

ASSEMBLY BILL NO. 109—ASSEMBLYMAN SEGERBLOM

PREFILED FEBRUARY 2, 2011

Referred to Committee on Judiciary

SUMMARY—Enacts the amendments to Article 9 of the Uniform Commercial Code. (BDR 8-330)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to secured transactions; enacting the amendments to Article 9 of the Uniform Commercial Code; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law contains Article 9 of the Uniform Commercial Code, the uniform law governing secured transactions. This bill enacts the 2010 amendments to Article 9.

Sections 2-9 and 25 of this bill provide that the amendments to Article 9 become effective on July 1, 2013, and enact the transitional rules included in those amendments.

Section 10 of this bill enacts the uniform amendments to the definitions of certain terms which are defined for the purposes of Article 9.

Existing law provides that a secured party may perfect a security interest in electronic chattel paper by obtaining control of the electronic chattel paper. **Section 11** of this bill enacts the uniform amendments to the rule governing whether a secured party has such control.

Existing law provides that, in certain circumstances, the law of the jurisdiction in which a debtor is located governs the perfection and priority of a security interest. (NRS 104.9301) **Section 12** of this bill enacts the uniform amendments to the rules for determining the location of an organization that is organized under the law of the United States and the location of a branch or agency of a bank that is not organized under the law of the United States or a state.

Section 13 of this bill enacts the uniform amendments to the rules governing the perfection of a security interest in property covered by a certificate of title.

Section 14 of this bill enacts the uniform amendments governing the perfection of a security interest that attaches before a debtor changes location and the perfection of a security interest when a new debtor becomes bound by a security agreement entered into by another person.

Section 15 of this bill enacts the uniform amendments to certain provisions governing the circumstances under which a buyer of property takes the property free of security interests.



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Section 16 of this bill enacts the uniform amendments to provisions concerning the priority of security interests created by a new debtor who becomes bound by a security agreement entered into by another person.

Sections 17 and 18 of this bill enact the uniform amendments to provisions governing the effectiveness of certain contractual terms when a person who has a security interest in certain payment rights enforces the security interest and disposes of the payment rights.

Existing law requires a financing statement to be filed to perfect a security interest in certain circumstances. (NRS 104.9310) To be sufficient, a financing statement must contain the name of the debtor. (NRS 104.9502) **Section 19** of this bill enacts the uniform amendments to the rules for determining whether a financing statement sufficiently provides the name of the debtor. **Section 20** of this bill enacts the uniform amendments to rules governing the effectiveness of a financing statement when, at the time the financing statement was filed, the debtor's name was sufficiently provided but, at a later date, the debtor's name is no longer sufficiently provided.

Existing law provides that, if a financing statement states that the debtor is a transmitting utility, the financing statement does not lapse and is effective until a termination statement is filed. (NRS 104.9515) **Section 21** of this bill provides that such a financing statement does not lapse only if the initial financing statement states that the debtor is a transmitting utility.

Section 22 of this bill enacts the uniform amendments to the circumstances under which a filing office may refuse to accept a financing statement.

Existing law authorizes a debtor to file a correction statement if the debtor believes that a record indexed under the debtor's name is inaccurate or was wrongfully filed. Under existing law, the correction statement is informational and does not affect the effectiveness of a financing statement. (NRS 104.9518) **Section 23** of this bill enacts the uniform amendment that authorizes a secured party to file such a statement under certain circumstances.

Existing law provides for the rights of a secured party upon a default by a debtor. (NRS 104.9601-104.9628) **Section 24** of this bill enacts the uniform amendment to certain rights held by a person who has a security interest in a payment right secured by real property.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 104 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 9, inclusive, of this act.

Sec. 2. 1. *Except as otherwise provided in sections 2 to 9, inclusive, of this act, this article as amended applies to a transaction or lien within its scope, even if the transaction or lien was entered into or created before July 1, 2013.*

2. *This article as amended does not affect an action, case or proceeding commenced before July 1, 2013.*

Sec. 3. 1. *A security interest that is a perfected security interest immediately before July 1, 2013, is a perfected security interest under this article if, when this article as amended takes*



1 *effect, the applicable requirements for attachment and perfection*
2 *under this article as amended are satisfied without further action.*

3 2. *Except as otherwise provided in section 5 of this act, if,*
4 *immediately before July 1, 2013, a security interest is a perfected*
5 *security interest, but the applicable requirements for perfection*
6 *under this article as amended are not satisfied on July 1, 2013, the*
7 *security interest remains perfected thereafter only if the applicable*
8 *requirements for perfection under this article as amended are*
9 *satisfied within 1 year after July 1, 2013.*

10 **Sec. 4.** *A security interest that is an unperfected security*
11 *interest immediately before July 1, 2013, becomes a perfected*
12 *security interest:*

13 1. *Without further action, on that date if the applicable*
14 *requirements for perfection under this article as amended are*
15 *satisfied before or at that time; or*

