

## CHAPTER 12

AN ACT

HB 4035

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

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

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

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

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

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

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

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

(ii) For services rendered or to be rendered;

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

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

(v) For energy provided or to be provided;

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

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

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

(B) Does not include:

(i) Rights to payment evidenced by chattel paper or an instrument;

(ii) Commercial tort claims;

(iii) Deposit accounts;

(iv) Investment property;

(v) Letter-of-credit rights or letters of credit; or

(vi) Rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

(c)(A) "Account debtor" means a person obligated on an account, chattel paper or general intangible.

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

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

(A) Authenticated by a secured party;

(B) Indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

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

(e) "Agricultural lien" means an interest, other than a security interest or a lien created under ORS 87.226, 87.228, 87.700 to 87.736 or 87.750 to 87.777, in farm products:

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

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

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

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

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

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

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

(f) "As-extracted collateral" means:

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

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

(ii) Attaches to the minerals as extracted; or

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

(g) "Authenticate" means:

(A) To sign; or

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

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

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

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

**taining priority over the rights of the lien creditor with respect to the collateral.**

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

(B) The term does not include:

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

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

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

(A) Proceeds to which a security interest attaches;

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

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

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

(A) The claimant is an organization; or

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

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

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

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

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

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

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

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

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

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

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

(r) "Communicate" means:

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

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

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

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

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

(A) The merchant:

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

(ii) Is not an auctioneer; and

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

(B) With respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of delivery;

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

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

(u) "Consignor" means a person that delivers goods to a consignee in a consignment.

(v) "Consumer debtor" means a debtor in a consumer transaction.

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

(x) "Consumer-goods transaction" means a consumer transaction in which:

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

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

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

(z)(A) "Consumer transaction" means a transaction in which:

(i) An individual incurs an obligation primarily for personal, family or household purposes;

(ii) A security interest secures the obligation; and

(iii) The collateral is held or acquired primarily for personal, family or household purposes.

(B) The term includes consumer-goods transactions.

(aa) "Continuation statement" means an amendment of a financing statement which:

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

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

(bb) “Debtor” means:

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

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

(C) A consignee.

(cc)(A) “Deposit account” means a demand, time, savings, passbook or similar account maintained with a bank.

(B) The term does not include investment property or accounts evidenced by an instrument.

(dd) “Document” means a document of title or a receipt of the type described in ORS 77.2010 (2).

(ee) “Electronic chattel paper” means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(ff) “Encumbrance” means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

(gg) “Equipment” means goods other than inventory, farm products or consumer goods.

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

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

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

(ii) Aquatic goods produced in aquacultural operations;

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

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

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

(ii) “Farming operation” means raising, cultivating, propagating, fattening, grazing or any other farming, livestock or aquacultural operation.

(jj) “File number” means the number assigned to an initial financing statement pursuant to ORS 79.0519 (1).

(kk) “Filing office” means an office designated in ORS 79.0501 as the place to file a financing statement.

(LL) “Filing-office rule” means a rule adopted pursuant to ORS 79.0526.

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

(nn) “Fixture filing” means the filing of a financing statement covering goods that are or are to become fixtures and satisfying ORS 79.0502 (1) and (2). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

(oo)(A) “Fixtures” means goods that have become so related to particular real property that an interest in them arises under real property law.

(B) The term does not include portable irrigation equipment including movable pipe, pumps, electrical pump panels, pump columns, electrical wire, wheel lines, center pivots and handlines.

(C) The term includes domestic pumps, domestic pump wire, domestic pump panels, domestic pump columns and buried irrigation equipment including buried pipe, buried electrical wire and all buried well casings.

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

(qq)(A) “Goods” means all things that are movable when a security interest attaches.

(B) The term includes:

(i) Fixtures;

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

(iii) The unborn young of animals;

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

(v) Manufactured structures.

(C) The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if:

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

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

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

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

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

(tt)(A) “Instrument” means a negotiable instrument or any other writing that evidences a right to

the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment.

