21 **entitled to do so under ORS 79.0509 (4).**

22 [(3)] (5) The filing of [*a correction*] **an information** statement does not affect the effectiveness
23 of an initial financing statement or other filed record.

24 **SECTION 17.** ORS 79.0521 is amended to read:

25 79.0521. **UCC 9-521. Uniform form of written financing statement and amendment.** [(1)] A
26 filing office that accepts written records may not refuse to accept a written initial financing state-
27 ment, **addendum or amendment** in the form and format set forth in the final official text of the
28 [1999] **2010** revisions to Article 9 of the Uniform Commercial Code promulgated by The American
29 Law Institute and the [*National Conference of Commissioners on Uniform State Laws*] **Uniform Law**
30 **Commission**, except for a reason set forth in ORS 79.0516 (2).

31 [(2)] *A filing office that accepts written records may not refuse to accept a written record in the form*
32 *and format set forth in the final official text of the 1999 revisions to Article 9 of the Uniform Com-*
33 *mercial Code promulgated by The American Law Institute and the National Conference of Commis-*
34 *sioners on Uniform State Laws, except for a reason set forth in ORS 79.0516 (2).]*

35 **SECTION 18.** ORS 79.0607 is amended to read:

36 79.0607. **UCC 9-607. Collection and enforcement by secured party.** (1) If so agreed, and in
37 any event after default, a secured party:

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

40 (b) May take any proceeds to which the secured party is entitled under ORS 79.0315;

41 (c) May enforce the obligations of an account debtor or other person obligated on collateral and
42 exercise the rights of the debtor with respect to the obligation of the account debtor or other person
43 obligated on collateral to make payment or otherwise render performance to the debtor, and with
44 respect to any property that secures the obligations of the account debtor or other person obligated
45 on the collateral;

1 (d) If it holds a security interest in a deposit account perfected by control under ORS 79.0104
2 (1)(a), may apply the balance of the deposit account to the obligation secured by the deposit account;
3 and

4 (e) If it holds a security interest in a deposit account perfected by control under ORS 79.0104
5 (1)(b) or (c), may instruct the bank to pay the balance of the deposit account to or for the benefit
6 of the secured party.

7 (2) If necessary to enable a secured party to exercise under subsection (1)(c) of this section the
8 right of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in
9 which a record of the mortgage is recorded the secured party's sworn affidavit, with a copy of the
10 security agreement attached thereto. The affidavit shall be in recordable form and state that:

11 (a) A default has occurred **with respect to the obligation secured by the mortgage**; and

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

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

14 (a) Undertakes to collect from or enforce an obligation of an account debtor or other person
15 obligated on collateral; and

16 (b) Is entitled to charge back uncollected collateral or otherwise to full or limited recourse
17 against the debtor or a secondary obligor.

18 (4) A secured party may deduct from the collections made pursuant to subsection (3) of this
19 section reasonable expenses of collection and enforcement, including reasonable attorney fees and
20 legal expenses incurred by the secured party.

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

23 **SECTION 19.** ORS 79.0619 is amended to read:

24 **79.0619. UCC 9-619. Transfer of record or legal title.** (1) As used in this section, "transfer
25 statement" means a record authenticated by a secured party stating:

26 (a) That the debtor has defaulted in connection with an obligation secured by specified collat-
27 eral;

28 (b) That the secured party has exercised its post-default remedies with respect to the collateral;

29 (c) That, by reason of the exercise, a transferee has acquired the rights of the debtor in the
30 collateral; and

31 (d) The name and mailing address of the secured party, debtor and transferee.

32 (2) A transfer statement entitles the transferee to the transfer of record of all rights of the
33 debtor in the collateral specified in the statement in any official **system for** filing, recording[, *reg-*
34 *istration or certificate-of-title system*] **or registration** covering the collateral **or in accordance with**
35 **the provisions of ORS 79.0311 (2), 446.611 or 446.626.** If a transfer statement is presented with the
36 applicable fee and request form to the official or office responsible for maintaining the system, the
37 official or office shall:

38 (a) Accept the transfer statement;

39 (b) Promptly amend its records to reflect the transfer; and

40 (c) If applicable, issue a new appropriate certificate of title in the name of the transferee.

