

ASSEMBLY BILL NO. 231—ASSEMBLYWOMAN BACKUS

MARCH 2, 2023

Referred to Committee on Judiciary

SUMMARY—Revises various provisions of the Uniform Commercial Code. (BDR 8-604)

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 the Uniform Commercial Code; enacting the 2022 amendments to the Uniform Commercial Code; enacting the 2018 amendments to Article 9 of the Code; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law contains the Uniform Commercial Code, which is a set of uniform laws governing commercial transactions. (Chapters 104 and 104A of NRS) This bill enacts the 2022 amendments to the Uniform Commercial Code, which: (1) adds Article 12 governing controllable electronic records; and (2) makes various changes to Articles 1, 2, 3, 5, 7, 8, 9, 2A and 4A of the Code. **Sections 75 and 76** of this bill also enact the 2018 amendments to Article 9 of the Code.

Sections 9-15 of this bill enact Article 12, which provides rules for transactions involving controllable electronic records. **Section 10** of this bill defines certain terms for the purposes of Article 12. **Section 26** of this bill makes a conforming change to account for the definition of “value” set forth in **section 10**. **Section 11** of this bill: (1) establishes that Article 9 will govern if it is in conflict with Article 12; and (2) provides that a transaction that is subject to Article 12 is also subject to certain other laws that establish different rules for consumers. **Sections 12, 13 and 70** of this bill establish the circumstances under which a purchaser obtains control of and certain rights in a controllable account, controllable payment intangible or controllable electronic record. **Section 14** of this bill sets forth certain circumstances under which an account debtor on a controllable account or controllable payment intangible may discharge his or her obligation under certain circumstances. **Section 15** of this bill establishes rules for determining the jurisdiction whose law governs a controllable electronic record. **Section 27** of this bill provides that the provisions of an agreement specifying applicable law for a transaction governed by **section 15** is effective only to the extent permitted by **section 15**.

Sections 16-24 of this bill enact the transitional rules included in the 2022 amendments to the Code and define certain related terms. **Section 18** of this bill



provides that a transaction validly entered into before the effective date of this bill, which is October 1, 2023, and the rights, duties and interests flowing from the transaction remain valid thereafter.

Existing law contains Article 1 of the Code, which sets forth the definitions and other general provisions that, in the absence of any conflicting provision in the Code, apply as default rules for transactions and matters otherwise covered in other articles of the Code. (NRS 104.1101-104.1310) **Section 25** of this bill enacts the uniform amendments to the definitions of certain terms which are defined for the purposes of the Code. Among other changes, **section 25** revises the definition of the term “sign” to encompass the authentication or adoption of all records and not just writings. **Sections 28, 38-41, 52, 55-57, 62, 63, 68, 72-75, 77, 78, 81, 82 and 85-90** of this bill make conforming changes to account for the new definition of “sign.” **Sections 25, 31-35, 44, 86, 94-100 and 102-108** of this bill replace the term “writing” with “record” and make certain other changes to allow for certain documents and communications to take a form other than a written or otherwise tangible form.

Existing law contains Article 2 of the Code, the uniform law governing sales. (NRS 104.2101-104.2725) **Sections 29 and 30** of this bill define the term “hybrid transaction” and describe the extent to which Article 2 governs hybrid transactions.

Existing law contains Article 3 of the Code, the uniform law governing negotiable instruments. (NRS 104.3101-104.3605) **Section 36** of this bill authorizes a negotiable instrument to contain certain provisions specifying which laws govern the instrument and how certain disputes will be resolved. **Section 37** of this bill expands the definition of “issue” to include certain electronic transmissions. **Section 38** of this bill removes certain requirements relating to the generation and form of a signature that makes a person liable on a negotiable instrument. **Section 39** provides that an obligation to pay a check is not discharged solely by the destruction of the check, under certain circumstances.

Existing law contains Article 5 of the Code, the uniform law governing letters of credit. (NRS 104.5101-104.5118) **Section 41** prescribes the method for determining the location of a branch of a bank for certain purposes.

Existing law contains Article 7 of the Code, the uniform law governing warehouse receipts, bills of lading and other documents of title. (NRS 104.7101-104.7603) **Section 42** of this bill removes certain definitions made unnecessary by the revisions made in **section 25**. **Section 43** of this bill: (1) makes various changes related to the process for determining when a person has control of an electronic document of title after a certain system evidences that the document was issued or transferred to the person; and (2) defines when a person is deemed to have obtained control of an electronic document of title through another person.

Existing law contains Article 8 of the Code, the uniform law governing investment securities. (NRS 104.8101-104.8511) **Section 44** revises certain definitions for the purposes of Article 8. **Section 45** of this bill provides that a controllable account, controllable electronic record or controllable payment intangible is a financial asset only to the extent that a securities intermediary and an entitled person agree that it should be treated as a financial asset. **Section 46** of this bill revises the circumstances under which a purchaser is deemed to have control of a security entitlement that is controlled by another person and makes various related changes. **Section 47** of this bill establishes that the local law of the jurisdiction of the issuer or of the securities intermediary governs certain matters related to a security or security entitlement. **Section 48** of this bill makes technical changes to certain provisions governing protected purchasers.

Existing law contains Article 9 of the Code, the uniform law governing secured transactions. (NRS 104.9101-104.9717) **Section 49** of this bill revises certain definitions relating to secured transactions and defines certain terms relating to controllable electronic records. **Sections 2, 3, 50 and 51** of this bill set forth the



circumstances under which a person is deemed to have control of electronic money, a controllable electronic record, a deposit account or an authoritative electronic copy of a record evidencing chattel paper. **Sections 4, 54-56 and 79** of this bill revise certain rights and duties of a party possessing or controlling certain collateral. **Section 52** identifies the circumstances under which a security interest is enforceable against the debtor and third parties with respect to collateral that is controllable electronic records, electronic documents or certain other collateral. **Section 53** of this bill revises the circumstances under which a security interest may attach to certain proceeds.

Sections 5, 6 and 58-60 of this bill revise and establish certain rules for determining the applicable law governing the perfection, the effect of perfection or nonperfection and the priority of a security interest in certain property. **Sections 7, 8 and 61-65** of this bill revise certain provisions related to the perfection of certain security interests and prescribe certain methods for perfecting those security interests. **Sections 66, 67 and 71** of this bill revise the circumstances under which a buyer or lessee of goods, a buyer of an electronic document, chattel paper, controllable electronic record, controllable account or controllable payment intangible or a transferee of tangible or electronic money takes free of a security interest or leasehold interest. **Section 69** of this bill revises the circumstances under which a purchaser of chattel paper has priority over a security interest in the chattel paper. **Section 75** exempts a controllable account or controllable payment intangible from certain requirements relating to an assignment of debt. **Section 80** of this bill provides that a secured party that obtains control of a controllable account, controllable electronic record or controllable payment intangible owes a duty to a debtor or obligor under certain circumstances. **Section 91** of this bill provides that certain provisions which limit the liability of a secured party do not apply to a secured party that obtains control of a controllable account, controllable electronic record or controllable payment intangible under certain circumstances. **Sections 83 and 84** of this bill make certain revisions to the content and form of notification before the disposition of certain collateral.

Existing law provides that, with certain exceptions, any rule of law, statute, regulation or term in an agreement between an account debtor and an assignor or in a promissory note that imposes certain restrictions on the assignment of a security interest in certain collateral is ineffective. (NRS 104.9406, 104.9408) **Sections 75 and 76**, which enact the 2018 amendments to Article 9, provide that those provisions do not apply to a security interest in an ownership interest in a general partnership, limited partnership or limited-liability company.

Existing law contains Article 2A of the Code, the uniform law governing leases. (NRS 104A.2101-104A.2532) **Section 93** of this bill defines the term "hybrid lease" to mean a single transaction involving a lease of goods and the provision of services or the sale, lease or license of certain property. **Section 92** of this bill describes the extent to which Article 2A governs hybrid leases.

Existing law contains Article 4A of the Code, the uniform law governing funds transfers. (NRS 104A.4101-104A.4507) **Section 101** of this bill authorizes the imposition of certain obligations in a security procedure established by agreement between a customer and a receiving bank.

Sections 109-112 of this bill make conforming changes to internal references to sections amended in this bill.



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 24, inclusive, of this act.

Sec. 2. 1. A person has control of electronic money if:

(a) The electronic money, a record attached to or logically associated with the electronic money or a system in which the electronic money is recorded gives the person:

(1) Power to avail itself of substantially all the benefit from the electronic money; and

(2) Exclusive power, subject to subsection 2, to:

(I) Prevent others from availing themselves of substantially all the benefit from the electronic money; and

(II) Transfer control of the electronic money to another person or cause another person to obtain control of other electronic money as a result of the transfer of the electronic money; and

(b) The electronic money, a record attached to or logically associated with the electronic money or a system in which the electronic money is recorded enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office or account number, as having the powers under paragraph (a).

2. Subject to subsection 3, a power is exclusive under subparagraph (2) of paragraph (a) of subsection 1, even if:

(a) The electronic money, a record attached to or logically associated with the electronic money or a system in which the electronic money is recorded limits the use of the electronic money or has a protocol programmed to cause a change, including a transfer or loss of control; or

(b) The power is shared with another person.

3. A power of a person is not shared with another person under paragraph (b) of subsection 2 and the person's power is not exclusive if:

(a) The person can exercise a power only if the power also is exercised by the other person; and

(b) The other person:

(1) Can exercise the power without exercise of the power by the person; or

(2) Is the transferor to the person of an interest in the electronic money.



4. If a person has the powers specified in subparagraph (2) of paragraph (a) of subsection 1, the powers are presumed to be exclusive.

5. A person has control of electronic money if another person, other than the transferor to the person of an interest in the electronic money:

(a) Has control of the electronic money and acknowledges that it has control on behalf of the person; or

(b) Obtains control of the electronic money after having acknowledged that it will obtain control of the electronic money on behalf of the person.

Sec. 3. 1. A secured party has control of a controllable electronic record as provided in section 13 of this act.

2. A secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences the controllable account or controllable payment intangible.

Sec. 4. 1. A person that has control under NRS 104.9104 or 104.9105 or section 2 of this act is not required to acknowledge that it has control on behalf of another person.

2. If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

Sec. 5. 1. Except as provided in subsection 4, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection and the priority of a security interest in the chattel paper, even if a transaction does not bear any relation to the chattel paper's jurisdiction.

2. The following rules determine the chattel paper's jurisdiction under this section:

(a) If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction for purposes of this part, this Article or the Uniform Commercial Code, that jurisdiction is the chattel paper's jurisdiction.

(b) If paragraph (a) does not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that a particular



jurisdiction is the chattel paper's jurisdiction for purposes of this part, this Article or the Uniform Commercial Code, that jurisdiction is the chattel paper's jurisdiction.

(c) If paragraphs (a) and (b) do not apply and the authoritative electronic copy, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that the chattel paper is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

(d) If paragraphs (a), (b) and (c) do not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that the chattel paper or the system is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

(e) If paragraphs (a) to (d), inclusive, do not apply, the chattel paper's jurisdiction is the jurisdiction in which the debtor is located.

3. If an authoritative tangible copy of a record evidences chattel paper and the chattel paper is not evidenced by an authoritative electronic copy, while the authoritative tangible copy of the record evidencing chattel paper is located in a jurisdiction, the law of that jurisdiction governs:

(a) Perfection of a security interest in the chattel paper by possession under section 7 of this act; and

(b) The effect of perfection or nonperfection and the priority of a security interest in the chattel paper.

4. The law of the jurisdiction in which the debtor is located governs perfection of a security interest in chattel paper by filing.

Sec. 6. 1. Except as provided in subsection 2, the law of the controllable electronic record's jurisdiction specified in subsections 3 and 4 of section 15 of this act governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a controllable electronic record and a security interest in a controllable account or controllable payment intangible evidenced by the controllable electronic record.

2. The law of the jurisdiction in which the debtor is located governs:

(a) Perfection of a security interest in a controllable account, controllable electronic record or controllable payment intangible by filing; and

(b) Automatic perfection of a security interest in a controllable payment intangible created by a sale of the controllable payment intangible.

Sec. 7. 1. A secured party may perfect a security interest in chattel paper by taking possession of each authoritative tangible



copy of the record evidencing the chattel paper and obtaining control of each authoritative electronic copy of the electronic record evidencing the chattel paper.

2. A security interest is perfected under subsection 1 not earlier than the time the secured party takes possession and obtains control and remains perfected under subsection 1 only while the secured party retains possession and control.

3. Subsections 3 and 6 to 9, inclusive, of NRS 104.9313 apply to perfection by possession of an authoritative tangible copy of a record evidencing chattel paper.

Sec. 8. A security interest in a controllable account, controllable electronic record or controllable payment intangible held by a secured party having control of the account, electronic record or payment intangible has priority over a conflicting security interest held by a secured party that does not have control.

Sec. 9. This Article may be cited as the Uniform Commercial Code—Controllable Electronic Records.

Sec. 10. 1. In this Article:

(a) “Controllable electronic record” means a record stored in an electronic medium that can be subjected to control under section 13 of this act. The term does not include a controllable account, a controllable payment intangible, a deposit account, an electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property or a transferable record.

(b) “Qualifying purchaser” means a purchaser of a controllable electronic record or an interest in a controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

(c) “Transferable record” has the meaning provided for that term in:

(1) Section 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7021(a)(1), as amended; or

(2) Subsection 1 of NRS 719.330.

(d) “Value” has the meaning provided in subsection 1 of NRS 104.3303, as if references in that subsection to an “instrument” were references to a controllable account, controllable electronic record or controllable payment intangible.

2. The following definitions in Article 9 apply to this Article:

“Account debtor.” NRS 104.9102.

“Chattel paper.” NRS 104.9102.

“Controllable account.” NRS 104.9102.



1 *“Controllable payment intangible.” NRS 104.9102.*

2 *“Deposit account.” NRS 104.9102.*

3 *“Electronic money.” NRS 104.9102.*

4 *“Investment property.” NRS 104.9102.*

5
6 3. Article 1 contains general definitions and principles of
7 construction and interpretation applicable throughout this Article.

8 **Sec. 11.** 1. If there is a conflict between this Article and
9 Article 9, Article 9 governs.

10 2. A transaction subject to this Article is subject to:

11 (a) Any applicable rule of law that establishes a different rule
12 for consumers;

13 (b) Any other statute or regulation that regulates the rates,
14 charges, agreements and practices for loans, credit sales or other
15 extensions for credit; and

16 (c) Any consumer-protection statute or regulation.