16 2. *When the applicable requirements for perfection are*
17 *satisfied if the requirements are satisfied after that time.*

18 **Sec. 5.** 1. *The filing of a financing statement before July 1,*
19 *2013, is effective to perfect a security interest to the extent the*
20 *filing would satisfy the applicable requirements for perfection*
21 *under this article as amended.*

22 2. *This article as amended does not render ineffective an*
23 *effective financing statement that, before July 1, 2013, is filed and*
24 *satisfies the applicable requirements for perfection under the law*
25 *of the jurisdiction governing perfection as provided in this article*
26 *before amendment. However, except as otherwise provided in*
27 *subsections 3 and 4 and section 6 of this act, the financing*
28 *statement ceases to be effective:*

29 (a) *If the financing statement is filed in this State, at the time*
30 *the financing statement would have ceased to be effective had this*
31 *article as amended not taken effect; or*

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

34 (1) *The time the financing statement would have ceased to*
35 *be effective under the law of that jurisdiction; or*

36 (2) *June 30, 2018.*

37 3. *The filing of a continuation statement on or after July 1,*
38 *2013, does not continue the effectiveness of the financing*
39 *statement filed before that date. However, upon the timely filing of*
40 *a continuation statement on or after July 1, 2013, and in*
41 *accordance with the law of the jurisdiction governing perfection*
42 *as provided in this article as amended, the effectiveness of a*
43 *financing statement filed in the same office in that jurisdiction*
44 *before July 1, 2013, continues for the period provided by the law*
45 *of that jurisdiction.*



4. Subparagraph (2) of paragraph (b) of subsection 2 applies to a financing statement that, before July 1, 2013, is filed against a transmitting utility and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in this article before amendment, only to the extent that this article as amended provides 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 July 1, 2013, and a continuation statement filed on or after July 1, 2013, is effective only to the extent that it satisfies the requirements of part 5 for an initial financing statement. A financing statement which indicates that the debtor is a decedent's estate indicates that the collateral is being administered by a personal representative within the meaning of paragraph (b) of subsection 1 of NRS 104.9503. A financing statement which indicates that the debtor is a trust or a trustee acting with respect to property held in trust indicates that the collateral is held in a trust within the meaning of paragraph (c) of subsection 1 of NRS 104.9503.

Sec. 6. 1. The filing of an initial financing statement in the office specified in NRS 104.9501 continues the effectiveness of a financing statement filed before July 1, 2013, if:

(a) The filing of an initial financing statement in that office would be effective to perfect a security interest under this article as amended;

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

(c) The initial financing statement satisfies subsection 3.

2. The filing of an initial financing statement under subsection 1 continues the effectiveness of the pre-effective-date financing statement:

(a) If the initial financing statement is filed before July 1, 2013, for the period provided in NRS 104.9515, as it existed before July 1, 2013, with respect to an initial financing statement; and

(b) If the initial financing statement is filed on or after July 1, 2013, for the period provided in NRS 104.9515 with respect to an initial financing statement.

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

(a) Satisfy the requirements of part 5 for an initial financing statement;

(b) Identify the pre-effective-date financing statement by indicating the office in which the financing statement was filed



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1 *and providing the dates of filing and file numbers, if any, of the*
2 *financing statement and of the most recent continuation statement*
3 *filed with respect to the financing statement; and*

4 *(c) Indicate that the pre-effective-date financing statement*
5 *remains effective.*

6 **Sec. 7. 1.** *In this section, “pre-effective-date financing*
7 *statement” means a financing statement filed before July 1, 2013.*

8 *2. On or after July 1, 2013, a person may add or delete*
9 *collateral covered by, continue or terminate the effectiveness of, or*
10 *otherwise amend the information provided in, a pre-effective-date*
11 *financing statement only in accordance with the law of the*
12 *jurisdiction governing perfection as provided in this article as*
13 *amended. However, the effectiveness of a pre-effective-date*
14 *financing statement also may be terminated in accordance with*
15 *the law of the jurisdiction in which the financing statement is*
16 *filed.*

17 *3. Except as otherwise provided in subsection 4, if the law of*
18 *this State governs perfection of a security interest, the information*
19 *in a pre-effective-date financing statement may be amended on or*
20 *after July 1, 2013, only if:*

21 *(a) The pre-effective-date financing statement and an*
22 *amendment are filed in the office specified in NRS 104.9501;*

23 *(b) An amendment is filed in the office specified in NRS*
24 *104.9501 concurrently with, or after the filing in that office of, an*
25 *initial financing statement that satisfies subsection 3 of section 6*
26 *of this act; or*

27 *(c) An initial financing statement that provides the*
28 *information as amended and satisfies subsection 3 of section 6 of*
29 *this act is filed in the office specified in NRS 104.9501.*

30 *4. If the law of this State governs perfection of a security*
31 *interest, the effectiveness of a pre-effective-date financing*
32 *statement may be continued only under subsections 3 and 5 of*
33 *section 5 of this act or section 6 of this act.*