41 (3) A transfer of the record or legal title to collateral to a secured party under subsection (2)
42 of this section or otherwise is not of itself a disposition of collateral under this chapter and does
43 not of itself relieve the secured party of its duties under this chapter.

44 **SECTION 20. Section 21 of this 2012 Act is added to and made a part of the Oregon Ve-**
45 **hicle Code.**

1 **SECTION 21. “Special mobile equipment” means a vehicle that is not designed primarily**
2 **to transport persons or property, that is operated on a highway only incidentally and that**
3 **is used primarily on a farm, for timber production and harvest, for construction work or for**
4 **lawn and grounds care.**

5 **SECTION 22.** ORS 803.030 is amended to read:

6 803.030. This section establishes exemptions from the requirements under ORS 803.025 to obtain
7 title issued by this state. The exemptions are subject to ORS 803.040. The exemptions are in addition
8 to any exemptions under ORS 801.026. Vehicles exempted by this section from the requirements to
9 be titled by this state are not prohibited from being titled by this state if titling is permitted under
10 ORS 803.035. The exemptions are partial or complete as provided in the following:

11 (1) Title from this state is not required for a vehicle unless the vehicle is operated on a highway
12 in this state.

13 (2) Title from this state is not required unless a vehicle is operated under a registration number
14 of this state.

15 (3) Snowmobiles and Class I, Class III and Class IV all-terrain vehicles are not subject to the
16 requirements under ORS 803.025. The requirements and procedures for titling snowmobiles are as
17 provided under ORS 821.060 and 821.070.

18 (4) Road rollers, farm tractors and traction engines are exempt from the requirements for title.

19 (5) Trolleys are exempt from the requirements for title.

20 (6) Bicycles are exempt from the requirements for title.

21 (7) United States Government owned and operated motor vehicles and trailers are exempt from
22 the requirements for title.

23 (8) Implements of husbandry, well drilling machinery, emergency fire apparatus providing public
24 fire protection and wheelchairs are exempt from the requirements for title.

25 (9) Except as provided in subsection (23) of this section, fixed load vehicles are exempt from the
26 requirements for title while operated within the immediate construction project, as described in the
27 governmental agency contract, in the construction or reconstruction of state or county roads,
28 highways or city streets.

29 (10) Motor vehicles designed to operate at a loaded weight over 8,000 pounds, trailers and
30 equipment are exempt from requirements for title while:

31 (a) Owned, leased, contracted or requisitioned by the State Forester, State Board of Forestry,
32 their contractors under ORS chapter 477, or the federal government; and

33 (b) Being used for the purposes of forest protection and fire suppression under ORS chapter 477
34 or a similar federal statute, including movement of the vehicles to and from the work area.

35 (11) Farm trailers are exempt from requirements for title when the operation or movement of
36 the vehicle upon the highways is incidental to its use in an agricultural operation.

37 (12) Golf carts operated under an ordinance adopted under ORS 810.070 are exempt from re-
38 quirements for title.

39 (13) Golf carts or similar vehicles are exempt from requirements for title when:

40 (a) They have not less than three wheels in contact with the ground;

41 (b) They have an unloaded weight of less than 1,300 pounds;

42 (c) They are designed to be and are operated at not more than 15 miles per hour; and

43 (d) They are operated by persons with disabilities.

44 (14) The nonresident owners of vehicles currently registered and titled in any other country,
45 state or territory may operate such vehicles over the highways of this state without complying with

1 the titling requirements under ORS 803.025. All of the following apply to this subsection:

2 (a) This subsection only provides an exemption so long as the owner satisfactorily shows that
3 the owner is not a resident of this state or has been a resident of this state for less than 30 days.
4 For the purpose of this paragraph, a person is a resident of this state if the person meets the resi-
5 dency requirements described in ORS 803.200.

6 (b) The exemption under this subsection applies to vehicles granted exemptions under ORS
7 802.500, 802.520 or 826.005, unless otherwise provided under paragraph (c) of this subsection.

8 (c) Except as otherwise provided in this paragraph, a vehicle operated over the highways of this
9 state for compensation or profit must comply with the titling requirements under ORS 803.025 in the
10 same manner as required of nontitled vehicles. The following vehicles are not subject to this para-
11 graph:

12 (A) Vehicles operated under reciprocal registration exemptions established under ORS 802.500
13 or 826.005.