17 **Sec. 12.** 1. This section applies to the acquisition and
18 purchase of rights in a controllable account or controllable
19 payment intangible, including the rights and benefits under
20 subsections 3, 4, 5, 7 and 8 of a purchaser and qualifying
21 purchaser, in the same manner this section applies to a
22 controllable electronic record.

23 2. To determine whether a purchaser of a controllable
24 account or a controllable payment intangible is a qualifying
25 purchaser, the purchaser obtains control of the account or
26 payment intangible if it obtains control of the controllable
27 electronic record that evidences the account or payment
28 intangible.

29 3. Except as provided in this section, law other than this
30 Article determines whether a person acquires a right in a
31 controllable electronic record and the right the person acquires.

32 4. A purchaser of a controllable electronic record acquires all
33 rights in the controllable electronic record that the transferor had
34 or had power to transfer, except that a purchaser of a limited
35 interest in a controllable electronic record acquires rights only to
36 the extent of the interest purchased.

37 5. A qualifying purchaser acquires its rights in the
38 controllable electronic record free of a claim of a property right in
39 the controllable electronic record.

40 6. Except as provided in subsections 1 and 5 for a
41 controllable account and a controllable payment intangible or law
42 other than this Article, a qualifying purchaser takes a right to
43 payment, right to performance or other interest in property
44 evidenced by the controllable electronic record subject to a claim



1 of a property right in the right to payment, right to performance or
2 other interest in property.

3 7. An action may not be asserted against a qualifying
4 purchaser based on both a purchase by the qualifying purchaser
5 of a controllable electronic record and a claim of a property right
6 in another controllable electronic record, whether the action is
7 framed in conversion, replevin, constructive trust, equitable lien or
8 other theory.

9 8. Filing of a financing statement under Article 9 is not
10 notice of a claim of a property right in a controllable electronic
11 record.

12 **Sec. 13.** 1. A person has control of a controllable electronic
13 record if the electronic record, a record attached to or logically
14 associated with the electronic record or a system in which the
15 electronic record is recorded:

16 (a) Gives the person:

17 (1) The power to avail itself of substantially all the benefit
18 from the electronic record; and

19 (2) Exclusive power, subject to subsection 2, to:

20 (I) Prevent others from availing themselves of
21 substantially all the benefit from the electronic record; and

22 (II) Transfer control of the electronic record to another
23 person or cause another person to obtain control of another
24 controllable electronic record as a result of the transfer of the
25 electronic record; and

26 (b) Enables the person readily to identify itself in any way,
27 including by name, identifying number, cryptographic key, office
28 or account number, as having the powers specified in
29 paragraph (a).

30 2. Subject to subsection 3, a power is exclusive under sub-
31 subparagraphs (I) and (II) of subparagraph (2) of paragraph (a)
32 of subsection 1, even if:

33 (a) The controllable electronic record, a record attached to or
34 logically associated with the electronic record or a system in which
35 the electronic record is recorded limits the use of the electronic
36 record or has a protocol programmed to cause a change, including
37 a transfer or loss of control or a modification of benefits afforded
38 by the electronic record; or

39 (b) The power is shared with another person.

40 3. A power of a person is not shared with another person
41 under paragraph (b) of subsection 2 and the person's power is not
42 exclusive if:

43 (a) The person can exercise the power only if the power also is
44 exercised by the other person; and

45 (b) The other person:



(1) Can exercise the power without exercise of the power by the person; or

(2) Is the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record.

4. If a person has the powers specified in sub-subparagraphs (I) and (II) of subparagraph (2) of paragraph (a) of subsection 1, the powers are presumed to be exclusive.

5. A person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record:

(a) Has control of the electronic record and acknowledges that it has control on behalf of the person; or

(b) Obtains control of the electronic record after having acknowledged that it will obtain control of the electronic record on behalf of the person.

6. A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

7. If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

Sec. 14. 1. An account debtor on a controllable account or controllable payment intangible may discharge its obligation by paying:

(a) The person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible; or

(b) Except as provided in subsection 2, a person that formerly had control of the controllable electronic record.

2. Subject to subsection 4, the account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that:

(a) Is signed by a person that formerly had control or the person to which control was transferred;

(b) Reasonably identifies the controllable account or controllable payment intangible;

(c) Notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;



(d) Identifies the transferee, in any reasonable way, including by name, identifying number, cryptographic key, office or account number; and

(e) Provides a commercially reasonable method by which the account debtor is to pay the transferee.

3. After receipt of a notification that complies with subsection 2, the account debtor may discharge its obligation by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

4. Subject to subsection 8, notification is ineffective under subsection 2:

(a) Unless, before the notification is sent, the account debtor and the person that, at that time, had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in a signed record to a commercially reasonable method by which a person may furnish reasonable proof that control has been transferred;

(b) To the extent an agreement between the account debtor and 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:

(1) Divide a payment;

(2) Make less than the full amount of an installment or other periodic payment; or

(3) Pay any part of a payment by more than one method or to more than one person.

5. Subject to subsection 8, if requested by the account debtor, the person giving the notification under subsection 2 seasonably shall furnish reasonable proof, using the method in the agreement referred to in paragraph (a) of subsection 4, that control of the controllable electronic record has been transferred. Unless the person complies with the request, the account debtor may discharge its obligation by paying a person that formerly had control, even if the account debtor has received a notification under subsection 2.

6. A person furnishes reasonable proof under subsection 5 that control has been transferred if the person demonstrates, using the method in the agreement referred to in paragraph (a) of subsection 4, that the transferee has the power to:

(a) Avail itself of substantially all the benefit from the controllable electronic record;

(b) Prevent others from availing themselves of substantially all the benefit from the controllable electronic record; and



(c) Transfer the powers specified in paragraphs (a) and (b) to another person.

7. Subject to subsection 8, an account debtor may not waive or vary its rights under paragraph (a) of subsection 4 and subsection 5, or its option under paragraph (c) of subsection 4.

8. This section is subject to law other than this Article 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.

Sec. 15. 1. Except as provided in subsection 2, the law of a controllable electronic record's jurisdiction governs a matter covered by this Article.

2. For a controllable electronic record that evidences a controllable account or controllable payment intangible, the law of the controllable electronic record's jurisdiction governs a matter covered by section 14 of this act unless an effective agreement determines that the law of another jurisdiction governs.

3. The following rules determine a controllable electronic record's jurisdiction under this section:

(a) If the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this Article or the Uniform Commercial Code, that jurisdiction is the controllable electronic record's jurisdiction.

(b) If paragraph (a) does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this Article or the Uniform Commercial Code, that jurisdiction is the controllable electronic record's jurisdiction.

(c) If paragraphs (a) and (b) do not apply and the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that the controllable electronic record is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

(d) If paragraphs (a), (b) and (c) do not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that the controllable electronic record or the system is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.



(e) If paragraphs (a) to (d), inclusive, do not apply, the controllable electronic record's jurisdiction is the District of Columbia.

4. If paragraph (e) of subsection 3 applies and Article 12 is not in effect in the District of Columbia without material modification, the governing law for a matter covered by this Article is the law of the District of Columbia as though Article 12 were in effect in the District of Columbia without material modification. In this subsection, "Article 12" means Article 12 of the Uniform Commercial Code Amendments (2022).

5. To the extent subsections 1 and 2 provide that the law of the controllable electronic record's jurisdiction governs a matter covered by this Article, that law governs even if a matter or transaction to which the matter relates does not bear any relation to the controllable electronic record's jurisdiction.

6. The rights acquired under section 12 of this act by a purchaser or qualifying purchaser are governed by the law applicable under this section at the time of purchase.

Sec. 16. This Article may be cited as Transitional Provisions for Uniform Commercial Code Amendments (2022).

Sec. 17. 1. In this Article:

(a) "Article 12" means Article 12 of the Uniform Commercial Code.

(b) "Article 12 property" means a controllable account, controllable electronic record or controllable payment intangible.

2. The following definitions in other Articles of the Uniform Commercial Code apply to this Article:

"Controllable account." NRS 104.9102.

"Controllable electronic record." Section 10 of this act.

"Controllable payment intangible." NRS 104.9102.

"Electronic money." NRS 104.9102.

"Financing statement." NRS 104.9102.

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

Sec. 18. Except as provided in Part 3, a transaction validly entered into before October 1, 2023, and the rights, duties and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated or enforced as required or permitted by law other than the Uniform Commercial Code or, if applicable, the Uniform Commercial Code, as though this act had not taken effect.

Sec. 19. 1. Except as provided in this Part, Article 9, as amended by this act and Article 12, apply to a transaction, lien or



1 *other interest in property, even if the transaction, lien or interest*
2 *was entered into, created or acquired before October 1, 2023.*

3 2. *Except as provided in subsection 3 and sections 20 to 24,*
4 *inclusive, of this act:*

5 (a) *A transaction, lien or interest in property that was validly*
6 *entered into, created or transferred before October 1, 2023, and*
7 *was not governed by the Uniform Commercial Code, but would be*
8 *subject to Article 9, as amended by this act, or Article 12 if it had*
9 *been entered into, created or transferred on or after October 1,*
10 *2023, including the rights, duties and interests flowing from the*
11 *transaction, lien or interest, remains valid on and after October 1,*
12 *2023; and*

13 (b) *The transaction, lien or interest may be terminated,*
14 *completed, consummated and enforced as required or permitted by*
15 *this act or by the law that would apply if this act had not taken*
16 *effect.*

17 3. *This act does not affect an action, case or proceeding*
18 *commenced before October 1, 2023.*

19 **Sec. 20.** 1. *A security interest that is enforceable and*
20 *perfected immediately before October 1, 2023, is a perfected*
21 *security interest under this act if, on October 1, 2023, the*
22 *requirements for enforceability and perfection under this act are*
23 *satisfied without further action.*

24 2. *If a security interest is enforceable and perfected*
25 *immediately before October 1, 2023, but the requirements for*
26 *enforceability or perfection under this act are not satisfied on*
27 *October 1, 2023, the security interest:*

28 (a) *Is a perfected security interest until the earlier of the time*
29 *perfection would have ceased under the law in effect immediately*
30 *before October 1, 2023, or July 1, 2025;*

31 (b) *Remains enforceable thereafter only if the security interest*
32 *satisfies the requirements for enforceability under NRS 104.9203,*
33 *as amended by section 52 of this act, before July 1, 2025; and*

34 (c) *Remains perfected thereafter only if the requirements for*
35 *perfection under this act are satisfied before the time specified in*
36 *paragraph (a).*

37 **Sec. 21.** *A security interest that is enforceable immediately*
38 *before October 1, 2023, but is unperfected at that time:*

39 1. *Remains an enforceable security interest until July 1,*
40 *2025;*

41 2. *Remains enforceable thereafter if the security interest*
42 *becomes enforceable under NRS 104.9203, as amended by section*
43 *52 of this act, on October 1, 2023, or before July 1, 2025; and*

44 3. *Becomes perfected:*



(a) Without further action, on October 1, 2023, if the requirements for perfection under this act are satisfied before or at that time; or

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

Sec. 22. 1. If action, other than the filing of a financing statement, is taken before October 1, 2023, and the action would have resulted in perfection of the security interest had the security interest become enforceable before October 1, 2023, the action is effective to perfect a security interest that attaches under this act before July 1, 2025. An attached security interest becomes unperfected on July 1, 2025 unless the security interest becomes a perfected security interest under this act before July 1, 2025.

2. The filing of a financing statement before October 1, 2023, is effective to perfect a security interest on October 1, 2023, to the extent the filing would satisfy the requirements for perfection under this act.

3. The taking of an action before October 1, 2023, is sufficient for the enforceability of a security interest on October 1, 2023, if the action would satisfy the requirements for enforceability under this act.

Sec. 23. 1. Subject to subsections 2 and 3, this act determines the priority of conflicting claims to collateral.

2. Subject to subsection 3, if the priorities of claims to collateral were established before October 1, 2023, Article 9, as in effect before October 1, 2023, determines priority.

3. On July 1, 2025, to the extent the priorities determined by Article 9, as amended by this act, modify the priorities established before October 1, 2023, the priorities of claims to Article 12 property and electronic money established before October 1, 2023, cease to apply.

Sec. 24. 1. Subject to subsections 2 and 3, Article 12 determines the priority of conflicting claims to Article 12 property when the priority rules of Article 9, as amended by this act, do not apply.

2. Subject to subsection 3, when the priority rules of Article 9, as amended by this act, do not apply and the priorities of claims to Article 12 property were established before October 1, 2023, law other than Article 12 determines priority.

3. When the priority rules of Article 9, as amended by this act, do not apply, to the extent the priorities determined by this act modify the priorities established before October 1, 2023, the priorities of claims to Article 12 property established before October 1, 2023, cease to apply on July 1, 2025.



Sec. 25. NRS 104.1201 is hereby amended to read as follows:

104.1201 1. Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other Articles of the Uniform Commercial Code that apply to particular Articles or parts thereof, have the meanings stated.

2. Subject to definitions contained in other Articles of the Uniform Commercial Code that apply to particular Articles or parts thereof:

(a) "Action," in the sense of a judicial proceeding, includes recoupment, counterclaim, set off, suit in equity and any other proceeding in which rights are determined.

(b) "Aggrieved party" means a party entitled to pursue a remedy.

(c) "Agreement," as distinguished from "contract," means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in NRS 104.1303.

(d) "Bank" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union and trust company.

(e) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title or certificated security that is payable to bearer or endorsed in blank.

(f) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

(g) "Branch" includes a separately incorporated foreign branch of a bank.

(h) "Burden of establishing" a fact means the burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.

(i) "Buyer in ordinary course of business" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on



secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Article 2 may be a buyer in ordinary course of business. “Buyer in ordinary course of business” does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(j) “Conspicuous,” with reference to a term, means so written, displayed or presented that , *based on the totality of the circumstances*, a reasonable person against which it is to operate ought to have noticed it. Whether a term is “conspicuous” or not is a decision for the court. ~~Conspicuous terms include the following:~~

~~— (1) A heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font or color to the surrounding text of the same or lesser size; and~~

~~— (2) Language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.~~

(k) “Consumer” means a natural person who enters into a transaction primarily for personal, family or household purposes.

(l) “Contract,” as distinguished from “agreement,” means the total legal obligation that results from the parties’ agreement as determined by the Uniform Commercial Code as supplemented by any other applicable laws.