34 *5. Whether or not the law of this State governs perfection of a*
35 *security interest, the effectiveness of a pre-effective-date financing*
36 *statement filed in this State may be terminated on or after July 1,*
37 *2013, by filing a termination statement in the office in which the*
38 *pre-effective-date financing statement is filed, unless an initial*
39 *financing statement that satisfies subsection 3 of section 6 of this*
40 *act has been filed in the office specified by the law of the*
41 *jurisdiction governing perfection as provided in this article as*
42 *amended as the office in which to file a financing statement.*

43 **Sec. 8.** *A person may file an initial financing statement or a*
44 *continuation statement under this part if:*

45 *1. The secured party of record authorizes the filing; and*



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2. *The filing is necessary under this part:*

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

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

Sec. 9. *This article as amended determines the priority of conflicting claims to collateral. However, if the relative priorities of the claims were established before July 1, 2013, this article before amendment determines priority.*

Sec. 10. NRS 104.9102 is hereby amended to read as follows:
104.9102 1. In this Article:

(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," means a right to payment of a monetary obligation, whether or not earned by performance; for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of; for services rendered or to be rendered; for a policy of insurance issued or to be issued; for a secondary obligation incurred or to be incurred; for energy provided or to be provided; for the use or hire of a vessel under a charter or other contract; arising out of the use of a credit or charge card or information contained on or for use with the card; or 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. The term does not include rights to payment evidenced by chattel paper or an instrument; commercial tort claims; deposit accounts; investment property; letter-of-credit rights or letters of credit; or 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) "Account debtor" means a person obligated on an account, chattel paper or general intangible. 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:

(1) Authenticated by a secured party;

(2) 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

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



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

(1) 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;

(2) 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 his or her farming operation; or

(II) Leased real property to a debtor in connection with his or her farming operation; and

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

(f) “As-extracted collateral” means:

(1) 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

(2) 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:

(1) To sign; or

(2) ~~[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 himself or herself 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. *The term includes another record maintained as an alternative to a 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 obtaining priority over the rights of a lien creditor with respect to the collateral.

(k) "Chattel paper" means a record or records that evidence both a monetary obligation and a security interest in or a lease of specific goods or of specific goods and software used in the goods, or a security interest in or a lease of specific goods and a license of software used in the goods. The term does not include charters or other contracts involving the use or hire of a vessel, or 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. As used 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.

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

(1) Proceeds to which a security interest attaches;

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

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

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

(1) The claimant is an organization; or

(2) The claimant is a natural person 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 a natural person.

(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:

(1) 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

(2) 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:

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

(2) 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:

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

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

(3) 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:

(1) 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;

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

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

(4) 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 to the extent that:

(1) A natural person incurs an obligation primarily for personal, family or household purposes; and

(2) A security interest in consumer goods or in consumer goods and software that is held or acquired primarily for personal, family or household purposes secures the obligation.



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

(z) "Consumer transaction" means a transaction to the extent that a natural person incurs an obligation primarily for personal, family or household purposes; a security interest secures the obligation; and the collateral is held or acquired primarily for personal, family or household purposes. The term includes consumer-goods transactions.

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

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

(2) 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:

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

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

(3) A consignee.

(cc) "Deposit account" means a demand, time, savings, passbook or similar account maintained with a bank. 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 subsection 2 of NRS 104.7201.

(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:

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

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

(II) Aquatic goods produced in aquacultural operations;

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



1 (3) Supplies used or produced in a farming operation; or
2 (4) Products of crops or livestock in their unmanufactured
3 states.

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

7 (jj) "File number" means the number assigned to an initial
8 financing statement pursuant to subsection 1 of NRS 104.9519.

9 (kk) "Filing office" means an office designated in NRS
10 104.9501 as the place to file a financing statement.

11 (ll) "Filing-office rule" means a rule adopted pursuant to
12 NRS 104.9526.

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

16 (nn) "Fixture filing" means the filing of a financing statement
17 covering goods that are or are to become fixtures and satisfying
18 subsections 1 and 2 of NRS 104.9502. The term includes the filing
19 of a financing statement covering goods of a transmitting utility
20 which are or are to become fixtures.

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

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

30 (qq) "Goods" means all things that are movable when a security
31 interest attaches. The term includes fixtures; standing timber that is
32 to be cut and removed under a conveyance or contract for sale; the
33 unborn young of animals; crops grown, growing, or to be grown,
34 even if the crops are produced on trees, vines, or bushes;
35 and manufactured homes. The term also includes a computer
36 program embedded in goods and any supporting information
37 provided in connection with a transaction relating to the program if
38 the program is associated with the goods in such a manner that it
39 customarily is considered part of the goods, or by becoming the
40 owner of the goods, a person acquires a right to use the program in
41 connection with the goods. The term does not include a computer
42 program embedded in goods that consist solely of the medium in
43 which the program is embedded. The term also does not include
44 accounts, chattel paper, commercial tort claims, deposit accounts,
45 documents, general intangibles, instruments, investment property,



1 letter-of-credit rights, letters of credit, money, or oil, gas or other
2 minerals before extraction.