14 (B) Vehicles operated under an exemption established under ORS 802.520.

15 (C) Vehicles that are proportionally registered under an agreement established under ORS
16 826.007, and according to the procedures established under ORS 826.009 or 826.011.

17 (D) Any vehicle if duly registered and titled under the laws of the state or country of which the
18 owner is a bona fide resident to the extent that in the foreign country, state, territory or federal
19 district where the owner resides like exemptions and privileges are granted vehicles duly registered
20 and titled under the laws of this state and owned by residents of this state.

21 (d) If no exemptions from titling requirements are in effect under ORS 802.500, 802.520, 826.005
22 or 826.007 with respect to another jurisdiction, any vehicle properly registered and titled in such
23 other jurisdiction and for which evidence of compliance is supplied shall receive, when operated in
24 this state, the same exemptions, benefits and privileges granted by such other jurisdictions to vehi-
25 cles properly registered and titled in this state. Reciprocity extended under this paragraph shall
26 apply to commercial vehicles only when engaged exclusively in interstate commerce.

27 (e) Any vehicle operated under dealer registration plates issued by another state, country,
28 province, territory or the District of Columbia is subject to this subsection.

29 (15) Vehicle dealers issued certificates under ORS 822.020 may use and operate untitled vehicles
30 as provided under ORS 822.040.

31 (16) Towing businesses issued certificates under ORS 822.205 may tow untitled vehicles as pro-
32 vided under ORS 822.210.

33 (17) Vehicle transporters issued certificates under ORS 822.310 may transport untitled vehicles
34 as provided in ORS 822.310.

35 (18) Untitled vehicles may be operated under trip permits described under ORS 803.600 or under
36 permits described under ORS 803.610 to 803.625.

37 (19) Vehicles that are registered by the United States Department of State and that are owned
38 or operated by foreign nationals with diplomatic immunity are exempt from the requirements for
39 title.

40 (20)(a) Vehicles that are registered under the proportional registration provisions of ORS chap-
41 ter 826 and are titled in a jurisdiction other than Oregon are exempt from the requirements for title.

42 (b) A trailer that is registered under the proportional registration provisions of ORS chapter 826
43 and titled in a jurisdiction other than Oregon shall remain exempt from the requirements for title
44 in Oregon if the trailer is registered when the other jurisdiction removes its exception to propor-
45 tional registration requirements for the trailer.

1 (21) Converter dollies and tow dollies are exempt from the requirements for title.

2 (22) Electric personal assistive mobility devices are exempt from the requirements for title.

3 (23) Road machinery that is operated at the direction of a road authority is exempt from the
4 requirements for title. The exemption under this subsection also applies when the operation of road
5 machinery upon a highway or an alley is incidental to its use in a highway maintenance operation.

6 **(24) Special mobile equipment is exempt from the requirements for title.**

7 **SECTION 23.** ORS 803.097 is amended to read:

8 803.097. (1) Except as provided in subsection (5) of this section, the exclusive means for per-
9 fecting a security interest in a vehicle is by application for notation of the security interest on the
10 title in accordance with this section. The application may accompany the application for a title or
11 may be made separately at any time prior to issuance of title and must be accompanied by evidence
12 of ownership as defined by the Department of Transportation by rule unless the department is in
13 possession of evidence of ownership when it receives the application. If title to the vehicle has been
14 issued in a form other than a certificate, and the title reflects a security interest, the application
15 for perfection shall include authorization from the previous security interest holder for the new se-
16 curity interest to be recorded on the title. Authorization under this subsection is not required if:

17 (a) A release of interest is submitted by the prior security interest holder or the department is
18 otherwise satisfied that the prior holder no longer holds an interest or is otherwise not entitled to
19 title to the vehicle;

20 (b) The security interest is being added to the title in conjunction with the cancellation of pre-
21 vious title or other action the department takes to correct ownership information reflected on a ti-
22 tle; or

23 (c) Title is being transferred by operation of law.