(m) “Creditor” includes a general creditor, a secured creditor, a lien creditor and any representative of creditors, including an assignee for the benefit of creditors, a trustee in bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor’s or assignor’s estate.

(n) “Defendant” includes a person in the position of defendant in a counterclaim, cross-claim or third-party claim.

(o) “Delivery,” with respect to an electronic document of title , means voluntary transfer of control and , with respect to an instrument, a tangible document of title or *an authoritative tangible copy of a record evidencing* chattel paper, means voluntary transfer of possession.

(p) “Document of title” means a record:

(1) That in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold and dispose of the record and the goods the record covers; and



(2) That purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

➤ The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt and order for delivery of goods. An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

(q) *“Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities.*

(r) “Fault” means a default, breach or wrongful act or omission.

~~(s)~~ (s) “Fungible goods” means:

(1) Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or

(2) Goods that by agreement are treated as equivalent.

~~(t)~~ (t) “Genuine” means free of forgery or counterfeiting.

~~(u)~~ (u) “Good faith,” except as otherwise provided in Article 5, means honesty in fact and the observance of reasonable commercial standards of fair dealing.

~~(v)~~ (v) “Holder” means:

(1) The person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession;

(2) The person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or

(3) The person in control, *other than pursuant to subsection 7 of NRS 104.7106*, of a negotiable electronic document of title.

~~(w)~~ (w) “Insolvency proceeding” includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

~~(x)~~ (x) “Insolvent” means:

(1) Having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute;

(2) Being unable to pay debts as they become due; or

(3) Being insolvent within the meaning of federal bankruptcy law.

~~(y)~~ (y) “Money” means a medium of exchange *that is* currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. *The term does not include an*



electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government.

~~(y)~~ (z) “Organization” means a person other than a natural person.

~~(z)~~ (aa) “Party,” as distinguished from “third party,” means a person that has engaged in a transaction or made an agreement subject to the Uniform Commercial Code.

~~(aa)~~ (bb) “Person” means a natural person, corporation, business trust, estate, trust, partnership, limited-liability company, association, joint venture, government, governmental subdivision, agency or instrumentality, ~~public corporation,~~ or any other legal or commercial entity. *The term includes a protected series, however denominated, of an entity if the protected series is established under law other than the Uniform Commercial Code that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.*

~~(bb)~~ (cc) “Present value” means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

~~(ee)~~ (dd) “Purchase” means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift or any other voluntary transaction creating an interest in property.

~~(dd)~~ (ee) “Purchaser” means a person that takes by purchase.

~~(ee)~~ (ff) “Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

~~(ff)~~ (gg) “Remedy” means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

~~(gg)~~ (hh) “Representative” means a person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, executor or administrator of an estate.

~~(hh)~~ (ii) “Right” includes remedy.

~~(ii)~~ (jj) “Security interest” means an interest in personal property or fixtures which secures payment or performance of an obligation. “Security interest” includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible or a promissory note in a transaction that is subject to Article 9.



“Security interest” does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under NRS 104.2401, but a buyer may also acquire a “security interest” by complying with Article 9. Except as otherwise provided in NRS 104.2505, the right of a seller or lessor of goods under Article 2 or 2A to retain or acquire possession of the goods is not a “security interest,” but a seller or lessor may also acquire a “security interest” by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under NRS 104.2401 is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a lease creates a “security interest” is determined pursuant to NRS 104.1203.

~~{(jj)}~~ “Send”

~~(kk)~~ “Send,” in connection with a ~~{writing,}~~ record or ~~{notice}~~ notification, means:

(1) To deposit in the mail, ~~{or}~~ deliver for transmission **or transmit** by any other usual means of communication, with postage or cost of transmission provided for and ~~{properly}~~ addressed ~~{and, in the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none}~~ to any address reasonable under the circumstances; or

(2) ~~{In any other way to}~~ **To** cause **the record or notification** to be received ~~{any record or notice}~~ within the time it would have ~~{arrived}~~ **been received** if properly sent ~~{~~

~~—(kk) “Signed” includes using any symbol executed or adopted with present intention to adopt or accept a writing.}~~ **under subparagraph (1).**

(ll) “Sign” means, with present intent to authenticate or adopt a record:

(1) Execute or adopt a tangible symbol; or

(2) Attach to or logically associate with the record an electronic symbol, sound or process.

↪ “Signed,” “signing” and “signature” have corresponding meanings.

(mm) “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.

~~{(nn)}~~ **(nn)** “Surety” includes a guarantor or other secondary obligor.

~~{(oo)}~~ **(oo)** “Term” means a portion of an agreement that relates to a particular matter.



~~[(pp)]~~ (pp) “Unauthorized signature” means a signature made without actual, implied or apparent authority. The term includes a forgery.

~~[(pp)]~~ (qq) “Warehouse receipt” means a document of title issued by a person engaged in the business of storing goods for hire.

~~[(qq)]~~ (rr) “Writing” includes printing, typewriting or any other intentional reduction to tangible form. “Written” has a corresponding meaning.

Sec. 26. NRS 104.1204 is hereby amended to read as follows:

104.1204 Except as otherwise provided in Articles 3, 4, ~~[and]~~ 5 ~~[(and)]~~ and 12, a person gives value for rights if the person acquires them:

1. In return for a binding commitment to extend credit or for the extension of immediately available credit, whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;

2. As security for, or in total or partial satisfaction of, a preexisting claim;

3. By accepting delivery under a preexisting contract for purchase; or

4. In return for any consideration sufficient to support a simple contract.

Sec. 27. NRS 104.1301 is hereby amended to read as follows:

104.1301 1. Except as otherwise provided in this section, when a transaction bears a reasonable relation to this State and also to another state or nation the parties may agree that the law either of this State or of such other state or nation shall govern their rights and duties.

2. In the absence of an agreement effective under subsection 1, and except as otherwise provided in subsection 3, the Uniform Commercial Code applies to transactions bearing an appropriate relation to this State.

3. If one of the following provisions of the Uniform Commercial Code specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law so specified:

(a) NRS 104.2402;

(b) NRS 104.4102;

(c) NRS 104.5116;

(d) NRS 104.8110;

(e) NRS 104.9301 to 104.9307, inclusive;

(f) NRS 104A.2105 and 104A.2106; ~~[and]~~

(g) NRS 104A.4507 ~~[(and)]~~; and

(h) *Section 15 of this act.*



Sec. 28. NRS 104.1306 is hereby amended to read as follows:

104.1306 A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in ~~an authenticated~~ **a signed** record.

Sec. 29. NRS 104.2102 is hereby amended to read as follows:

104.2102 **1.** Unless the context otherwise requires, **and except as provided in subsection 3,** this article applies to transactions in goods ~~it does not apply to any transaction which although in the form of an unconditional contract to sell or present sales is intended to operate only as a security transaction nor does this article impair~~ **and, in the case of a hybrid transaction, it applies to the extent provided in subsection 2.**

2. In a hybrid transaction:

(a) If the sale-of-goods aspects do not predominate, only the provisions of this Article which relate primarily to the sale-of-goods aspects of the transactions apply, and the provisions that relate primarily to the transaction as a whole do not apply.

(b) If the sale-of-goods aspects predominate, this Article applies to the transaction but does not preclude application in appropriate circumstances of other law to the aspects of the transaction which do not relate to the sale of goods.

3. This Article does not:

(a) Apply to a transaction that, even though in the form of an unconditional contract to sell or present sale, operates only to create a security interest; or

(b) Impair or repeal any statute regulating sales to consumers, farmers or other specified classes of buyers.

Sec. 30. NRS 104.2106 is hereby amended to read as follows:

104.2106 **1.** In this article unless the context otherwise requires "contract" and "agreement" are limited to those relating to the present or future sale of goods. "Contract for sale" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price (NRS 104.2401). A "present sale" means a sale which is accomplished by the making of the contract.

2. Goods or conduct including any part of a performance are "conforming" or conform to the contract when they are in accordance with the obligations under the contract.

3. "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On "termination" all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.



4. "Cancellation" occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of "termination" except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance.

5. *"Hybrid transaction" means a single transaction involving a sale of goods and:*

(a) *The provision of services;*

(b) *A lease of other goods; or*

(c) *A sale, lease or license of property other than goods.*

Sec. 31. NRS 104.2201 is hereby amended to read as follows:

104.2201 1. Except as otherwise provided in this section a contract for the sale of goods for the price of \$500 or more is not enforceable by way of action or defense unless there is ~~{some writing}~~ *a record* sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by ~~{his or her}~~ *the party's* authorized agent or broker. A ~~{writing}~~ *record* is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not enforceable under this subsection beyond the quantity of goods shown in ~~{such writing.}~~ *the record.*

2. Between merchants if within a reasonable time a ~~{writing}~~ *record* in confirmation of the contract and sufficient against the sender is received and the party receiving it has reason to know its contents, it satisfies the requirements of subsection 1 against ~~{such}~~ *the* party unless ~~{written}~~ notice *in a record* of objection to its contents is given within 10 days after it is received.

3. A contract which does not satisfy the requirements of subsection 1 but which is valid in other respects is enforceable:

(a) If the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the seller's business and the seller, before notice of repudiation is received and under circumstances which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture or commitments for their procurement; or

(b) If the party against whom enforcement is sought admits in his or her pleading, testimony or otherwise in court that a contract for sale was made, but the contract is not enforceable under this provision beyond the quantity of goods admitted; or

(c) With respect to goods for which payment has been made and accepted or which have been received and accepted (NRS 104.2606).

Sec. 32. NRS 104.2202 is hereby amended to read as follows:

104.2202 Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in



1 ~~{writing}~~ a *record* intended by the parties as a final expression of
2 their agreement with respect to such terms as are included therein
3 may not be contradicted by evidence of any prior agreement or of a
4 contemporaneous oral agreement but may be explained or
5 supplemented:

6 1. By course of performance, course of dealing or usage of
7 trade (NRS 104.1303); and

8 2. By evidence of consistent additional terms unless the court
9 finds the ~~{writing}~~ *record* to have been intended also as a complete
10 and exclusive statement of the terms of the agreement.

11 **Sec. 33.** NRS 104.2203 is hereby amended to read as follows:

12 104.2203 The affixing of a seal to a ~~{writing}~~ *record*
13 evidencing a contract for sale or an offer to buy or sell goods does
14 not constitute the ~~{writing}~~ *record* a sealed instrument and the law
15 with respect to sealed instruments does not apply to such contract or
16 offer.

17 **Sec. 34.** NRS 104.2205 is hereby amended to read as follows:

18 104.2205 An offer by a merchant to buy or sell goods in a
19 signed ~~{writing}~~ *record* which by its terms gives assurance that it
20 will be held open is not revocable, for lack of consideration, during
21 the time stated or if no time is stated for a reasonable time, but in no
22 event may such period of irrevocability exceed 3 months; but any
23 such term of assurance on a form supplied by the offeree must be
24 separately signed by the offeror.

25 **Sec. 35.** NRS 104.2209 is hereby amended to read as follows:

26 104.2209 1. An agreement modifying a contract within this
27 Article needs no consideration to be binding.

28 2. A signed agreement which excludes modification or
29 rescission except by a signed writing *or other signed record* cannot
30 be otherwise modified or rescinded, but except as between
31 merchants such a requirement on a form supplied by the merchant
32 must be separately signed by the other party.

33 3. The requirements of the statute of frauds section of this
34 Article (NRS 104.2201) must be satisfied if the contract as modified
35 is within its provisions.

36 4. Although an attempt at modification or rescission does not
37 satisfy the requirements of subsection 2 or 3 it can operate as a
38 waiver.

39 5. A party who has made a waiver affecting an executory
40 portion of the contract may retract the waiver by reasonable
41 notification received by the other party that strict performance will
42 be required of any term waived, unless the retraction would be
43 unjust in view of a material change of position in reliance on the
44 waiver.



Sec. 36. NRS 104.3104 is hereby amended to read as follows:

104.3104 1. Except as otherwise provided in subsections 3 and 4, “negotiable instrument” means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

(a) Is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

(b) Is payable on demand or at a definite time; and

(c) Does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain:

(1) An undertaking or power to give, maintain or protect collateral to secure payment;

(2) An authorization or power to the holder to confess judgment or realize on or dispose of collateral; ~~for~~

(3) A waiver of the benefit of any law intended for the advantage or protection of an obligor ~~for~~;

(4) A term that specifies the law that governs the promise or order; or

(5) An undertaking to resolve in a specified forum a dispute concerning the promise or order.

2. “Instrument” means a negotiable instrument.

3. An order that meets all of the requirements of subsection 1, except paragraph (a), and otherwise falls within the definition of “check” in subsection 6 is a negotiable instrument and a check.

4. A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this article.

5. An instrument is a “note” if it is a promise and is a “draft” if it is an order. If an instrument falls within the definition of both “note” and “draft,” a person entitled to enforce the instrument may treat it as either.

6. “Check” means:

(a) A draft, other than a documentary draft, payable on demand and drawn on a bank; or

(b) A cashier’s check or teller’s check.

➔ An instrument may be a check even though it is described on its face by another term, such as “money order.”

7. “Cashier’s check” means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.

8. “Teller’s check” means a draft drawn by a bank:

(a) On another bank; or

(b) Payable at or through a bank.



9. “Traveler’s check” means an instrument that:

(a) Is payable on demand;

(b) Is drawn on or payable at or through a bank;

(c) Is designated by the term “traveler’s check” or by a substantially similar term; and

(d) Requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.

10. “Certificate of deposit” means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A certificate of deposit is a note of the bank.

Sec. 37. NRS 104.3105 is hereby amended to read as follows:

104.3105 1. “Issue” means ~~the~~:

(a) *The first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person* ~~H~~; or

(b) *If agreed by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depository bank to collect the item by transferring or presenting under federal law an electronic check.*

2. An unissued instrument, or an unissued incomplete instrument that is completed, is binding on the maker or drawer, but nonissuance is a defense. An instrument that is conditionally issued or is issued for a special purpose is binding on the maker or drawer, but failure of the condition or special purpose to be fulfilled is a defense.

3. “Issuer” applies to issued and unissued instruments and means a maker or drawer of an instrument.

Sec. 38. NRS 104.3401 is hereby amended to read as follows:

104.3401 ~~H~~. A person is not liable on an instrument unless the person:

~~(a)~~ 1. Signed the instrument; or

~~(b)~~ 2. Is represented by an agent or representative who signed the instrument and the signature is binding on him or her under NRS 104.3402.