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

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

12 (tt) "Instrument" means a negotiable instrument or any other
13 writing that evidences a right to the payment of a monetary
14 obligation, is not itself a security agreement or lease, and is of a type
15 that in ordinary course of business is transferred by delivery with
16 any necessary endorsement or assignment. The term does not
17 include investment property, letters of credit or writings that
18 evidence a right to payment arising out of the use of a credit or
19 charge card or information contained on or for use with the card.

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

21 (1) Are leased by a person as lessor;

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

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

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

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

30 (ww) "Jurisdiction of organization," with respect to a registered
31 organization, means the jurisdiction under whose law the
32 organization is *formed or* organized.

33 (xx) "Letter-of-credit right" means a right to payment or
34 performance under a letter of credit, whether or not the beneficiary
35 has demanded or is at the time entitled to demand payment or
36 performance. The term does not include the right of a beneficiary to
37 demand payment or performance under a letter of credit.

38 (yy) "Lien creditor" means:

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

41 (2) An assignee for benefit of creditors from the time of
42 assignment;

43 (3) A trustee in bankruptcy from the date of the filing of the
44 petition; or

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



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

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

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

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

(bbb) "Mortgage" means a consensual interest in real property, including fixtures, which is created by a mortgage, deed of trust, or similar transaction.

(ccc) "New debtor" means a person that becomes bound as debtor under subsection 4 of NRS 104.9203 by a security agreement previously entered into by another person.

(ddd) "New value" means money; money's worth in property, services or new credit; or release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

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

(fff) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, owes payment or other performance of the obligation, has provided property other than the collateral to secure payment or other performance of the obligation, or is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include an issuer or a nominated person under a letter of credit.

(ggg) "Original debtor" means, except as used in subsection 3 of NRS 104.9310, a person that, as debtor, entered into a security agreement to which a new debtor has become bound under subsection 4 of NRS 104.9203.



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

4 (iii) "Person related to," with respect to a natural person, means:

5 (1) The person's spouse;

6 (2) The person's brother, brother-in-law, sister or sister-in-
7 law;

8 (3) The person's or the person's spouse's ancestor or lineal
9 descendant; or

10 (4) Any other relative, by blood or marriage, of the person or
11 the person's spouse who shares the same home with him or her.

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

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

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

17 (3) An officer or director of, or a person performing similar
18 functions with respect to, a person described in subparagraph (1);

19 (4) The spouse of a natural person described in subparagraph
20 (1), (2) or (3); or

21 (5) A person who is related by blood or marriage to a person
22 described in subparagraph (1), (2), (3) or (4) and shares the same
23 home with that person.

24 (kkk) "Proceeds" means, except as used in subsection 2 of NRS
25 104.9609, the following property:

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

28 (2) Whatever is collected on, or distributed on account of,
29 collateral;

30 (3) Rights arising out of collateral;

31 (4) To the extent of the value of collateral, claims arising out
32 of the loss, nonconformity, or interference with the use of, defects or
33 infringement of rights in, or damage to, the collateral; and

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

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

42 (mmm) "Proposal" means a record authenticated by a secured
43 party which includes the terms on which the secured party is willing
44 to accept collateral in full or partial satisfaction of the obligation it
45 secures pursuant to NRS 104.9620, 104.9621 and 104.9622.



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

(1) Debt securities are issued;

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

(3) The debtor, the obligor, the secured party, the account debtor or other person obligated on collateral, the assignor or assignee of a secured obligation, or the 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:*

(1) 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 which amends or restates the initial record;

(2) An organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which 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

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

(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 electronic 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 must maintain a public record showing the organization to have been organized.~~

~~—(rrr)}~~ *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. The term 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.

~~(sss)~~ “Secondary obligor” means an obligor to the extent that:

(1) The obligor’s obligation is secondary; or

(2) 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:

(1) 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;

(2) A person that holds an agricultural lien;

(3) A consignor;

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

(5) 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

(6) A person that holds a security interest arising under NRS 104.2401, 104.2505, subsection 3 of NRS 104.2711, NRS 104.4210, 104.5118 or subsection 5 of NRS 104A.2508.

~~[(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:

(1) 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

(2) To cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (1).

~~[(vvv)]~~ ~~(www)~~ “Software” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is contained in goods unless the goods are a computer or computer peripheral.

~~[(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, document, general intangible, instrument or investment property.



1 ~~{(yyy)}~~ (zzz) “Tangible chattel paper” means chattel paper
2 evidenced by a record or records consisting of information that is
3 inscribed on a tangible medium.