24 (2) When the department processes an application for a security interest the department shall
25 mark on the application or otherwise indicate on the record the date the application was first re-
26 ceived by the department. The department shall determine by rule what constitutes receipt of an
27 application for purposes of this subsection.

28 (3) If the department has the evidence required by subsection (1) of this section and if the ap-
29 plication contains the name of each owner of the vehicle, the name and address of the secured party
30 and the vehicle identification number of the collateral, the security interest is perfected as of the
31 date marked on the application or indicated in the record by the department. If the application does
32 not contain the information required by this subsection, or if the department does not have the re-
33 quired evidence, the department shall indicate on the application or on the record that the date
34 placed on the application or the record pursuant to subsection (2) of this section is not the date of
35 perfection of the security interest.

36 (4) The security interest remains effective until released or terminated by the secured party.

37 (5) A security interest in a vehicle may not be perfected as described under this section but is
38 subject to the perfection provisions under ORS chapter 79 if:

39 (a) The debtor who granted the security interest is in the business of selling vehicles and the
40 vehicle constitutes inventory held for sale or lease[.]; or

41 **(b) The vehicle is exempt from titling requirements under ORS 803.030.**

42 **SECTION 24.** (1) **Except as otherwise provided in sections 21 and 24 to 31 of this 2012 Act,**
43 **the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act apply to a trans-**
44 **action or lien within the scope of ORS 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316,**
45 **79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521,**

1 79.0607, 79.0619, 803.030 and 803.097, as amended by sections 1 to 19, 22 and 23 of this 2012
2 Act, even if the transaction or lien was entered into or created before the operative date
3 specified in section 32 of this 2012 Act.

4 (2) The amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act do not
5 affect an action, case or proceeding commenced before the operative date specified in section
6 32 of this 2012 Act.

7 **SECTION 25.** (1) A security interest that is a perfected security interest immediately
8 before the operative date specified in section 32 of this 2012 Act is a perfected security in-
9 terest under section 21 of this 2012 Act and under ORS 79.0102, 79.0105, 79.0208, 79.0307,
10 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516,
11 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097, as amended by sections 1 to 19, 22 and
12 23 of this 2012 Act, if after the operative date specified in section 32 of this 2012 Act the ap-
13 plicable requirements for attachment and perfection under the amendments to statutes by
14 sections 1 to 19, 22 and 23 of this 2012 Act are satisfied without further action.

15 (2) Except as otherwise provided in section 27 of this 2012 Act, if immediately before the
16 operative date specified in section 32 of this 2012 Act a security interest is a perfected se-
17 curity interest but the applicable requirements for perfection under the amendments to
18 statutes by sections 1 to 19, 22 and 23 of this 2012 Act are not satisfied on or before the op-
19 erative date specified in section 32 of this 2012 Act, the security interest remains perfected
20 thereafter only if the applicable requirements for perfection under the amendments to stat-
21 utes by sections 1 to 19, 22 and 23 of this 2012 Act are satisfied within one year after the
22 operative date specified in section 32 of this 2012 Act.

23 **SECTION 26.** A security interest that is an unperfected security interest immediately
24 before the operative date specified in section 32 of this 2012 Act becomes a perfected security
25 interest:

26 (1) Without further action on or after the operative date specified in section 32 of this
27 2012 Act if the applicable requirements for perfection under the amendments to statutes by
28 sections 1 to 19, 22 and 23 of this 2012 Act are satisfied before or at that time; or

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

31 **SECTION 27.** (1) The filing of a financing statement before the operative date specified
32 in section 32 of this 2012 Act is effective to perfect a security interest to the extent that the
33 filing would satisfy the applicable requirements for perfection under the amendments to
34 statutes by sections 1 to 19, 22 and 23 of this 2012 Act.

35 (2) The amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act do not
36 render ineffective an effective financing statement that, before the operative date specified
37 in section 32 of this 2012 Act, is filed and satisfies the applicable requirements for perfection
38 under the law of jurisdiction governing perfection as provided in ORS 79.0102, 79.0105, 79.0208,
39 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515,
40 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097 as those statutes existed before
41 the operative date specified in section 32 of this 2012 Act. However, except as otherwise
42 provided in subsections (3) and (4) of this section and in section 28 of this 2012 Act, the fi-
43 nancing statement ceases to be effective:

44 (a) If the financing statement is filed in this state, at the time the financing statement
45 would have ceased to be effective had section 21 of this 2012 Act and the amendments to ORS

1 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408,
2 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097 by
3 sections 1 to 19, 22 and 23 of this 2012 Act not become operative; or

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

5 (A) The time the financing statement would have ceased to be effective under the law
6 of the other jurisdiction; or

7 (B) June 30, 2018.