~~{2.—A signature may be made manually or by means of a device or machine, and by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing.}~~

Sec. 39. NRS 104.3604 is hereby amended to read as follows:

104.3604 1. A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument:

(a) By an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation or cancellation of the



instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge; or

(b) By agreeing not to sue or otherwise renouncing rights against the party by a signed record.

↪ *The obligation of a party to pay a check is not discharged solely by destruction of the check in connection with a process in which information is extracted from the check and an image of the check is made and, subsequently, the information and image are transmitted for payment.*

2. Cancellation or striking out of an endorsement pursuant to subsection 1 does not affect the status and rights of a party derived from the endorsement.

~~{3. As used in this section, "signed," with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.}~~

Sec. 40. NRS 104.5104 is hereby amended to read as follows:

104.5104 A letter of credit, confirmation, advice, transfer, amendment or cancellation may be issued in any form that is a *signed* record . ~~{and is authenticated by a signature or in accordance with the agreement of the parties or the standard practice referred to in subsection 5 of NRS 104.5108.}~~

Sec. 41. NRS 104.5116 is hereby amended to read as follows:

104.5116 1. The liability of an issuer, nominated person or adviser for action or omission is governed by the law of the jurisdiction chosen by an agreement in the form of a record signed ~~{or otherwise authenticated}~~ by the affected parties ~~{in the manner provided in NRS 104.5104}~~ or by a provision in his or her letter of credit, confirmation or other undertaking. The jurisdiction whose law is chosen need not bear any relation to the transaction.

2. Unless subsection 1 applies, the liability of an issuer, nominated person or adviser for action or omission is governed by the law of the jurisdiction in which he or she is located. The issuer, nominated person or adviser for action or omission is considered to be located at the address indicated in his or her undertaking. If more than one address is indicated, he or she is considered to be located at the address from which his or her undertaking was issued.

3. For the purpose of jurisdiction, choice of law and recognition of interbranch letters of credit, but not enforcement of a judgment, all branches of a bank are considered separate juridical entities and a bank is considered to be located at the place where its relevant branch is considered to be located under ~~{this}~~ subsection ~~{}~~ **4.**

~~{3.}~~ **4.** *A branch of a bank is considered to be located at the address indicated in the branch's undertaking. If more than one*



address is indicated, the branch is considered to be located at the address from which the undertaking was issued.

5. Except as otherwise provided in this subsection, the liability of an issuer, nominated person or adviser is governed by any rules of custom or practice, such as the Uniform Customs and Practice for Documentary Credits, to which the letter of credit, confirmation or other undertaking is expressly made subject. If:

(a) This article would govern the liability of an issuer, nominated person or adviser under subsection 1 or 2;

(b) The relevant undertaking incorporates rules of custom or practice; and

(c) There is conflict between this article and those rules as applied to that undertaking,

those rules govern except to the extent of any conflict with the nonvariable provisions specified in subsection 3 of NRS 104.5103.

~~14.1~~ 6. If there is conflict between this article and article 3, 4, 4A or 9, this article governs.

~~15.1~~ 7. The forum for settling disputes arising out of an undertaking within this article may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with subsection 1.

Sec. 42. NRS 104.7102 is hereby amended to read as follows:

104.7102 1. In this Article, unless the context otherwise requires:

(a) “Bailee” means a person that by a warehouse receipt, bill of lading or other document of title acknowledges possession of goods and contracts to deliver them.

(b) “Carrier” means a person that issues a bill of lading.

(c) “Consignee” means a person named in a bill of lading to which or to whose order the bill promises delivery.

(d) “Consignor” means a person named in a bill of lading as the person from whom the goods have been received for shipment.

(e) “Delivery order” means a record that contains an order to deliver goods directed to a warehouse, carrier or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

(f) “Goods” means all things that are treated as movable for the purposes of a contract for storage or transportation.

(g) “Issuer” means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for whom an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were



1 misdescribed, or in any other respect the agent or employee violated
2 the issuer's instructions.

3 (h) "Person entitled under the document" means the holder, in
4 the case of a negotiable document of title, or the person to whom
5 delivery of the goods is to be made by the terms of, or pursuant to
6 instructions in a record under, a nonnegotiable document of title.

7 (i) ~~"Sign" means, with present intent to authenticate or adopt a~~
8 ~~record:~~

9 ~~— (1) To execute or adopt a tangible symbol; or~~

10 ~~— (2) To attach to or logically associate with the record an~~
11 ~~electronic sound, symbol or process.~~

12 ~~(j)~~ "Shipper" means a person that enters into a contract of
13 transportation with a carrier.

14 ~~(k)~~ (j) "Warehouse" means a person engaged in the business
15 of storing goods for hire.

16 2. Definitions in other Articles applying to this Article and the
17 sections in which they appear are:

18 (a) "Contract for sale," NRS 104.2106.

19 (b) "Lessee in the ordinary course of business,"
20 NRS 104A.2103.

21 (c) "Receipt" of goods, NRS 104.2103.

22 3. In addition, Article 1 contains general definitions and
23 principles of construction and interpretation applicable throughout
24 this Article.

25 **Sec. 43.** NRS 104.7106 is hereby amended to read as follows:

26 104.7106 1. A person has control of an electronic document
27 of title if a system employed for evidencing the transfer of interests
28 in the electronic document reliably establishes that person as the
29 person to whom the electronic document was issued or transferred.

30 2. A system satisfies subsection 1, and a person ~~is deemed to~~
31 ~~have~~ **has** control of an electronic document of title, if the document
32 is created, stored and ~~assigned~~ **transferred** in such a manner that:

33 (a) A single authoritative copy of the document exists which is
34 unique, identifiable and, except as otherwise provided in paragraphs
35 (d), (e) and (f), unalterable;

36 (b) The authoritative copy identifies the person asserting control
37 as:

38 (1) The person to whom the document was issued; or

39 (2) If the authoritative copy indicates that the document has
40 been transferred, the person to whom the document was most
41 recently transferred;

42 (c) The authoritative copy is communicated to and maintained
43 by the person asserting control or its designated custodian;



(d) Copies or amendments that add or change an identified ~~assignee~~ transferee of the authoritative copy can be made only with the consent of the person asserting control;

(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

(f) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

3. A system satisfies subsection 1, and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy or a system in which the electronic copy is recorded:

(a) Enables the person readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

(b) Enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office or account number, as the person to which each authoritative electronic copy was issued or transferred; and

(c) Gives the person exclusive power, subject to subsection 4, to:

(1) Prevent others from adding or changing the person to which each authoritative electronic copy has been issued or transferred; and

(2) Transfer control of each authoritative electronic copy.

4. Subject to subsection 5, a power is exclusive under subparagraphs (1) and (2) of paragraph (c) of subsection 3, even if:

(a) The authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy or a system in which the authoritative electronic copy is recorded limits the use of the document of title or has a protocol that is programmed to cause a change, including a transfer or loss of control; or

(b) The power is shared with another person.

5. A power of a person is not shared with another person under paragraph (b) of subsection 4 and the person's power is not exclusive if:

(a) The person can exercise a power only if the power also is exercised by the other person; and

(b) The other person:

(1) Can exercise the power without exercise of the power by the person; or

(2) Is the transferor to the person of an interest in the document of title.



6. If a person has the powers specified in subparagraphs (1) and (2) of paragraph (c) of subsection 3, the powers are presumed to be exclusive.

7. A person has control of an electronic document of title if another person, other than the transferor to the person of an interest in the document:

(a) Has control of the document and acknowledges that it has control on behalf of the person; or

(b) Obtains control of the document after having acknowledged that it will obtain control of the document on behalf of the person.

8. A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

9. If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

Sec. 44. NRS 104.8102 is hereby amended to read as follows:

104.8102 1. In this Article:

(a) “Adverse claim” means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer or deal with the financial asset.

(b) “Bearer form,” as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an endorsement.

(c) “Broker” means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.

(d) “Certificated security” means a security that is represented by a certificate.

(e) “Clearing corporation” means:

(1) A person that is registered as a “clearing agency” under the federal securities laws;

(2) A Federal Reserve bank; or

(3) Any other person that provides clearance or settlement with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the requirement of registration, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.

(f) “Communicate” means to:



1 (1) Send a signed ~~writing;~~ **record;** or

2 (2) Transmit information by any mechanism agreed upon by
3 the persons transmitting and receiving the information.

4 (g) “Endorsement” means a signature that alone or accompanied
5 by other words is made on a security certificate in registered form
6 or on a separate document for the purpose of assigning, transferring
7 or redeeming the security or granting a power to assign, transfer or
8 redeem it.

9 (h) “Entitlement holder” means a person identified in the records
10 of a securities intermediary as the person having a security
11 entitlement against the securities intermediary. If a person acquires a
12 security entitlement by virtue of paragraph (a) or (b) of subsection 2
13 of NRS 104.8501, the person is the entitlement holder.

14 (i) “Entitlement order” means a notification communicated to a
15 securities intermediary directing transfer or redemption of a
16 financial asset to which the entitlement holder has a security
17 entitlement.

18 (j) “Financial asset,” except as otherwise provided in NRS
19 104.8103, means:

20 (1) A security;

21 (2) An obligation of a person or a share, participation or
22 other interest in a person or in property or an enterprise of a person,
23 which is, or is of a type, dealt in or traded on financial markets, or
24 which is recognized in any area in which it is issued or dealt in as a
25 medium for investment; or

26 (3) Any property that is held by a securities intermediary for
27 another person in a securities account if the securities intermediary
28 has expressly agreed with the other person that the property is to be
29 treated as a financial asset under this Article.

30 ➤ As context requires, the term means the interest itself or the
31 means by which a person’s claim to it is evidenced, including a
32 certificated or uncertificated security, a security certificate or a
33 security entitlement.

34 (k) “Instruction” means a notification communicated to the
35 issuer of an uncertificated security which directs that the transfer of
36 the security be registered or that the security be redeemed.

37 (l) “Registered form,” as applied to a certificated security,
38 means a form in which:

39 (1) The security certificate specifies a person entitled to the
40 security; and

41 (2) A transfer of the security may be registered upon books
42 maintained for that purpose by or on behalf of the issuer, or the
43 security certificate so states.

44 (m) “Securities intermediary” means:

45 (1) A clearing corporation; or



(2) A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

(n) “Security,” except as otherwise provided in NRS 104.8103, means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer:

(1) Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;

(2) Which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and

(3) Which:

(I) Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or

(II) Is a medium for investment and by its terms expressly provides that it is a security governed by this Article.

(o) “Security certificate” means a certificate representing a security.

(p) “Security entitlement” means the rights and property interest of an entitlement holder with respect to a financial asset specified in part 5 of this Article.

(q) “Uncertificated security” means a security that is not represented by a certificate.

2. ~~{Other}~~ **The following** definitions ~~{applying to}~~ **in** this Article and ~~{the sections in which they appear are:}~~ **other Articles apply to this Article:**

“Appropriate person.” NRS 104.8107.

“Control.” NRS 104.8106.

“Controllable account.” NRS 104.9102.

“Controllable electronic record.” Section 10 of this act.

“Controllable payment intangible.” NRS 104.9102.

“Delivery.” NRS 104.8301.

“Investment company security.” NRS 104.8103.

“Issuer.” NRS 104.8201.

“Overissue.” NRS 104.8210.

“Protected purchaser.” NRS 104.8303.

“Securities account.” NRS 104.8501.

3. In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

4. The characterization of a person, business or transaction for purposes of this Article does not determine the characterization of



1 the person, business or transaction for purposes of any other law,
2 regulation or rule.

3 **Sec. 45.** NRS 104.8103 is hereby amended to read as follows:

4 104.8103 1. A share or similar equity interest issued by a
5 corporation, business trust, joint stock company or similar entity is a
6 security.

7 2. An investment company security is a security. “Investment
8 company security” means a share or similar equity interest issued by
9 an entity that is registered as an investment company under the
10 federal investment company laws, an interest in a unit investment
11 trust that is so registered or a face-amount certificate issued by a
12 face-amount certificate company that is so registered. The term does
13 not include an insurance policy or endowment policy or annuity
14 contract issued by an insurance company.

15 3. An interest in a partnership or limited-liability company is
16 not a security unless it is dealt in or traded on securities exchanges
17 or in securities markets, its terms expressly provide that it is a
18 security governed by this Article, or it is an investment company
19 security. However, an interest in a partnership or limited-liability
20 company is a financial asset if it is held in a securities account.

21 4. A writing that is a security certificate is governed by this
22 Article and not by Article 3, even though it also meets the
23 requirements of that Article. However, a negotiable instrument
24 governed by Article 3 is a financial asset if it is held in a securities
25 account.

26 5. An option or similar obligation issued by a clearing
27 corporation to its participants is not a security, but is a financial
28 asset.

29 6. A commodity contract, as defined in paragraph ~~(e)~~ (p) of
30 subsection 1 of NRS 104.9102, is not a security or a financial asset.

31 7. A document of title is not a financial asset unless
32 subparagraph (3) of paragraph (j) of subsection 1 of NRS 104.8102
33 applies.

34 *8. A controllable account, controllable electronic record or*
35 *controllable payment intangible is not a financial asset unless*
36 *subparagraph (3) of paragraph (j) of subsection 1 of NRS*
37 *104.8102 applies.*

38 **Sec. 46.** NRS 104.8106 is hereby amended to read as follows:

39 104.8106 1. A purchaser has “control” of a certificated
40 security in bearer form if it is delivered to the purchaser.

41 2. A purchaser has “control” of a certificated security in
42 registered form if it is delivered to the purchaser and:

43 (a) The certificate is endorsed to the purchaser or in blank by an
44 effective endorsement; or



(b) The certificate is registered in the purchaser's name, upon original issue or registration of transfer by the issuer.

3. A purchaser has "control" of an uncertificated security if:

(a) It is delivered to the purchaser; or

(b) The issuer has agreed that it will comply with instructions originated by him or her without further consent by the registered owner.

4. A purchaser has "control" of a security entitlement if:

(a) The purchaser becomes the entitlement holder;

(b) The securities intermediary has agreed that it will comply with entitlement orders originated by him or her without further consent by the entitlement holder; or

(c) Another person ~~has~~ , *other than the transferor to the purchaser of an interest in the security entitlement:*

(1) Has control of the security entitlement ~~on his or her behalf or, having previously acquired control of the security entitlement,~~ and acknowledges that it has control on ~~this or her~~ behalf ~~of the purchaser; or~~

(2) Obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

5. If an interest in a security entitlement is granted by the entitlement holder to the entitlement holder's own securities intermediary, the securities intermediary has control.