4 ~~{(zzz)}~~ (aaaa) “Termination statement” means a subsequent
5 filing which:

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

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

10 ~~{(aaaa)}~~ (bbbb) “Transmitting utility” means a person primarily
11 engaged in the business of:

12 (1) Operating a railroad, subway, street railway or trolley
13 bus;

14 (2) Transmitting communications electrically,
15 electromagnetically or by light;

16 (3) Transmitting goods by pipeline;

17 (4) Providing sewerage; or

18 (5) Transmitting or producing and transmitting electricity,
19 steam, gas or water.

20 2. “Control” as provided in NRS 104.7106 and the following
21 definitions in other Articles apply to this Article:

22
23 “Applicant.” NRS 104.5102.

24 “Beneficiary.” NRS 104.5102.

25 “Broker.” NRS 104.8102.

26 “Certificated security.” NRS 104.8102.

27 “Check.” NRS 104.3104.

28 “Clearing corporation.” NRS 104.8102.

29 “Contract for sale.” NRS 104.2106.

30 “Customer.” NRS 104.4104.

31 “Entitlement holder.” NRS 104.8102.

32 “Financial asset.” NRS 104.8102.

33 “Holder in due course.” NRS 104.3302.

34 “Issuer” (with respect to a letter of credit or letter-of-credit
35 right). NRS 104.5102.

36 “Issuer” (with respect to a security). NRS 104.8201.

37 “Issuer” (with respect to documents of title). NRS 104.7102.

38 “Lease.” NRS 104A.2103.

39 “Lease agreement.” NRS 104A.2103.

40 “Lease contract.” NRS 104A.2103.

41 “Leasehold interest.” NRS 104A.2103.

42 “Lessee.” NRS 104A.2103.

43 “Lessee in ordinary course of business.” NRS 104A.2103.

44 “Lessor.” NRS 104A.2103.

45 “Lessor’s residual interest.” NRS 104A.2103.



1 “Letter of credit.” NRS 104.5102.
2 “Merchant.” NRS 104.2104.
3 “Negotiable instrument.” NRS 104.3104.
4 “Nominated person.” NRS 104.5102.
5 “Note.” NRS 104.3104.
6 “Proceeds of a letter of credit.” NRS 104.5114.
7 “Prove.” NRS 104.3103.
8 “Sale.” NRS 104.2106.
9 “Securities account.” NRS 104.8501.
10 “Securities intermediary.” NRS 104.8102.
11 “Security.” NRS 104.8102.
12 “Security certificate.” NRS 104.8102.
13 “Security entitlement.” NRS 104.8102.
14 “Uncertificated security.” NRS 104.8102.
15

16 3. Article 1 contains general definitions and principles of
17 construction and interpretation applicable throughout this Article.

18 **Sec. 11.** NRS 104.9105 is hereby amended to read as follows:

19 104.9105 **1.** A secured party has control of electronic chattel
20 paper if *a system employed for evidencing the transfer of interests*
21 *in the chattel paper reliably establishes the secured party as the*
22 *person to which the chattel paper was assigned.*

23 **2.** *A system satisfies subsection 1 if* the record or records
24 comprising the chattel paper are created, stored and assigned in such
25 a manner that:

26 ~~[1-]~~ **(a)** A single authoritative copy of the record or records
27 exists which is unique, identifiable and, except as otherwise
28 provided in ~~[subsections 4, 5 and 6,]~~ *paragraphs (d), (e) and (f),*
29 unalterable;

30 ~~[2-]~~ **(b)** The authoritative copy identifies the secured party as
31 the assignee of the record or records;

32 ~~[3-]~~ **(c)** The authoritative copy is communicated to and
33 maintained by the secured party or its designated custodian;

34 ~~[4-]~~ **(d)** Copies or ~~[revisions]~~ *amendments* that add or change
35 an identified assignee of the authoritative copy can be made only
36 with the ~~[participation]~~ *consent* of the secured party;

37 ~~[5-]~~ **(e)** Each copy of the authoritative copy and any copy of a
38 copy is readily identifiable as a copy that is not the authoritative
39 copy; and

40 ~~[6-]~~ **(f)** Any ~~[revision]~~ *amendment* of the authoritative copy is
41 readily identifiable as ~~[an]~~ authorized or unauthorized. ~~[revision.]~~

42 **Sec. 12.** NRS 104.9307 is hereby amended to read as follows:

43 104.9307 **1.** In this section, “place of business” means a place
44 where a debtor conducts its affairs.



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

(a) A natural person is located at his or her residence.

(b) Any other debtor having only one place of business is located at its place of business.

(c) Any other debtor having more than one place of business is located at its chief executive office.

3. Subsection 2 applies only if a debtor's residence, place of business or chief executive office, as applicable, is located in a jurisdiction whose law 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 does not apply, the debtor is deemed to be 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.

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, 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 or deemed to be 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) applies.

7. A registered organization continues to be located in the jurisdiction specified by subsection 5 or 6 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 deemed to be 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



1 branch or agency is licensed, if all branches and agencies of the
2 bank are licensed in only one state.