(B) The term does not include:

(i) Investment property;

(ii) Letters of credit; or

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

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

(A) Are leased by a person as lessor;

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

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

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

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

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

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

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

(yy) "Lien creditor" means:

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

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

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

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

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

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

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

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

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

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

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

(i) Money;

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

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

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

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

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

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

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

(iii) Is otherwise accountable in whole or in part for payment or other performance of the obligation.

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

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

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

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

(A) The spouse of the individual;

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

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

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

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

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

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

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

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

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

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

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

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

(C) Rights arising out of collateral;

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

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

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

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

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

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

(A) Debt securities are issued;

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

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

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

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

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

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

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

[(ppp)] (qqq) "Record," except as used in "for record," "of record," "record or legal title" and "record owner," means information that is inscribed on a tangible medium or which is stored in an elec-

tronic or other medium and is retrievable in perceivable form.

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

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

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

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

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

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

(B) A person that holds an agricultural lien;

(C) A consignor;

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

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

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

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

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

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

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

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

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

[(www)] (xxx) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or

insular possession subject to the jurisdiction of the United States.

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

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

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

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

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

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

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

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

(C) Transmitting goods by pipeline or sewer; or

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

(2) "Control" as provided in ORS 77.1060 and the following definitions in other sections apply to this chapter:

"Applicant"	ORS 75.1020
"Beneficiary"	ORS 75.1020
"Broker"	ORS 78.1020
"Certificated security"	ORS 78.1020
"Check"	ORS 73.0104
"Clearing corporation"	ORS 78.1020
"Contract for sale"	ORS 72.1060
"Customer"	ORS 74.1040
"Entitlement holder"	ORS 78.1020
"Financial asset"	ORS 78.1020
"Holder in due course"	ORS 73.0302
"Issuer" (with respect to a letter of credit or letter-of-credit right)	ORS 75.1020
"Issuer" (with respect to a security)	ORS 78.2010
"Issuer" (with respect to documents of title)	ORS 77.1020
"Lease"	ORS 72A.1030
"Lease agreement"	ORS 72A.1030
"Lease contract"	ORS 72A.1030
"Leasehold interest"	ORS 72A.1030
"Lessee"	ORS 72A.1030
"Lessee in ordinary course of business"	ORS 72A.1030
"Lessor"	ORS 72A.1030
"Lessor's residual interest"	ORS 72A.1030
"Letter of credit"	ORS 75.1020
"Merchant"	ORS 72.1040
"Negotiable instrument"	ORS 73.0104
"Nominated person"	ORS 75.1020
"Note"	ORS 73.0104
"Proceeds of a letter of credit"	ORS 75.1140

"Prove"	ORS 73.0103
"Sale"	ORS 72.1060
"Securities account"	ORS 78.5010
"Securities intermediary"	ORS 78.1020
"Security"	ORS 78.1020
"Security certificate"	ORS 78.1020
"Security entitlement"	ORS 78.1020
"Uncertificated security"	ORS 78.1020

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

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

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

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

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

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

**[(2)] (b)** The authoritative copy identifies the secured party as the assignee of the record or records;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) ORS 446.611 (1).

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

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

(4) During any period in which collateral subject to a statute specified in subsection (1)(b) or (d) of this section is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

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

**79.0316. UCC 9-316. Effect of change in governing law.** (1) A security interest perfected pursuant to the law of the jurisdiction designated in ORS

79.0301 (1) or 79.0305 (3) remains perfected until the earliest of:

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

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

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

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

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

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

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

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

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

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

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

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

(6) A security interest in deposit accounts, letter-of-credit rights or investment property which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction or



the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

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

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

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

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

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

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

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

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

(b) A security interest perfected by the financing statement and that becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in ORS 79.0301 (1) or

**79.0305 (3), or the expiration of the four-month period, remains perfected thereafter. A security interest that is perfected by the financing statement but that does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.**

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

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

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

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

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

(B) One of the conditions specified in ORS 79.0203 (2)(c) is met and a financing statement covering the collateral is filed.