6. A purchaser who has satisfied the requirements of subsection 3 or 4 has control even if the registered owner in the case of subsection 3 or the entitlement holder in the case of subsection 4 retains the right to make substitutions for the uncertificated security or security entitlement, originate instructions or entitlement orders to the issuer or securities intermediary or otherwise deal with the uncertificated security or security entitlement.

7. An issuer or a securities intermediary may not enter into an agreement of the kind described in paragraph (b) of subsection 3 or paragraph (b) of subsection 4 without the consent of the registered owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even if the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

8. A person that has control under this section is not required to acknowledge that it has control on behalf of a purchaser.

9. If a person acknowledges that it has or will obtain control on behalf of a purchaser, unless the person otherwise agrees or



law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the purchaser and is not required to confirm the acknowledgement to any other person.

Sec. 47. NRS 104.8110 is hereby amended to read as follows:

104.8110 1. The local law of the issuer's jurisdiction, as specified in subsection 4, governs:

(a) The validity of a security;

(b) The rights and duties of the issuer with respect to registration of transfer;

(c) The effectiveness of registration of transfer by the issuer;

(d) Whether the issuer owes any duties to an adverse claimant to a security; and

(e) Whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.

2. The local law of the securities intermediary's jurisdiction, as specified in subsection 5, governs:

(a) Acquisition of a security entitlement from the securities intermediary;

(b) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;

(c) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and

(d) Whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a security entitlement or interest therein from an entitlement holder.

3. The local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the security certificate is delivered.

4. "Issuer's jurisdiction" means the jurisdiction under which the issuer of the security is organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction specified by the issuer. An issuer organized under the law of this State may specify the law of another jurisdiction as the law governing the matters specified in paragraphs (b) to (e), inclusive, of subsection 1.

5. The following rules determine a "securities intermediary's jurisdiction" for purposes of this section:

(a) If an agreement between the securities intermediary and its entitlement holder expressly provides the securities intermediary's jurisdiction for purposes of this part, this article or the Uniform Commercial Code, that jurisdiction is the securities intermediary's jurisdiction.



(b) If paragraph (a) does not apply and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

(c) If neither paragraph (a) nor paragraph (b) applies and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

(d) If neither paragraph (a) nor paragraph (b) nor paragraph (c) applies, the securities intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the entitlement holder's account is located.

(e) If none of the preceding paragraphs applies, the securities intermediary's jurisdiction is the jurisdiction in which its chief executive office is located.

6. A securities intermediary's jurisdiction is not determined by the physical location of certificates representing financial assets, or by the jurisdiction in which is organized the issuer of the financial asset with respect to which an entitlement holder has a security entitlement or by the location of facilities for data processing or other recordkeeping concerning the account.

7. The local law of the issuer's jurisdiction or the securities intermediary's jurisdiction governs a matter or transaction specified in subsections 1 and 2 even if the matter or transaction does not bear any relation to the jurisdiction.

Sec. 48. NRS 104.8303 is hereby amended to read as follows:

104.8303 1. "Protected purchaser" means a purchaser of a certificated or uncertificated security, or of an interest therein, who:

(a) Gives value;

(b) Does not have notice of any adverse claim to the security; and

(c) Obtains control of the certificated or uncertificated security.

2. ~~In addition to acquiring the rights of a purchaser, a~~ **A** protected purchaser also acquires its interest in the security free of any adverse claim.

Sec. 49. 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," ***"account statement," "account to," "commodity account" in paragraph (o),***



1 “customer’s account,” “deposit account” in paragraph (ff), “on
2 account of” and “statement of account” means a right to payment
3 of a monetary obligation, whether or not earned by performance, for
4 property that has been or is to be sold, leased, licensed, assigned, or
5 otherwise disposed of; for services rendered or to be rendered; for a
6 policy of insurance issued or to be issued; for a secondary obligation
7 incurred or to be incurred; for energy provided or to be provided; for
8 the use or hire of a vessel under a charter or other contract; arising
9 out of the use of a credit or charge card or information contained on
10 or for use with the card; or as winnings in a lottery or other game of
11 chance operated or sponsored by a state, governmental unit of a
12 state, or person licensed or authorized to operate the game by a state
13 or governmental unit of a state. The term includes **controllable**
14 **accounts and** health-care-insurance receivables. The term does not
15 include ~~rights to payment evidenced by~~ chattel paper ; ~~for an~~
16 ~~instrument;~~ commercial tort claims; deposit accounts; investment
17 property; letter-of-credit rights or letters of credit; ~~for~~ rights to
18 payment for money or funds advanced or sold, other than rights
19 arising out of the use of a credit or charge card or information
20 contained on or for use with the card ~~H~~ ; **or rights to payment**
21 **evidenced by an instrument.**

22 (c) “Account debtor” means a person obligated on an account,
23 chattel paper or general intangible. The term does not include
24 persons obligated to pay a negotiable instrument, even if the
25 **negotiable** instrument ~~constitutes part of~~ **evidences** chattel paper.

26 (d) “Accounting,” except as used in “accounting for,” means a
27 record:

- 28 (1) ~~Authenticated~~ **Signed** by a secured party;
29 (2) Indicating the aggregate unpaid secured obligations as of
30 a date not more than 35 days earlier or 35 days later than the date of
31 the record; and
32 (3) Identifying the components of the obligations in
33 reasonable detail.

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

36 (1) Which secures payment or performance of an obligation
37 for:

38 (I) Goods or services furnished in connection with a
39 debtor’s farming operation; or

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

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

43 (I) In the ordinary course of its business furnished goods
44 or services to a debtor in connection with his or her farming
45 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) With present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol or process.~~ "Assignee," except as used in "assignee for benefit of creditors," means a person:

(1) In whose favor a security interest that secures an obligation is created or provided for under a security agreement, whether or not the obligation is outstanding; or

(2) To which an account, chattel paper, payment intangible or promissory note has been sold.

↳ The term includes a person to which a security interest has been transferred by a secured party.

(h) "Assignor" means a person that:

(1) Under a security agreement creates or provides for a security interest that secures an obligation; or

(2) Sells an account, chattel paper, payment intangible or promissory note.

↳ The term includes a secured party that has transferred a security interest to another person.

(i) "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.

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

~~(k)~~ (k) "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)] (l)~~ “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.] :~~

(1) A right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; or

(2) A right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if:

(I) The right to payment and lease agreement are evidenced by a record; and

(II) The predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of the goods.

↪ The term does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel or 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.

~~[(m)] (m)~~ “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)] (n)~~ “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.

~~(a)~~ (o) “Commodity account” means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

~~(a)~~ (p) “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.

~~(a)~~ (q) “Commodity customer” means a person for which a commodity intermediary carries a commodity contract on its books.

~~(a)~~ (r) “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.

~~(a)~~ (s) “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.

~~(a)~~ (t) “Consignee” means a merchant to which goods are delivered in a consignment.

~~(a)~~ (u) “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.

~~[(w)]~~ (v) “Consignor” means a person that delivers goods to a consignee in a consignment.

~~[(v)]~~ (w) “Consumer debtor” means a debtor in a consumer transaction.

~~[(w)]~~ (x) “Consumer goods” means goods that are used or bought for use primarily for personal, family or household purposes.

~~[(x)]~~ (y) “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)]~~ (z) “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)]~~ (aa) “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)]~~ (bb) “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)]~~ (cc) “*Controllable account*” means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 13 of this act of the controllable electronic record.

(dd) “*Controllable payment intangible*” means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 13 of this act of the controllable electronic record.

(ee) “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.

~~[(ee)]~~ **(ff)** “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)]~~ **(gg)** “Document” means a document of title or a receipt of the type described in subsection 2 of NRS 104.7201.

~~[(ee)]~~ **(hh)** “Electronic ~~chattel paper~~” **money**” means ~~chattel paper evidenced by a record or records consisting of information stored~~ **money** in an electronic ~~medium~~ **form**.

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

~~[(gg)]~~ **(ji)** “Equipment” means goods other than inventory, farm products or consumer goods.

~~[(hh)]~~ **(kk)** “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;

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

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

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

~~[(jj)]~~ **(mm)** “File number” means the number assigned to an initial financing statement pursuant to subsection 1 of NRS 104.9519.

~~[(kk)]~~ **(nn)** “Filing office” means an office designated in NRS 104.9501 as the place to file a financing statement.

~~[(ll)]~~ **(oo)** “Filing-office rule” means a rule adopted pursuant to NRS 104.9526.

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

~~[(nn)]~~ **(qq)** “Fixture filing” means the filing of a financing statement covering goods that are or are to become fixtures and satisfying subsections 1 and 2 of NRS 104.9502. The term includes



1 the filing of a financing statement covering goods of a transmitting
2 utility which are or are to become fixtures.

3 ~~(pp)~~ (rr) “Fixtures” means goods that have become so related
4 to particular real property that an interest in them arises under real
5 property law.

6 ~~(pp)~~ (ss) “General intangible” means any personal property,
7 including things in action, other than accounts, chattel paper,
8 commercial tort claims, deposit accounts, documents, goods,
9 instruments, investment property, letter-of-credit rights, letters of
10 credit, money, and oil, gas or other minerals before extraction. The
11 term includes **controllable electronic records**, payment intangibles
12 and software.

13 ~~(qq)~~ (tt) “Goods” means all things that are movable when a
14 security interest attaches. The term includes fixtures; standing
15 timber that is to be cut and removed under a conveyance or contract
16 for sale; the unborn young of animals; crops grown, growing, or to
17 be grown, even if the crops are produced on trees, vines, or bushes;
18 and manufactured homes. The term also includes a computer
19 program embedded in goods and any supporting information
20 provided in connection with a transaction relating to the program if
21 the program is associated with the goods in such a manner that it
22 customarily is considered part of the goods, or by becoming the
23 owner of the goods, a person acquires a right to use the program in
24 connection with the goods. The term does not include a computer
25 program embedded in goods that consist solely of the medium in
26 which the program is embedded. The term also does not include
27 accounts, chattel paper, commercial tort claims, deposit accounts,
28 documents, general intangibles, instruments, investment property,
29 letter-of-credit rights, letters of credit, money, or oil, gas or other
30 minerals before extraction.

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

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

40 ~~(tt)~~ (ww) “Instrument” means a negotiable instrument or any
41 other writing that evidences a right to the payment of a monetary
42 obligation, is not itself a security agreement or lease, and is of a type
43 that in ordinary course of business is transferred by delivery with
44 any necessary endorsement or assignment. The term does not
45 include investment property, letters of credit , ~~(tt)~~ 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 ~~(H)~~ *or writings that evidence chattel paper.*

~~(uu)~~ (xx) “Inventory” means goods, other than farm products, which:

- (1) Are leased by a person as lessor;
- (2) Are held by a person for sale or lease or to be furnished under a contract of service;
- (3) Are furnished by a person under a contract of service; or
- (4) Consist of raw materials, work in process, or materials used or consumed in a business.

~~(vv)~~ (yy) “Investment property” means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

~~(ww)~~ (zz) “Jurisdiction of organization,” with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

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

~~(yy)~~ (bbb) “Lien creditor” means:

- (1) A creditor that has acquired a lien on the property involved by attachment, levy or the like;
- (2) An assignee for benefit of creditors from the time of assignment;
- (3) A trustee in bankruptcy from the date of the filing of the petition; or
- (4) A receiver in equity from the time of appointment.

~~(zz)~~ (ccc) “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)~~ (ddd) “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)]~~ *(eee) “Money” has the meaning in paragraph (y) of subsection 2 of NRS 104.1201, but does not include a deposit account or money in an electronic form that cannot be subjected to control under section 2 of this act.*

~~[(fff)]~~ “Mortgage” means a consensual interest in real property, including fixtures, which is created by a mortgage, deed of trust, or similar transaction.

~~[(eee)]~~ *(ggg)* “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)]~~ *(hhh)* “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)]~~ *(iii)* “Noncash proceeds” means proceeds other than cash proceeds.

~~[(fff)]~~ *(jjj)* “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)]~~ *(kkk)* “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.

~~[(hhh)]~~ *(lll)* “Payment intangible” means a general intangible under which the account debtor’s principal obligation is a monetary obligation. *The term includes a controllable payment intangible.*

~~[(iii)]~~ *(mmm)* “Person related to,” with respect to a natural person, means:

(1) The person’s spouse;

(2) The person’s brother, brother-in-law, sister or sister-in-law;

(3) The person’s or the person’s spouse’s ancestor or lineal descendant; or

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



~~(((j)))~~ **(nnn)** “Person related to,” with respect to an organization, means:

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

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

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

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

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

~~(((k)))~~ **(ooo)** “Proceeds” means, except as used in subsection 2 of NRS 104.9609, the following property:

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

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

(3) Rights arising out of collateral;

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

(5) 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.

~~(((l)))~~ **(ppp)** “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)))~~ **(qqq)** “Proposal” means a record ~~authenticated~~ **signed** 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 NRS 104.9620, 104.9621 and 104.9622.

~~(((nnn)))~~ **(rrr)** “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.



~~(((sss)))~~ (sss) “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.

~~(((ttt)))~~ (ttt) “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.

~~(((uuu)))~~ (uuu) “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.

~~(((vvv)))~~ (vvv) “Registered organization” means an organization formed or organized solely under the law of a single state or the United States 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)))~~ (www) “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.

~~(((ttt)))~~ (xxx) “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.

~~{(uuu)}~~ **(yyy)** “Security agreement” means an agreement that creates or provides for a security interest.

~~{(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).~~

~~{(www)}~~ **(zzz)** “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.

~~{(xxx)}~~ **(aaaa)** “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.

~~{(yyy)}~~ **(bbbb)** “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.

~~{(zzz)}~~ **(ccc)** “Tangible ~~{chattel paper}~~ money” means ~~{chattel paper evidenced by a record or records consisting of information that is inscribed on}~~ money in a tangible ~~{medium}~~ form.

~~{(aaa)}~~ **(ddd)** “Termination statement” means a subsequent filing which:

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



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

~~[(bbb)]~~ (eee) “Transmitting utility” means a person primarily engaged in the business of:

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

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

(3) Transmitting goods by pipeline;

(4) Providing sewerage; or

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

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

“Applicant.” NRS 104.5102.

“Beneficiary.” NRS 104.5102.

“Broker.” NRS 104.8102.

“Certificated security.” NRS 104.8102.