3 10. A foreign air carrier under the Federal Aviation Act of
4 1958, as amended, is located at the designated office of the agent
5 upon which service of process may be made on behalf of the carrier.

6 11. This section applies only for purposes of this part.

7 **Sec. 13.** NRS 104.9311 is hereby amended to read as follows:

8 104.9311 1. Except as otherwise provided in subsection 4,
9 the filing of a financing statement is not necessary or effective to
10 perfect a security interest in property subject to:

11 (a) A statute, regulation or treaty of the United States whose
12 requirements for a security interest's obtaining priority over the
13 rights of a lien creditor with respect to the property preempt
14 subsection 1 of NRS 104.9310;

15 (b) Chapter 105 of NRS, NRS 482.423 to 482.431, inclusive,
16 488.1793 to 488.1827, inclusive, and 489.501 to 489.581, inclusive;
17 or

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

22 2. Compliance with the requirements of a statute, regulation or
23 treaty described in subsection 1 for obtaining priority over the rights
24 of a lien creditor is equivalent to the filing of a financing statement
25 under this article. Except as otherwise provided in subsection 4,
26 NRS 104.9313 and subsections 4 and 5 of NRS 104.9316 for goods
27 covered by a certificate of title, a security interest in property
28 subject to a statute, regulation or treaty described in subsection 1
29 may be perfected only by compliance with those requirements, and a
30 security interest so perfected remains perfected notwithstanding a
31 change in the use or transfer of possession of the collateral.

32 3. Except as otherwise provided in subsection 4 and
33 subsections 4 and 5 of NRS 104.9316, duration and renewal of
34 perfection of a security interest perfected by compliance with the
35 requirements prescribed by a statute, regulation or treaty described
36 in subsection 1 are governed by the statute, regulation or treaty. In
37 other respects, the security interest is subject to this article.

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



Sec. 14. NRS 104.9316 is hereby amended to read as follows:

104.9316 1. A security interest perfected pursuant to the law of the jurisdiction designated in subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 remains perfected until the earliest of:

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

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

(c) The expiration of 1 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 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 and 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, a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from 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 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 subsection 2 of NRS 104.9311 or under NRS 104.9313 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 from this State; or



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

7. If a security interest described in subsection 6 becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period 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 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 4 months after the debtor changes its location to another jurisdiction:

(a) A financing statement filed before the change pursuant to the law of the jurisdiction designated in subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 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 if the debtor had not changed its location.

(b) If a security interest perfected by a financing statement that is effective under paragraph (a) 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 subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 or the expiration of the 4-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 subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 and the new debtor is located 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 4 months after, the new debtor becomes bound under subsection 4 of NRS 104.9203, 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 which 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 subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 or the expiration of the 4-month period remains perfected thereafter. A security interest that is perfected by the financing statement but which 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.*

Sec. 15. NRS 104.9317 is hereby amended to read as follows:

104.9317 1. A security interest or agricultural lien is subordinate to the rights of:

(a) A person entitled to priority under NRS 104.9322; and

(b) A person that becomes a lien creditor before the earlier of the time:

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

(2) One of the conditions specified in paragraph (c) of subsection 2 of NRS 104.9203 is met and a financing statement covering the collateral is filed.

2. Except as otherwise provided in subsection 5, a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a ~~[security certificate]~~ *certificated security* 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, 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 gives value without knowledge of the security interest and before it is perfected.



5. Except as otherwise provided in NRS 104.9320 and 104.9321, 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.

Sec. 16. NRS 104.9326 is hereby amended to read as follows:

104.9326 1. Subject to subsection 2, 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 NRS 104.9508 in collateral in which a new debtor has or acquires rights]~~ *would be ineffective to perfect the security interest but for the application of paragraph (a) of subsection 9 of NRS 104.9316 or NRS 104.9508* 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 that section.]~~

2. The other provisions of this part determine the priority among conflicting security interests in the same collateral perfected by filed financing statements ~~[that are effective solely under NRS 104.9508.]~~ *described in subsection 1.* 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.

Sec. 17. NRS 104.9406 is hereby amended to read as follows:

104.9406 1. Subject to subsections 2 to 8, inclusive, 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, notification is ineffective under subsection 1:

(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 article; 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:



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

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

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

3. Subject to subsection 8, 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.

4. Except as otherwise provided in subsection 5 and NRS 104.9407 and 104A.2303, and subject to subsection 8, 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 does not apply to the sale of a payment intangible or promissory note ~~§~~, *other than a sale pursuant to a disposition under NRS 104.9610 or an acceptance of collateral under NRS 104.9620.*

6. Subject to subsections 7 and 8, 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, an account debtor may not waive or vary its option under paragraph (c) of subsection 2.

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

9. This section does not apply to an assignment of a health-care-insurance receivable or to a transfer of a right to receive payments pursuant to NRS 42.030.