8 (3) The filing of a continuation statement after the operative date specified in section 32
9 of this 2012 Act does not continue the effectiveness of a financing statement filed before the
10 operative date specified in section 32 of this 2012 Act. However, upon the timely filing of a
11 continuation statement after the operative date specified in section 32 of this 2012 Act and
12 in accordance with the law of the jurisdiction governing perfection as provided in the
13 amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act, the effectiveness of
14 a financing statement filed in the same office in the jurisdiction before the operative date
15 specified in section 32 of this 2012 Act continues for the period provided by the law of the
16 jurisdiction.

17 (4) Subsection (2)(b)(B) of this section applies to a financing statement that, before the
18 operative date specified in section 32 of this 2012 Act, is filed against a transmitting utility
19 and satisfies the applicable requirements for perfection under the law of the jurisdiction
20 governing perfection as provided in ORS 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316,
21 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521,
22 79.0607, 79.0619, 803.030 and 803.097, as those statutes existed before the operative date spec-
23 ified in section 32 of this 2012 Act, only to the extent that the amendments to statutes by
24 sections 1 to 19, 22 and 23 of this 2012 Act provide that the law of a jurisdiction other than
25 the jurisdiction in which the financing statement is filed governs perfection of a security
26 interest in collateral covered by the financing statement.

27 (5) A financing statement that includes a financing statement filed before the operative
28 date specified in section 32 of this 2012 Act and a continuation statement filed before the
29 operative date specified in section 32 of this 2012 Act is effective only to the extent that the
30 financing statement satisfies the requirements of ORS 79.0503, 79.0515, 79.0516, 79.0518 and
31 79.0521, as amended by sections 12, 14, 15, 16 and 17 of this 2012 Act, for an initial filing
32 statement. A financing statement that indicates that the debtor is a decedent's estate indi-
33 cates that the collateral is being administered by a personal representative within the
34 meaning of ORS 79.0503 (1)(b), as amended by section 12 of this 2012 Act. A financing
35 statement that indicates that the debtor is a trust or is a trustee acting with respect to
36 property held in trust indicates that the collateral is held in a trust within the meaning of
37 ORS 79.0503 (1)(c), as amended by section 12 of this 2012 Act.

38 **SECTION 28.** (1) The filing of an initial filing statement in the office specified in ORS
39 79.0501 continues the effectiveness of a financing statement filed before the operative date
40 specified in section 32 of this 2012 Act if:

41 (a) The filing of an initial financing statement in the office would be effective to perfect
42 a security interest under the amendments to statutes by sections 1 to 19, 22 and 23 of this
43 2012 Act;

44 (b) The financing statement filed before the operative date specified in section 32 of this
45 2012 Act was filed in an office in another state; and

1 (c) The initial financing statement satisfies the provisions of subsection (3) of this sec-
2 tion.

3 (2) The filing of an initial financing statement under subsection (1) of this section con-
4 tinues the effectiveness of the financing statement filed before the operative date specified
5 in section 32 of this 2012 Act:

6 (a) If the initial financing statement is filed before the operative date specified in section
7 32 of this 2012 Act, for the period provided in ORS 79.0515, as that statute existed before the
8 operative date specified in section 32 of this 2012 Act, with respect to an initial financing
9 statement; and

10 (b) If the initial financing statement is filed after the operative date specified in section
11 32 of this 2012 Act, for the period provided in ORS 79.0515, as amended by section 14 of this
12 2012 Act, with respect to an initial financing statement.