“Check.” NRS 104.3104.

“Clearing corporation.” NRS 104.8102.

“Contract for sale.” NRS 104.2106.

“Controllable electronic record.” Section 10 of this act.

“Customer.” NRS 104.4104.

“Entitlement holder.” NRS 104.8102.

“Financial asset.” NRS 104.8102.

“Holder in due course.” NRS 104.3302.

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

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

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

“Lease.” NRS 104A.2103.

“Lease agreement.” NRS 104A.2103.

“Lease contract.” NRS 104A.2103.

“Leasehold interest.” NRS 104A.2103.

“Lessee.” NRS 104A.2103.

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

“Lessor.” NRS 104A.2103.

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

“Letter of credit.” NRS 104.5102.

“Merchant.” NRS 104.2104.

“Negotiable instrument.” NRS 104.3104.

“Nominated person.” NRS 104.5102.

“Note.” NRS 104.3104.

“Proceeds of a letter of credit.” NRS 104.5114.



1 ***“Protected purchaser.” NRS 104.8303.***

2 ***“Prove.” NRS 104.3103.***

3 ***“Qualifying purchaser.” Section 10 of this act.***

4 ***“Sale.” NRS 104.2106.***

5 ***“Securities account.” NRS 104.8501.***

6 ***“Securities intermediary.” NRS 104.8102.***

7 ***“Security.” NRS 104.8102.***

8 ***“Security certificate.” NRS 104.8102.***

9 ***“Security entitlement.” NRS 104.8102.***

10 ***“Uncertificated security.” NRS 104.8102.***

11
12 3. Article 1 contains general definitions and principles of
13 construction and interpretation applicable throughout this Article.

14 **Sec. 50.** NRS 104.9104 is hereby amended to read as follows:

15 104.9104 1. A secured party has control of a deposit account
16 if:

17 (a) The secured party is the bank with which the deposit account
18 is maintained;

19 (b) The debtor, secured party and bank have agreed in ~~an~~
20 ~~authenticated~~ ***a signed*** record that the bank will comply with
21 instructions originated by the secured party directing disposition of
22 the funds in the deposit account without further consent by the
23 debtor; ~~for~~

24 (c) The secured party becomes the bank’s customer with respect
25 to the deposit account ~~it~~ ***is***; ***or***

26 ***(d) Another person, other than the debtor:***

27 ***(1) Has control of the deposit account and acknowledges***
28 ***that it has control on behalf of the secured party; or***

29 ***(2) Obtains control of the deposit account after having***
30 ***acknowledged that it will obtain control of the deposit account on***
31 ***behalf of the secured party.***

32 2. A secured party that has satisfied subsection 1 has control,
33 even if the debtor retains the right to direct the disposition of funds
34 from the deposit account.

35 **Sec. 51.** NRS 104.9105 is hereby amended to read as follows:

36 104.9105 1. A ~~secured party~~ ***purchaser*** has control of ***an***
37 ***authoritative*** electronic ***copy of a record evidencing*** chattel paper if
38 a system employed for evidencing the ~~transfer~~ ***assignment*** of
39 interests in the chattel paper reliably establishes the ~~secured party~~
40 ***purchaser*** as the person to which the ~~chattel paper~~ ***authoritative***
41 ***electronic copy*** was assigned.

42 2. A system satisfies subsection 1 if the record or records
43 ~~comprising~~ ***evidencing*** the chattel paper are created, stored and
44 assigned in such a manner that:



(a) A single authoritative copy of the record or records exists which is unique, identifiable and, except as otherwise provided in paragraphs (d), (e) and (f), unalterable;

(b) The authoritative copy identifies the ~~{secured-party}~~ *purchaser* as the assignee of the record or records;

(c) The authoritative copy is communicated to and maintained by the ~~{secured-party}~~ *purchaser* or its designated custodian;

(d) Copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the ~~{secured-party};~~ *purchaser;*

(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

(f) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

3. A system satisfies subsection 1, and a purchaser has control of an authoritative electronic copy of a record evidencing chattel paper, if the electronic copy, a record attached to or logically associated with the electronic copy or a system in which the electronic copy is recorded:

(a) Enables the purchaser readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

(b) Enables the purchaser readily to identify itself in any way, including by name, identifying number, cryptographic key, office or account number, as the assignee of the authoritative electronic copy; and

(c) Gives the purchaser exclusive power, subject to subsection 4, to:

(1) Prevent others from adding or changing an identified assignee of the authoritative electronic copy; and

(2) Transfer control of the authoritative electronic copy.

4. Subject to subsection 5, a power is exclusive under subparagraphs (1) and (2) of paragraph (c) of subsection 3, even if:

(a) The authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy or a system in which the authoritative electronic copy is recorded limits the use of the authoritative electronic copy or has a protocol programmed to cause a change, including a transfer or loss of control; or

(b) The power is shared with another person.

5. A power of a purchaser is not shared with another person under paragraph (b) of subsection 4 and the purchaser's power is not exclusive if:



(a) *The purchaser can exercise a power only if the power also is exercised by the other person; and*

(b) *The other person:*

(1) *Can exercise the power without exercise of the power by the purchaser; or*

(2) *Is the transferor to the purchaser of an interest in the chattel paper.*

6. *If a purchaser has the powers specified in subparagraphs (1) and (2) of paragraph (c) of subsection 3, the powers are presumed to be exclusive.*

7. *A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if another person, other than the transferor to the purchaser of an interest in the chattel paper:*

(a) *Has control of the authoritative electronic copy and acknowledges that it has control on behalf of the purchaser; or*

(b) *Obtains control of the authoritative electronic copy after having acknowledged that it will obtain control of the electronic copy on behalf of the purchaser.*

Sec. 52. NRS 104.9203 is hereby amended to read as follows:

104.9203 1. A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

2. Except as otherwise provided in subsections 3 to 9, inclusive, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(a) Value has been given;

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

(c) One of the following conditions is met:

(1) The debtor has ~~authenticated~~ *signed* a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(2) The collateral is not a certificated security and is in the possession of the secured party under NRS 104.9313 pursuant to the debtor's security agreement;

(3) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under NRS 104.8301 pursuant to the debtor's security agreement; ~~for~~

(4) The collateral is *controllable accounts, controllable electronic records, controllable payment intangibles*, deposit accounts, electronic ~~chattel paper,~~ *documents, electronic money*, investment property ~~or~~ *or* letter-of-credit rights , ~~for electronic~~



~~documents,]~~ and the secured party has control under NRS 104.7106, 104.9104, ~~[104.9105,]~~ 104.9106 or 104.9107 **or section 2 or 3 of this act** pursuant to the debtor's security agreement ~~[H; or~~

(5) The collateral is chattel paper and the secured party has possession and control under section 7 of this act pursuant to the debtor's security agreement.

3. Subsection 2 is subject to NRS 104.4210 on the security interest of a collecting bank, NRS 104.5118 on the security interest of a letter-of-credit issuer or nominated person, NRS 104.9110 on a security interest arising under Article 2 or 2A, and NRS 104.9206 on security interests in investment property.

4. A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this Article or by contract:

(a) The security agreement becomes effective to create a security interest in his or her property; or

(b) He or she becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

5. If a new debtor becomes bound as debtor by a security agreement entered into by another person:

(a) The agreement satisfies paragraph (c) of subsection 2 with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

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

6. The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by NRS 104.9315 and is also attachment of a security interest in a supporting obligation for the collateral.

7. The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage or other lien.

8. The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

9. The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

Sec. 53. NRS 104.9204 is hereby amended to read as follows:

104.9204 1. Except as otherwise provided in subsection 2, a security agreement may create or provide for a security interest in after-acquired collateral.



2. ~~1A~~ *Subject to subsection 3, a* security interest does not attach under a term constituting an after-acquired property clause to:

(a) Consumer goods, other than an accession when given as additional security, unless the debtor acquires rights in them within 10 days after the secured party gives value; or

(b) A commercial tort claim.

3. *Subsection 2 does not prevent a security interest from attaching:*

(a) *To consumer goods as proceeds under subsection 1 of NRS 104.9315 or commingled goods under subsection 3 of NRS 104.9336;*

(b) *To a commercial tort claim as proceeds under subsection 1 of NRS 104.9315; or*

(c) *Under an after-acquired property clause to property that is proceeds of consumer goods or a commercial tort claim.*

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

Sec. 54. NRS 104.9207 is hereby amended to read as follows:

104.9207 1. Except as otherwise provided in subsection 4, a secured party shall use reasonable care in the custody and preservation of collateral in the secured party's possession. In the case of chattel paper or an instrument, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.

2. Except as otherwise provided in subsection 4, if a secured party has possession of collateral:

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

(b) The risk of accidental loss or damage is on the debtor to the extent of a deficiency in any effective insurance coverage;

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

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

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

(2) As permitted by an order of a court having competent jurisdiction; or

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

3. Except as otherwise provided in subsection 4, a secured party having possession of collateral or control of collateral under



1 NRS 104.7106, 104.9104, 104.9105, 104.9106 or 104.9107 ~~§~~ **or**
2 **section 2 or 3 of this act:**

3 (a) May hold as additional security any proceeds, except money
4 or funds, received from the collateral;

5 (b) Shall apply money or funds received from the collateral to
6 reduce the secured obligation, unless remitted to the debtor; and

7 (c) May create a security interest in the collateral.

8 4. If the secured party is a buyer of accounts, chattel paper,
9 payment intangibles or promissory notes or a consignor:

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

12 (1) To charge back uncollected collateral; or

13 (2) Otherwise to full or limited recourse against the debtor or
14 a secondary obligor based on the nonpayment or other default of an
15 account debtor or other obligor on the collateral; and

16 (b) Subsections 2 and 3 do not apply.

17 **Sec. 55.** NRS 104.9208 is hereby amended to read as follows:

18 104.9208 If there is no outstanding secured obligation and the
19 secured party is not committed to make advances, incur obligations
20 or otherwise give value, within 10 days after receiving ~~an~~
21 ~~authenticated~~ **a signed** demand by the debtor:

22 1. A secured party having control of a deposit account under
23 paragraph (b) of subsection 1 of NRS 104.9104 shall send to the
24 bank with which the deposit account is maintained ~~an authenticated~~
25 ~~statement~~ **a signed record** that releases the bank from any further
26 obligation to comply with instructions originated by the secured
27 party;

28 2. A secured party having control of a deposit account under
29 paragraph (c) of subsection 1 of NRS 104.9104 shall:

30 (a) Pay the debtor the balance on deposit in the deposit account;
31 or

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

34 3. A ~~{secured party,}~~ **purchaser**, other than a buyer, having
35 control ~~{of electronic chattel paper}~~ under NRS 104.9105 **of an**
36 **authoritative electronic copy of a record evidencing chattel paper**
37 **shall §:**

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

40 ~~—(b) If the debtor designates a custodian that is the designated~~
41 ~~custodian with which the authoritative copy of the electronic chattel~~
42 ~~paper is maintained for the secured party, communicate to the~~
43 ~~custodian an authenticated record releasing the designated custodian~~
44 ~~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 to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party;]~~ **transfer control of the electronic copy to the debtor or a person designated by the debtor;**

4. A secured party having control of investment property under paragraph (b) of subsection 4 of NRS 104.8106 or under subsection 2 of NRS 104.9106 shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained ~~[an authenticated]~~ **a signed** 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;

5. A secured party having control of a letter-of-credit right under NRS 104.9107 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]~~ **a signed** release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; ~~[and]~~

6. A secured party having control **under NRS 104.7106** of an **authoritative** electronic ~~[document]~~ **copy of an electronic document** shall ~~[-~~

~~—(a) Give]~~ **transfer** control of the electronic ~~[document]~~ **copy** 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 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 to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party.]~~ **a person designated by the debtor;**

7. **A secured party having control under section 2 of this act of electronic money shall transfer control of the electronic money to the debtor or a person designated by the debtor; and**

8. **A secured party having control under section 13 of this act of a controllable electronic record, other than a buyer of a controllable account or controllable payment intangible evidenced by the controllable electronic record, shall transfer control of the**



controllable electronic record to the debtor or a person designated by the debtor.

Sec. 56. NRS 104.9209 is hereby amended to read as follows:

104.9209 1. Except as otherwise provided in subsection 3, this section applies if:

(a) There is no outstanding secured obligation; and

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

2. Within 10 days after receiving ~~{an authenticated}~~ *a signed* demand by the debtor, a secured party shall send to an account debtor that has received notification *under subsection 1 of NRS 104.9406 or subsection 2 of section 14 of this act* of an assignment to the secured party as assignee ~~{under subsection 1 of NRS 104.9406 an authenticated}~~ *a signed* record that releases the account debtor from any further obligation to the secured party.

3. This section does not apply to an assignment constituting the sale of an account, chattel paper or payment intangible.

Sec. 57. NRS 104.9210 is hereby amended to read as follows:

104.9210 1. In this section:

(a) “Request” means a record of a type described in paragraph (b), (c) or (d).

(b) “Request for an accounting” means a record ~~{authenticated}~~ *signed* by a debtor requesting that the recipient provide an accounting of the unpaid obligations secured by collateral and reasonably identifying the transaction or relationship that is the subject of the request.

(c) “Request regarding a list of collateral” means a record ~~{authenticated}~~ *signed* by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request.

(d) “Request regarding a statement of account” means a record ~~{authenticated}~~ *signed* by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of unpaid obligations secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

2. Subject to subsections 3 to 6, inclusive, a secured party, other than a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall comply with a request within 14 days after receipt:

(a) In the case of a request for an accounting, by ~~{authenticating}~~ *signing* and sending to the debtor an accounting; and



(b) In the case of a request regarding a list of collateral or a request regarding a statement of account, by ~~authenticating~~ **signing** and sending to the debtor an approval or correction.

3. A secured party that claims a security interest in all of a particular type of collateral owned by the debtor may comply with a request regarding a list of collateral by sending to the debtor ~~an authenticated~~ **a signed** record including a statement to that effect within 14 days after receipt.

4. A person that receives a request regarding a list of collateral, claims no interest in the collateral when it receives the request, and claimed an interest in the collateral at an earlier time shall comply with the request within 14 days after receipt by sending to the debtor ~~an authenticated~~ **a signed** record:

(a) Disclaiming any interest in the collateral; and

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

5. A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within 14 days after receipt by sending to the debtor ~~an authenticated~~ **a signed** record:

(a) Disclaiming any interest in the obligations; and

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

6. A debtor is entitled without charge to one response to a request under this section during any 6-month period. The secured party may require payment of a charge not exceeding \$25 for each additional response.