Sec. 18. NRS 104.9408 is hereby amended to read as follows:

104.9408 1. Except as otherwise provided in subsection 2, 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 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 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 ~~or~~ *, other than a sale pursuant to a disposition under NRS 104.9610 or an acceptance of collateral under NRS 104.9620.*

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 account 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,



1 right of termination or remedy under the promissory note, health-
2 care-insurance receivable or general intangible.

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

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

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

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

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

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

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

31 **Sec. 19.** NRS 104.9503 is hereby amended to read as follows:

32 104.9503 1. A financing statement sufficiently provides the
33 name of the debtor:

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

43 (b) ~~[[If the debtor is a decedent's estate,]]~~ *Subject to subsection 6,*
44 *if the collateral is being administered by the personal*
45 *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:~~

~~—— (1) 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~~

~~—— (2) 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]~~ *collateral is held in a trust that is not a registered organization, only if the financing statement:*

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

(I) If the organic record of the trust specifies a name for the trust, the name so 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

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

(I) If the name is provided in accordance with subparagraph (I) of subparagraph (1), indicates that the collateral is held in a trust; or

(II) If the name is provided in accordance with subparagraph (II) of subparagraph (1), 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 a natural person, only if the financing statement:*

(1) Provides the individual name of the debtor;

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

(3) Subject to subsection 7, provides the name of the person which is indicated on a driver's license or identification card that this State has issued to the person and which has not expired; and

(e) In other cases:

(1) If the debtor has a name, only if ~~[it]~~ *the financing statement* provides the *organizational* name of the debtor ; ~~[as a natural person or an organization;]~~ and

(2) 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 ~~[it]~~ , *in a manner*



1 *that each name provided would be sufficient if the person named*
2 *were the debtor.*

3 2. A financing statement that provides the name of the debtor
4 in accordance with subsection 1 is not rendered ineffective by the
5 absence of:

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

7 (b) Unless required under subparagraph (2) of paragraph ~~(c)~~
8 *(e)* of subsection 1, names of partners, members, associates or other
9 persons comprising the debtor.

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

12 4. Failure to indicate the representative capacity of a secured
13 party or representative of a secured party does not affect the
14 sufficiency of a financing statement.

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

17 *6. The name of the decedent indicated on the order*
18 *appointing the personal representative of the decedent issued by*
19 *the court having jurisdiction over the collateral is sufficient as the*
20 *"name of the decedent" under paragraph (b) of subsection 1.*

21 *7. If this State has issued to a person more than one driver's*
22 *license or identification card of a kind described in subparagraph*
23 *(3) of paragraph (d) of subsection 1, or has issued to a person both*
24 *a driver's license and identification card, the one that was issued*
25 *most recently is the one to which subparagraph (3) of paragraph*
26 *(d) of subsection 1 refers.*

27 8. In this section, the "name of the settlor or testator" means:

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

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

35 **Sec. 20.** NRS 104.9507 is hereby amended to read as follows:

36 104.9507 1. A filed financing statement remains effective
37 with respect to collateral that is sold, exchanged, leased, licensed or
38 otherwise disposed of and in which a security interest or agricultural
39 lien continues, even if the secured party knows of or consents to the
40 disposition.

41 2. Except as otherwise provided in subsection 3 and NRS
42 104.9508, a financing statement is not rendered ineffective if, after
43 the financing statement is filed, the information provided in the
44 financing statement becomes seriously misleading under
45 NRS 104.9506.



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 subsection 1 of NRS 104.9503 so that the financing statement becomes* seriously misleading under NRS 104.9506:

(a) The financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within 4 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 4 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 4 months after ~~[the change.]~~ *the financing statement became seriously misleading.*

Sec. 21. NRS 104.9515 is hereby amended to read as follows:

104.9515 1. Except as otherwise provided in subsections 2, 5, 6 and 7, a filed financing statement is effective for a period of 5 years after the date of filing.

2. Except as otherwise provided in subsections 5, 6 and 7, an initial financing statement filed in connection with a public-finance transaction or manufactured-home 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 or manufactured-home 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. 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 6 months before the expiration of the 5-year period specified in subsection 1 or the 30-year period specified in subsection 2, whichever is applicable.

5. Except as otherwise provided in NRS 104.9510, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of 5 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 5-year period, the financing statement lapses in the same manner as



provided in subsection 3, unless, before the lapse, another continuation statement is filed pursuant to subsection 4. 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 real property mortgage that is effective as a fixture filing under subsection 3 of NRS 104.9502 remains effective as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Sec. 22. NRS 104.9516 is hereby amended to read as follows:

104.9516 1. Except as otherwise provided in subsection 2, communication of a record to 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:

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

(2) In the case of an amendment or ~~correction~~ *information* statement, the record:

(I) Does not identify the initial financing statement as required by NRS 104.9512 or 104.9518, as applicable; or

(II) Identifies an initial financing statement whose effectiveness has lapsed under NRS 104.9515;

(3) In the case of an initial financing statement that provides the name of a debtor identified as a natural person or an amendment that provides a name of a debtor identified as a natural person 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