13 (3) To be effective for purposes of subsection (1) of this section, an initial financing
14 statement must:

15 (a) Satisfy the requirements of ORS 79.0501 to 79.0528 for an initial financing statement;

16 (b) Identify the financing statement that was filed before the operative date specified in
17 section 32 of this 2012 Act by indicating the office in which the financing statement was filed
18 and providing the dates of filing and file numbers, if any, of the financing statement and of
19 the most recent continuation statement filed with respect to the financing statement; and

20 (c) Indicate that the financing statement filed before the operative date specified in sec-
21 tion 32 of this 2012 Act remains effective.

22 **SECTION 29.** (1) After the operative date specified in section 32 of this 2012 Act, a person
23 may add or delete collateral covered by, continue or terminate the effectiveness of, or oth-
24 erwise amend the information provided in a financing statement filed before the operative
25 date specified in section 32 of this 2012 Act only in accordance with the law of the jurisdiction
26 governing perfection as provided in the amendments to statutes by sections 1 to 19, 22 and
27 23 of this 2012 Act. However, the effectiveness of a financing statement filed before the op-
28 erative date specified in section 32 of this 2012 Act may also be terminated in accordance
29 with the law of the jurisdiction in which the financing statement is filed.

30 (2) Except as otherwise provided in subsection (3) of this section, if the law of this state
31 governs perfection of a security interest, the information in a financing statement filed be-
32 fore the operative date specified in section 32 of this 2012 Act may be amended after the
33 operative date specified in section 32 of this 2012 Act only if:

34 (a) The financing statement filed before the operative date specified in section 32 of this
35 2012 Act and an amendment are filed in the office specified in ORS 79.0501;

36 (b) An amendment is filed in the office specified in ORS 79.0501 concurrently with or after
37 the filing in the office of an initial financing statement that satisfies section 28 (3) of this
38 2012 Act; or

39 (c) An initial financing statement that provides the information as amended and satisfies
40 section 28 (3) of this 2012 Act is filed in the office specified in ORS 79.0501.

41 (3) If the law of this state governs perfection of a security interest, the effectiveness of
42 a financing statement filed before the operative date specified in section 32 of this 2012 Act
43 may be continued only under section 27 (3) and (5) or 28 of this 2012 Act.

44 (4) Whether or not the law of this state governs perfection of a security interest, the
45 effectiveness of a financing statement filed in this state before the operative date specified

1 in section 32 of this 2012 Act may be terminated after the operative date specified in section
2 32 of this 2012 Act by filing a termination statement in an office in which the financing
3 statement filed before the operative date specified in section 32 of this 2012 Act is filed unless
4 an initial financing statement that satisfies section 28 (3) of this 2012 Act has been filed in
5 the office specified as the office in which to file a financing statement by the law of the ju-
6 risdiction governing perfection as provided in the amendments to statutes by sections 1 to
7 19, 22 and 23 of this 2012 Act.

8 **SECTION 30.** A person may file an initial financing statement or a continuation state-
9 ment under sections 24 to 31 of this 2012 Act if:

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

11 (2) The filing is necessary under sections 24 to 31 of this 2012 Act:

12 (a) To continue the effectiveness of a financing statement filed before the operative date
13 specified in section 32 of this 2012 Act; or

14 (b) To perfect or continue the perfection of a security interest.

15 **SECTION 31.** Section 21 of this 2012 Act and the amendments to ORS 79.0102, 79.0105,
16 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507,
17 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097 by sections 1 to 19, 22 and
18 23 of this 2012 Act determine the priority of conflicting claims to collateral. However, if the
19 relative priorities of the claims were established before the operative date specified in section
20 32 of this 2012 Act, ORS 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326,
21 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619,
22 803.030 and 803.097, as those statutes existed before the operative date specified in section
23 32 of this 2012 Act, determine priority.

24 **SECTION 32.** Section 21 of this 2012 Act and the amendments to ORS 79.0102, 79.0105,
25 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507,
26 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097 by sections 1 to 19, 22 and
27 23 of this 2012 Act become operative July 1, 2013.

28 **SECTION 33.** The section captions used in this 2012 Act are provided only for the con-
29 venience of the reader and do not become part of the statutory law of this state or express
30 any legislative intent in the enactment of this 2012 Act.

31 **SECTION 34.** This 2012 Act being necessary for the immediate preservation of the public
32 peace, health and safety, an emergency is declared to exist, and this 2012 Act takes effect
33 on its passage.

34