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

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

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

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

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

**79.0326. UCC 9-326. Priority of security interests created by new debtor.** (1) Subject to subsection (2) of this section, a security interest **that is created by a new debtor [which is] in collateral in which the new debtor has or acquires rights and**

is perfected **solely** by a filed financing statement that *[is effective solely under ORS 79.0508 in collateral in which a new debtor has or acquires rights]* **would be ineffective to perfect the security interest but for the application of ORS 79.0316 (9)(a) or 79.0508** is subordinate to a security interest in the same collateral which is perfected other than by **such** a filed financing statement *[that is effective solely under ORS 79.0508]*.

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

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

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

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

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

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

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

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

(7) A security interest in an accession has priority over a security interest in the whole which is perfected by compliance with the requirements of *[a certificate-of-title statute under]* ORS 79.0311 (2) or with ORS 446.611 or 446.626 if the security interest in the accession is a purchase money security inter-

est that is perfected when the debtor receives possession of the accession or within 20 days thereafter.

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

**79.0406. UCC 9-406. Discharge of account debtor; notification of assignment; identification and proof of assignment; restrictions on assignment of accounts, chattel paper, payment intangibles and promissory notes ineffective.** (1)

Subject to subsections (2) to (9) of this section, an account debtor on an account, chattel paper or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

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

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

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

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

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

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

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

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

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

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

(b) Provides that the assignment or transfer or the creation, attachment, perfection or enforcement

of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy under the account, chattel paper, payment intangible or promissory note.

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) Except to the extent otherwise provided in subsection (9) of this section, this section prevails over any inconsistent provision of an existing or future statute unless the provision refers expressly to this section and states that the provision prevails over this section.

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

**79.0408. UCC 9-408. Restrictions on assignment of promissory notes, health care insurance receivables and certain general intangibles ineffective.**

(1) Except as otherwise provided in subsection (2) of this section, a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health-care-insurance receivable or a general intangible, including a contract, permit, license or franchise, and which term prohibits, restricts or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment or perfection of a security interest in, the promissory note, health-care-insurance receivable or general intangible, is ineffective to the extent that the term:

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

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

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

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

count debtor and a debtor, is ineffective to the extent that the rule of law, statute or regulation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Provides the individual name of the debtor;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**79.0515. UCC 9-515. Duration and effectiveness of financing statement; effect of lapsed fi-**

**financing statement; renewal notice; rules.** (1) Except as otherwise provided in subsections (2), (5), (6) and (7) of this section, a filed financing statement is effective for a period of five years after the date of filing.

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

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

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

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

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

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

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

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

(A) Lists the secured party; and

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

(b) The name of the debtor;

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

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

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

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

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

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

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

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

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

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

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

(ii) Identifies an initial financing statement whose effectiveness has lapsed under ORS 79.0515, and the filing office is that described in ORS 79.0501 (1)(b);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**79.0518. UCC 9-518. Claim concerning inaccuracy or wrongly filed record.** (1) A person may file in the filing office [a correction] **an information statement** with respect to a record indexed there under the person's name if the person believes that the record is inaccurate or was wrongfully filed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) That the debtor has defaulted in connection with an obligation secured by specified collateral;

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

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

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

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

(a) Accept the transfer statement;

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

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

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

**SECTION 20. Section 21 of this 2012 Act is added to and made a part of the Oregon Vehicle Code.**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

(12) Golf carts operated under an ordinance adopted under ORS 810.070 are exempt from requirements for title.

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

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

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

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

(d) They are operated by persons with disabilities.