(4) In the case of a record filed or recorded in the filing office described in paragraph (a) of subsection 1 of NRS 104.9501, 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



1 in the financing statement to which the amendment relates, the
2 record does not:

- 3 (1) Provide a mailing address for the debtor; *or*
4 (2) Indicate whether the *name provided as the name of the*
5 debtor is *the name of* a natural person or an organization; ~~for~~
6 ~~(3) If the financing statement indicates that the debtor is an~~
7 ~~organization, provide:~~
8 ~~(I) A type of organization for the debtor;~~
9 ~~(II) A jurisdiction of organization for the debtor; or~~
10 ~~(III) An organizational identification number for the~~
11 ~~debtor or indicate that the debtor has none;]~~

12 (f) In the case of an assignment reflected in an initial financing
13 statement under subsection 1 of NRS 104.9514 or an amendment
14 filed under subsection 2 of that section, the record does not provide
15 a name and mailing address for the assignee; ~~for~~

16 (g) In the case of a continuation statement, the record is not filed
17 within the 6-month period prescribed by subsection 4 of NRS
18 104.9515 ~~]; or~~

19 (h) The record lists a public official of a governmental unit as a
20 debtor and the public official has not authorized the filing of the
21 information in an authenticated record as required pursuant to
22 NRS 104.9509.

23 3. For purposes of subsection 2:

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

26 (b) A record that does not indicate that it is an amendment or
27 identify an initial financing statement to which it relates, as required
28 by NRS 104.9512, 104.9514 or 104.9518, is an initial financing
29 statement.

30 4. A record that is communicated to the filing office with
31 tender of the filing fee, but which the filing office refuses to accept
32 for a reason other than one set forth in subsection 2, is effective as a
33 filed record except as against a purchaser of the collateral which
34 gives value in reasonable reliance upon the absence of the record
35 from the files.

36 **Sec. 23.** NRS 104.9518 is hereby amended to read as follows:

37 104.9518 1. A person may file in the filing office ~~an~~
38 ~~correction]~~ *an information* statement with respect to a record
39 indexed there under his or her name if the person believes that the
40 record is inaccurate or was wrongfully filed.

41 2. ~~[A correction]~~ *An information* statement *under subsection*
42 *I* must:

43 (a) Identify the record to which it relates by:

44 (1) The file number assigned to the initial financing
45 statement to which the record relates; and



(2) If the ~~correction~~ *information* statement relates to a record filed or recorded in a filing office described in paragraph (a) of subsection 1 of NRS 104.9501, the date that the initial financing statement was filed or recorded and the information specified in subsection 2 of NRS 104.9502;

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

(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 his or her belief that the record was wrongfully filed.

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 financing statement to which the record relates and believes that the person that filed the record was not entitled to do so under subsection 3 of NRS 104.9509.

4. An information statement under subsection 3 must:

(a) Identify the record to which it relates by:

(1) The file number assigned to the initial financing statement to which the record relates; and

(2) If the information statement relates to a record filed or recorded in a filing office described in paragraph (a) of subsection 1 of NRS 104.9501, the date that the initial financing statement was filed or recorded and the information specified in subsection 2 of NRS 104.9502;

(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 subsection 3 of NRS 104.9509.

5. The filing of ~~a correction~~ *an information* statement does not affect the effectiveness of an initial financing statement or other filed record.

Sec. 24. NRS 104.9607 is hereby amended to read as follows:

104.9607 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 NRS 104.9315;

(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



1 performance to the debtor, and with respect to any property that
2 secures the obligations of the account debtor or other person
3 obligated on the collateral;

4 (d) If it holds a security interest in a deposit account perfected
5 by control under paragraph (a) of subsection 1 of NRS 104.9104,
6 may apply the balance of the deposit account to the obligation
7 secured by the deposit account; and

8 (e) If it holds a security interest in a deposit account perfected
9 by control under paragraph (b) or (c) of subsection 1 of NRS
10 104.9104, may instruct the bank to pay the balance of the deposit
11 account to or for the benefit of the secured party.

12 2. If necessary to enable a secured party to exercise under
13 paragraph (c) of subsection 1 the right of a debtor to enforce a
14 mortgage nonjudicially, the secured party may record in the office in
15 which the mortgage is recorded:

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

18 (b) The secured party's sworn affidavit in recordable form
19 stating that:

20 (1) A default has occurred ~~§~~ *with respect to the obligation*
21 *secured by the mortgage;* and

22 (2) The secured party is entitled to enforce the mortgage
23 nonjudicially.

24 3. A secured party shall proceed in a commercially reasonable
25 manner if the secured party:

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

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

30 4. A secured party may deduct from the collections made
31 pursuant to subsection 3 reasonable expenses of collection and
32 enforcement, including reasonable attorney's fees and legal
33 expenses incurred by the secured party.

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

37 **Sec. 25.** This act becomes effective on July 1, 2013.