Sec. 58. NRS 104.9301 is hereby amended to read as follows:

104.9301 Except as otherwise provided in NRS 104.9303 to 104.9306, inclusive, **and section 6 of this act**, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

1. Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral.

2. While collateral is located in a jurisdiction, the law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.



3. Except as otherwise provided in subsections 4, 5 and 6, while ~~tangible~~ negotiable *tangible* documents, goods, instruments ~~or tangible~~ money ~~for tangible chattel paper~~ is located in a jurisdiction, the law of that jurisdiction governs the effect of perfection or nonperfection, and the priority of a nonpossessory security interest.

4. While goods are located in a jurisdiction, the law of that jurisdiction governs perfection of a security interest in the goods by a fixture filing.

5. The law of the jurisdiction in which timber to be cut is located governs perfection of a security interest in the timber.

6. The law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

Sec. 59. NRS 104.9304 is hereby amended to read as follows:

104.9304 1. The law of a bank's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that bank ~~or~~, *even if a transaction does not bear any relation to the bank's jurisdiction.*

2. The following rules determine a bank's jurisdiction for purposes of this part:

(a) If an agreement between the bank and the debtor governing the deposit account expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this part, this article or the Uniform Commercial Code, that jurisdiction is the bank's jurisdiction.

(b) If paragraph (a) does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

(c) If neither paragraph (a) nor paragraph (b) applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit account is maintained at an office in a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

(d) If neither paragraph (a) nor paragraph (b) nor paragraph (c) applies, the bank's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the customer's account is located.

(e) If none of the preceding paragraphs applies, the bank's jurisdiction is the jurisdiction in which the chief executive office of the bank is located.



Sec. 60. NRS 104.9305 is hereby amended to read as follows:
104.9305 1. Except as otherwise provided in subsection 3,
the following rules apply:

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

(b) The law of the issuer's jurisdiction as specified in subsection 4 of NRS 104.8110 governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security.

(c) The law of the securities intermediary's jurisdiction as specified in subsection 5 of NRS 104.8110 governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account.

(d) The law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a commodity contract or commodity account.

(e) Paragraphs (b), (c) and (d) apply even if the transaction does not bear any relation to the jurisdiction.

2. The following rules determine a commodity intermediary's jurisdiction for purposes of this part:

(a) If an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that a particular jurisdiction is the commodity intermediary's jurisdiction for purposes of this part, this article or the Uniform Commercial Code, that jurisdiction is the commodity intermediary's jurisdiction.

(b) If paragraph (a) does not apply and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

(c) If neither paragraph (a) nor paragraph (b) applies and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the commodity account is maintained at an office in a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

(d) If neither paragraph (a) nor paragraph (b) nor paragraph (c) applies, the commodity intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the commodity customer's account is located.



(e) If none of the preceding paragraphs applies, the commodity intermediary's jurisdiction is the jurisdiction in which the chief executive office of the commodity intermediary is located.

3. The law of the jurisdiction in which the debtor is located governs:

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

(b) Automatic perfection of a security interest in investment property granted by a broker or securities intermediary; and

(c) Automatic perfection of a security interest in a commodity contract or commodity account granted by a commodity intermediary.

Sec. 61. NRS 104.9310 is hereby amended to read as follows:

104.9310 1. Except as otherwise provided in subsection 2 or subsection 2 of NRS 104.9312, a financing statement must be filed to perfect all security interests and agricultural liens.

2. The filing of a financing statement is not necessary to perfect a security interest:

(a) That is perfected under subsection 4, 5, 6 or 7 of NRS 104.9308;

(b) That is perfected under NRS 104.9309 when it attaches;

(c) In property subject to a statute, regulation or treaty described in subsection 1 of NRS 104.9311;

(d) In goods in possession of a bailee which is perfected under paragraph (a) or (b) of subsection 4 of NRS 104.9312;

(e) In certificated securities, documents, goods or instruments which is perfected without filing, control or possession under subsection 5, 6 or 7 of NRS 104.9312;

(f) In collateral in the secured party's possession under NRS 104.9313;

(g) In a certificated security which is perfected by delivery of the security certificate to the secured party under NRS 104.9313;

(h) In *controllable accounts, controllable electronic records, controllable payment intangibles*, deposit accounts, ~~electronic chattel paper,~~ electronic documents, investment property or letter-of-credit rights which is perfected by control under NRS 104.9314;

(i) *In chattel paper which is perfected by possession and control under section 7 of this act;*

(j) In proceeds which is perfected under NRS 104.9315; or

~~(k)~~ *(k)* That is perfected under NRS 104.9316.

3. If a secured party assigns a perfected security interest or agricultural lien, a filing under this Article is not required to reconfirm the perfected status of the security interest against creditors of and transferees from the original debtor.



Sec. 62. NRS 104.9312 is hereby amended to read as follows:

104.9312 1. A security interest in chattel paper, ~~negotiable documents,~~ *controllable accounts, controllable electronic records, controllable payment intangibles,* instruments, ~~for~~ investment property *or negotiable documents* may be perfected by filing.

2. Except as otherwise provided in subsections 3 and 4 of NRS 104.9315 for proceeds:

(a) A security interest in a deposit account may be perfected only by control under NRS 104.9314;

(b) A security interest in a letter-of-credit right may be perfected only by control under NRS 104.9314, except as otherwise provided in subsection 4 of NRS 104.9308; ~~and~~

(c) A security interest in *tangible* money may be perfected only by the secured party's taking possession under NRS 104.9313 ~~H~~ ; *and*

(d) A security interest in electronic money may be perfected only by control under NRS 104.9314.

3. While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

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

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

4. While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

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

(b) The bailee's receipt of notification of the secured party's interest; or

(c) Filing as to the goods.

5. A security interest in certificated securities, negotiable documents or instruments is perfected without filing or the taking of possession or control for a period of 20 days after the time it attaches to the extent that it arises for new value given under ~~an authenticated~~ *a signed* security agreement.

6. A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for 20 days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(a) Ultimate sale or exchange; or

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



7. A perfected security interest in a certificated security or instrument remains perfected for 20 days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

- (a) Ultimate sale or exchange; or
- (b) Presentation, collection, enforcement, renewal or registration of transfer.

8. After the 20-day period specified in subsection 5, 6 or 7 expires, perfection depends upon compliance with this Article.

Sec. 63. NRS 104.9313 is hereby amended to read as follows:

104.9313 1. Except as otherwise provided in subsection 2, a secured party may perfect a security interest in ~~tangible negotiable documents,~~ goods, instruments, *negotiable tangible documents or tangible* money ~~for tangible chattel paper~~ by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under NRS 104.8301.

2. With respect to goods covered by a certificate of title issued by this State, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in subsection 5 of NRS 104.9316.

3. With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when:

(a) The person in possession ~~authenticates~~ *signs* a record acknowledging that it holds possession of the collateral for the secured party's benefit; or

(b) The person takes possession of the collateral after having ~~authenticated~~ *signed* a record acknowledging that it will hold possession of *the* collateral for the secured party's benefit.

4. If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs ~~no~~ *not* earlier than the time the secured party takes possession and continues only while the secured party retains possession.

5. A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under NRS 104.8301 and remains perfected by delivery until the debtor obtains possession of the security certificate.

6. A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

7. If a person acknowledges that it holds possession for the secured party's benefit:



(a) The acknowledgment is effective under subsection 3 or subsection 1 of NRS 104.8301, even if the acknowledgment violates the rights of a debtor; and

(b) Unless the person otherwise agrees or law other than this Article otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.

8. A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if he or she was instructed before the delivery or is instructed contemporaneously with the delivery:

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

(b) To redeliver the collateral to the secured party.

9. A secured party does not relinquish possession, even if a delivery under subsection 8 violates the rights of a debtor. A person to which collateral is delivered under subsection 8 does not owe any duty to the secured party and is not required to confirm the delivery to another person unless he or she otherwise agrees or law other than this Article otherwise provides.

Sec. 64. NRS 104.9314 is hereby amended to read as follows:

104.9314 1. A security interest in ~~investment property, deposit accounts, letter-of-credit rights, electronic chattel paper or~~ *controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts*, electronic documents, *electronic money, investment property or letter-of-credit rights* may be perfected by control of the collateral under NRS 104.7106, 104.9104, ~~104.9105,~~ 104.9106 or 104.9107 ~~or section 2 or 3 of this act.~~

2. A security interest in ~~deposit accounts, letter-of-credit rights, electronic chattel paper or~~ *controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts*, electronic documents, *electronic money or letter-of-credit rights* is perfected by control under NRS 104.7106, 104.9104 ~~104.9105~~ or 104.9107 ~~when~~ *or section 2 or 3 of this act not earlier than the time* the secured party obtains control and remains perfected by control only while the secured party retains control.

3. A security interest in investment property is perfected by control under NRS 104.9106 ~~from~~ *not earlier than* the time the secured party obtains control and remains perfected by control until:

(a) The secured party does not have control; and

(b) One of the following occurs:



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

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

(3) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

Sec. 65. 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, ~~for~~ subsection 3 of NRS 104.9305, *subsection 4 of section 5 of this act or subsection 2 of section 6 of this act* 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

(b) The expiration of 4 months after the goods had become so covered.

6. A security interest in *chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles*, deposit accounts, letter-of-credit rights or investment property which is perfected under the law of the *chattel paper's jurisdiction, the controllable electronic record's jurisdiction, 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



1 not become perfected under the law of the other jurisdiction before
2 the earlier time or event, it becomes unperfected and is deemed
3 never to have been perfected as against a purchaser of the collateral
4 for value.

5 9. If a financing statement naming an original debtor is filed
6 pursuant to the law of the jurisdiction designated in subsection 1 of
7 NRS 104.9301 or subsection 3 of NRS 104.9305 and the new debtor
8 is located in another jurisdiction, the following rules apply:

9 (a) The financing statement is effective to perfect a security
10 interest in collateral acquired by the new debtor before, and within 4
11 months after, the new debtor becomes bound under subsection 4 of
12 NRS 104.9203, if the financing statement would have been effective
13 to perfect a security interest in the collateral had the collateral been
14 acquired by the original debtor.

15 (b) A security interest perfected by the financing statement
16 which becomes perfected under the law of the other jurisdiction
17 before the earlier of the time the financing statement would have
18 become ineffective under the law of the jurisdiction designated in
19 subsection 1 of NRS 104.9301 or subsection 3 of NRS 104.9305 or
20 the expiration of the 4-month period remains perfected thereafter. A
21 security interest that is perfected by the financing statement but
22 which does not become perfected under the law of the other
23 jurisdiction before the earlier time or event becomes unperfected
24 and is deemed never to have been perfected as against a purchaser
25 of the collateral for value.

26 **Sec. 66.** NRS 104.9317 is hereby amended to read as follows:

27 104.9317 1. A security interest or agricultural lien is
28 subordinate to the rights of:

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

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

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

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

36 2. Except as otherwise provided in subsection 5, a buyer, other
37 than a secured party, of ~~tangible chattel paper;~~ tangible documents,
38 goods, instruments, or a certificated security takes free of a security
39 interest or agricultural lien if the buyer gives value and receives
40 delivery of the collateral without knowledge of the security interest
41 or agricultural lien and before it is perfected.

42 3. Except as otherwise provided in subsection 5, a lessee of
43 goods takes free of a security interest or agricultural lien if the
44 lessee gives value and receives delivery of the collateral without



1 knowledge of the security interest or agricultural lien and before it is
2 perfected.

3 4. ~~[A]~~ *Subject to subsections 6 to 9, inclusive, a* licensee of a
4 general intangible or a buyer, other than a secured party, of
5 collateral other than ~~tangible chattel paper,~~ tangible documents,
6 *electronic money,* goods, instruments or a certificated security takes
7 free of a security interest if the licensee *or buyer* gives value
8 without knowledge of the security interest and before it is perfected.

9 5. Except as otherwise provided in NRS 104.9320 and
10 104.9321, if a person files a financing statement with respect to a
11 purchase-money security interest before or within 20 days after the
12 debtor receives delivery of the collateral, the security interest takes
13 priority over the rights of a buyer, lessee or lien creditor which arise
14 between the time the security interest attaches and the time of filing.

15 6. *A buyer, other than a secured party, of chattel paper takes*
16 *free of a security interest if, without knowledge of the security*
17 *interest and before it is perfected, the buyer gives value and:*

18 (a) *Receives delivery of each authoritative tangible copy of the*
19 *record evidencing the chattel paper; and*

20 (b) *If each authoritative electronic copy of the record*
21 *evidencing the chattel paper can be subjected to control under*
22 *NRS 104.9105, obtains control of each authoritative electronic*
23 *copy.*

24 7. *A buyer of an electronic document takes free of a security*
25 *interest if, without knowledge of the security interest and before it*
26 *is perfected, the buyer gives value and, if each authoritative*
27 *electronic copy of the document can be subjected to control under*
28 *NRS 104.7106, obtains control of each authoritative electronic*
29 *copy.*

30 8. *A buyer of a controllable electronic record takes free of a*
31 *security interest if, without knowledge of the security interest and*
32 *before it is perfected, the buyer gives value and obtains control of*
33 *the controllable electronic record.*

34 9. *A buyer, other than a secured party, of a controllable*
35 *account or a controllable payment intangible takes free of a*
36 *security interest if, without knowledge of the security interest and*
37 *before it is perfected, the buyer gives value and obtains control of*
38 *the controllable account or controllable payment intangible.*

39 **Sec. 67.** NRS 104.9323 is hereby amended to read as follows:

40 104.9323 1. Except as otherwise provided in subsection 3,
41 for purposes of determining the priority of a perfected security
42 interest under subsection 1 of NRS 104.9322, perfection of the
43 security interest dates from the time an advance is made to the
44 extent that the security interest secures an advance that:

45 (a) Is made while the security interest is perfected only:



1 (1) Under NRS 104.9309 when it attaches; or
2 (2) Temporarily under subsection 5, 6 or 7 of NRS 104.9312;
3 and

4 (b) Is not made pursuant to a commitment entered into before or
5 while the security interest is perfected by a method other than under
6 NRS 104.9309 or subsection 5, 6 or 7 of NRS 104.9312.