(14) The nonresident owners of vehicles currently registered and titled in any other country, state or territory may operate such vehicles over the highways of this state without complying with the titling requirements under ORS 803.025. All of the following apply to this subsection:

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

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

(c) Except as otherwise provided in this paragraph, a vehicle operated over the highways of this state for compensation or profit must comply with the titling requirements under ORS 803.025 in the

same manner as required of nontitled vehicles. The following vehicles are not subject to this paragraph:

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

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

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

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

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

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

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

(16) Towing businesses issued certificates under ORS 822.205 may tow untitled vehicles as provided under ORS 822.210.

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

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

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

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

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

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

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

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

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

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

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

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

(b) The security interest is being added to the title in conjunction with the cancellation of previous title or other action the department takes to correct ownership information reflected on a title; or

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

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

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

tion is not the date of perfection of the security interest.

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

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

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

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

**SECTION 24.** (1) Except as otherwise provided in sections 21 and 24 to 31 of this 2012 Act, the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act apply to a transaction or lien within the scope of ORS 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097, as amended by sections 1 to 19, 22 and 23 of this 2012 Act, even if the transaction or lien was entered into or created before the operative date specified in section 32 of this 2012 Act.

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

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

(2) Except as otherwise provided in section 27 of this 2012 Act, if immediately before the operative date specified in section 32 of this 2012 Act a security interest is a perfected security interest but the applicable requirements for perfection under the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act are not satisfied on or before the operative date specified in section 32 of this 2012 Act, the security interest remains perfected thereafter only if the applicable requirements for perfection under the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act are satisfied within

one year after the operative date specified in section 32 of this 2012 Act.

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

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

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

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

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

(a) If the financing statement is filed in this state, at the time the financing statement would have ceased to be effective had section 21 of this 2012 Act and the amendments to ORS 79.0102, 79.0105, 79.0208, 79.0307, 79.0311, 79.0316, 79.0317, 79.0326, 79.0335, 79.0406, 79.0408, 79.0503, 79.0507, 79.0515, 79.0516, 79.0518, 79.0521, 79.0607, 79.0619, 803.030 and 803.097 by sections 1 to 19, 22 and 23 of this 2012 Act not become operative; or

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

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

(B) June 30, 2018.

(3) The filing of a continuation statement after the operative date specified in section 32 of this 2012 Act does not continue the effectiveness of a financing statement filed before the operative date specified in section 32 of this 2012 Act. However, upon the timely filing of a continuation statement after the operative date

specified in section 32 of this 2012 Act and in accordance with the law of the jurisdiction governing perfection as provided in the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act, the effectiveness of a financing statement filed in the same office in the jurisdiction before the operative date specified in section 32 of this 2012 Act continues for the period provided by the law of the jurisdiction.

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

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

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

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

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

(c) The initial financing statement satisfies the provisions of subsection (3) of this section.

(2) The filing of an initial financing statement under subsection (1) of this section continues the effectiveness of the financing statement filed before the operative date specified in section 32 of this 2012 Act:

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

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

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

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

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

(c) Indicate that the financing statement filed before the operative date specified in section 32 of this 2012 Act remains effective.

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

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

(a) The financing statement filed before the operative date specified in section 32 of this 2012

Act and an amendment are filed in the office specified in ORS 79.0501;

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

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

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

(4) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a financing statement filed in this state before the operative date specified in section 32 of this 2012 Act may be terminated after the operative date specified in section 32 of this 2012 Act by filing a termination statement in an office in which the financing statement filed before the operative date specified in section 32 of this 2012 Act is filed unless an initial financing statement that satisfies section 28 (3) of this 2012 Act has been filed in the office specified as the office in which to file a financing statement by the law of the jurisdiction governing perfection as provided in the amendments to statutes by sections 1 to 19, 22 and 23 of this 2012 Act.

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

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

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

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

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

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

fied in section 32 of this 2012 Act, determine priority.

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

**SECTION 33.** The section captions used in this 2012 Act are provided only for the conven-

ience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2012 Act.

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

Approved by the Governor March 5, 2012

Filed in the office of Secretary of State March 5, 2012

Effective date March 5, 2012

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