7 2. Except as otherwise provided in subsection 3, a security
8 interest is subordinate to the rights of a person that becomes a lien
9 creditor to the extent that the security interest secures an advance
10 made more than 45 days after he or she becomes a lien creditor
11 unless the advance is made:

12 (a) Without knowledge of the lien; or

13 (b) Pursuant to a commitment entered into without knowledge
14 of the lien.

15 3. Subsections 1 and 2 do not apply to a security interest held
16 by a secured party that is a buyer of accounts, chattel paper,
17 payment intangibles, or promissory notes or a consignor.

18 4. Except as otherwise provided in subsection 5, a buyer of
19 goods ~~other than a buyer in the ordinary course of business~~ takes
20 free of a security interest to the extent that it secures advances made
21 after the earlier of:

22 (a) The time the secured party acquires knowledge of the
23 buyer's purchase; or

24 (b) Forty-five days after the purchase.

25 5. Subsection 4 does not apply if the advance is made pursuant
26 to a commitment entered into without knowledge of the buyer's
27 purchase and before the expiration of the 45-day period.

28 6. Except as otherwise provided in subsection 7, a lessee of
29 goods ~~other than a lessee in ordinary course of business~~ takes the
30 leasehold free of a security interest to the extent that it secures
31 advances made after the earlier of:

32 (a) The time the secured party acquires knowledge of the lease;
33 or

34 (b) Forty-five days after the lease contract becomes enforceable.

35 7. Subsection 6 does not apply if the advance is made pursuant
36 to a commitment entered into without knowledge of the lease and
37 before the expiration of the 45-day period.

38 **Sec. 68.** NRS 104.9324 is hereby amended to read as follows:

39 104.9324 1. Subject to subsection 2 and except as otherwise
40 provided in subsection 7, a perfected purchase-money security
41 interest in inventory has priority over a conflicting security interest
42 in the same inventory, has priority over a conflicting security
43 interest in chattel paper or an instrument constituting proceeds of the
44 inventory and in proceeds of the chattel paper, if so provided in
45 NRS 104.9330, and, except as otherwise provided in NRS 104.9327,



1 also has priority in identifiable cash proceeds of the inventory to the
2 extent the identifiable cash proceeds are received on or before the
3 delivery of the inventory to a buyer, if:

4 (a) The purchase-money security interest is perfected when the
5 debtor receives possession of the inventory;

6 (b) The purchase-money secured party sends ~~{an-authenticated}~~
7 **a signed** notification to the holder of the conflicting security
8 interest;

9 (c) The holder of the conflicting security interest receives the
10 notification within 5 years before the debtor receives possession of
11 the inventory; and

12 (d) The notification states that the person sending the
13 notification has or expects to acquire a purchase-money security
14 interest in inventory of the debtor and describes the inventory.

15 2. Paragraphs (b), (c) and (d) of subsection 1 apply only if the
16 holder of the conflicting security interest had filed a financing
17 statement covering the same types of inventory:

18 (a) If the purchase-money security interest is perfected by filing,
19 before the date of the filing; or

20 (b) If the purchase-money security interest is temporarily
21 perfected without filing or possession under subsection 6 of NRS
22 104.9312, before the beginning of the 20-day period thereunder.

23 3. Subject to subsection 5 and except as otherwise provided in
24 subsection 7, a perfected purchase-money security interest in
25 livestock that are farm products has priority over a conflicting
26 security interest in the same livestock, and, except as otherwise
27 provided in NRS 104.9327, a perfected security interest in their
28 identifiable proceeds and identifiable products in their
29 unmanufactured states also has priority, if:

30 (a) The purchase-money security interest is perfected when the
31 debtor receives possession of the livestock;

32 (b) The purchase-money secured party sends ~~{an-authenticated}~~
33 **a signed** notification to the holder of the conflicting security
34 interest;

35 (c) The holder of the conflicting security interest receives the
36 notification within 6 months before the debtor receives possession
37 of the livestock; and

38 (d) The notification states that the person sending the
39 notification has or expects to acquire a purchase-money security
40 interest in livestock of the debtor and describes the livestock.

41 4. Paragraphs (b), (c) and (d) of subsection 3 apply only if the
42 holder of the conflicting security interest had filed a financing
43 statement covering the same types of livestock:

44 (a) If the purchase-money security interest is perfected by filing,
45 before the date of the filing; or



(b) If the purchase-money security interest is temporarily perfected without filing or possession under subsection 6 of NRS 104.9312, before the beginning of the 20-day period thereunder.

5. Except as otherwise provided in subsection 7, a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in NRS 104.9327, a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within 20 days thereafter.

6. Except as otherwise provided in subsection 7, a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in NRS 104.9327, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

7. If more than one security interest qualifies for priority in the same collateral under subsection 1, 3, 5 or 6:

(a) A security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

(b) In all other cases, subsection 1 of NRS 104.9322 applies to the qualifying security interests.

Sec. 69. NRS 104.9330 is hereby amended to read as follows:

104.9330 1. A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed merely as proceeds of inventory subject to a security interest if:

(a) In good faith and in the ordinary course of the purchaser's business, the purchaser gives new value, ~~and~~ takes possession of *each authoritative tangible copy of the record evidencing* the chattel paper ~~for~~ and obtains control *under NRS 104.9105 of each authoritative electronic copy of the record evidencing* the chattel paper; ~~under NRS 104.9105;~~ and

(b) The ~~chattel paper does~~ *authoritative copies of the record evidencing the chattel paper do* not indicate that ~~the~~ *the chattel paper* has been assigned to an identified assignee other than the purchaser.

2. A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value, ~~and~~ takes possession of *each authoritative*



1 *tangible copy of the record evidencing* the chattel paper ~~for~~ and
2 obtains control *under NRS 104.9105* of *each authoritative*
3 *electronic copy of the record evidencing* the chattel paper ~~under~~
4 ~~NRS 104.9105~~ in good faith, in the ordinary course of the
5 purchaser's business, and without knowledge that the purchase
6 violates the rights of the secured party.

7 3. Except as otherwise provided in NRS 104.9327, a purchaser
8 having priority in chattel paper under subsection 1 or 2 also has
9 priority in proceeds of the chattel paper to the extent that:

10 (a) NRS 104.9322 provides for priority in the proceeds; or

11 (b) The proceeds consist of the specific goods covered by the
12 chattel paper or cash proceeds of the specific goods, even if the
13 purchaser's security interest in the proceeds is unperfected.

14 4. Except as otherwise provided in subsection 1 of NRS
15 104.9331, a purchaser of an instrument has priority over a security
16 interest in the instrument perfected by a method other than
17 possession if the purchaser gives value and takes possession of the
18 instrument in good faith and without knowledge that the purchase
19 violates the rights of the secured party.

20 5. For purposes of subsections 1 and 2, the holder of a
21 purchase-money security interest in inventory gives new value for
22 chattel paper constituting proceeds of the inventory.

23 6. For purposes of subsections 2 and 4, if *the authoritative*
24 *copies of the record evidencing* chattel paper or an instrument
25 ~~indicates~~ *indicate* that ~~it~~ *the chattel paper or instrument* has
26 been assigned to an identified secured party other than the
27 purchaser, a purchaser of the chattel paper or instrument has
28 knowledge that the purchase violates the rights of the secured party.

29 **Sec. 70.** NRS 104.9331 is hereby amended to read as follows:

30 104.9331 1. This article does not limit the rights of a holder
31 in due course of a negotiable instrument, a holder to which a
32 negotiable document of title has been duly negotiated, ~~for~~ a
33 protected purchaser of a security ~~it~~ *or a qualifying purchaser of a*
34 *controllable account, controllable electronic record or controllable*
35 *payment intangible*. These holders or purchasers take priority over
36 an earlier security interest, even if perfected, to the extent provided
37 in articles 3, 7, ~~and~~ 8 ~~it~~ *and 12*.

38 2. This article does not limit the rights of or impose liability on
39 a person to the extent that the person is protected against the
40 assertion of a claim under article 8 ~~it~~ *or 12*.

41 3. Filing under this article does not constitute notice of a claim
42 or defense to the holders, ~~for~~ purchasers, or persons described in
43 subsections 1 and 2.



Sec. 71. NRS 104.9332 is hereby amended to read as follows:

104.9332 1. A transferee of *tangible* money takes the money free of a security interest ~~unless~~ *if* the transferee ~~acts~~ *receives possession of the money without acting* in collusion with the debtor in violating the rights of the secured party.

2. A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account ~~unless~~ *if* the transferee ~~acts~~ *receives the funds without acting* in collusion with the debtor in violating the rights of the secured party.

3. A transferee of electronic money takes the money free of a security interest if the transferee obtains control of the money without acting in collusion with the debtor in violating the rights of the secured party.

Sec. 72. NRS 104.9334 is hereby amended to read as follows:

104.9334 1. A security interest under this article may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this article in ordinary building materials incorporated into an improvement on land.

2. This article does not prevent creation of an encumbrance upon fixtures under real property law.

3. In cases not governed by subsections 4 to 8, inclusive, a security interest in fixtures is subordinate to a conflicting interest of an encumbrancer or owner of the related real property other than the debtor.

4. Except as otherwise provided in subsection 8, a perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property and:

(a) The security interest is a purchase-money security interest;

(b) The interest of the encumbrancer or owner arises before the goods become fixtures; and

(c) The security interest is perfected by a fixture filing before the goods become fixtures or within 20 days thereafter.

5. A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(a) The debtor has an interest of record in the real property or is in possession of the real property and the security interest:

(1) Is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and

(2) Has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;



(b) Before the goods become fixtures, the security interest is perfected by any method permitted by this article and the fixtures are readily removable:

(1) Factory or office machines;

(2) Equipment that is not primarily used or leased for use in the operation of the real property; or

(3) Replacements of domestic appliances that are consumer goods;

(c) The conflicting interest is a lien on the real property obtained by legal or equitable proceedings after the security interest was perfected by any method permitted by this article; or

(d) The security interest is:

(1) Created in a manufactured home in a manufactured-home transaction; and

(2) Perfected pursuant to a statute described in paragraph (b) of subsection 1 of NRS 104.9311.

6. A security interest in fixtures, whether or not perfected, has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(a) The encumbrancer or owner has, in ~~an authenticated~~ **a signed** record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

(b) The debtor has a right to remove the goods as against the encumbrancer or owner.

7. The priority of the security interest under paragraph (b) of subsection 6 continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

8. A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if the recorded record so indicates. Except as otherwise provided in subsections 5 and 6, a security interest in fixtures is subordinate to a construction mortgage recorded before the goods become fixtures if the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.

9. A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property.

Sec. 73. NRS 104.9341 is hereby amended to read as follows:

104.9341 Except as otherwise provided in subsection 3 of NRS 104.9340, and unless the bank otherwise agrees in ~~an authenticated~~ **a signed** record, a bank's rights and duties with respect to a deposit



1 account maintained with the bank are not terminated, suspended or
2 modified by:

3 1. The creation, attachment or perfection of a security interest
4 in the deposit account;

5 2. The bank's knowledge of the security interest; or

6 3. The bank's receipt of instructions from the secured party.

7 **Sec. 74.** NRS 104.9404 is hereby amended to read as follows:

8 104.9404 1. Unless an account debtor has made an
9 enforceable agreement not to assert defenses or claims, and subject
10 to subsections 2 to 5, inclusive, the rights of an assignee are subject
11 to:

12 (a) All terms of the agreement between the account debtor and
13 assignor and any defense or claim in recoupment arising from the
14 transaction that gave rise to the contract; and

15 (b) Any other defense or claim of the account debtor against the
16 assignor which accrues before the account debtor receives a
17 notification of the assignment ~~{authenticated}~~ **signed** by the assignor
18 or the assignee.

19 2. Subject to subsection 3 and except as otherwise provided in
20 subsection 4, the claim of an account debtor against an assignor may
21 be asserted against an assignee under subsection 1 only to reduce the
22 amount the account debtor owes.

23 3. This section is subject to law other than this article which
24 establishes a different rule for an account debtor who is a natural
25 person and who incurred the obligation primarily for personal,
26 family or household purposes.

27 4. In a consumer transaction, if a record evidences the account
28 debtor's obligation, law other than this article requires that the
29 record include a statement to the effect that the account debtor's
30 recovery against an assignee with respect to claims and defenses
31 against the assignor may not exceed amounts paid by the account
32 debtor under the record, and the record does not include such a
33 statement, the extent to which a claim of an account debtor against
34 the assignor may be asserted against an assignee is determined as if
35 the record included such a statement.

36 5. This section does not apply to an assignment of a health-
37 care-insurance receivable.

38 **Sec. 75.** NRS 104.9406 is hereby amended to read as follows:

39 104.9406 1. Subject to subsections 2 to 8, inclusive, **and 11,**
40 an account debtor on an account, chattel paper or a payment
41 intangible may discharge its obligation by paying the assignor until,
42 but not after, the account debtor receives a notification,
43 ~~{authenticated}~~ **signed** by the assignor or the assignee, that the
44 amount due or to become due has been assigned and that payment is
45 to be made to the assignee. After receipt of the notification, the



1 account debtor may discharge its obligation by paying the assignee
2 and may not discharge the obligation by paying the assignor.

3 2. Subject to ~~{subsection}~~ **subsections 8 [H] and 11**, notification
4 is ineffective under subsection 1:

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

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

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

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

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

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

18 3. Subject to ~~{subsection}~~ **subsections 8 [H] and 11**, if requested
19 by the account debtor, an assignee shall seasonably furnish
20 reasonable proof that the assignment has been made. Unless the
21 assignee complies, the account debtor may discharge its obligation
22 by paying the assignor, even if the account debtor has received a
23 notification under subsection 1.

24 4. Except as otherwise provided in ~~{subsection}~~ **subsections 5**
25 **and 10** and NRS 104.9407 and 104A.2303, and subject to
26 subsection 8, a term in an agreement between an account debtor and
27 an assignor or in a promissory note is ineffective to the extent that it:

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

33 (b) Provides that the assignment or transfer, or the creation,
34 attachment, perfection or enforcement of the security interest may
35 give rise to a default, breach, right of recoupment, claim, defense,
36 termination, right of termination, or remedy under the account,
37 chattel paper, payment intangible or promissory note.

38 **↪ As used in this subsection, the term "promissory note" includes**
39 **a negotiable instrument that evidences chattel paper.**

40 5. Subsection 4 does not apply to the sale of a payment
41 intangible or promissory note, other than a sale pursuant to a
42 disposition under NRS 104.9610 or an acceptance of collateral
43 under NRS 104.9620.

44 6. ~~{Subject}~~ **Except as otherwise provided in subsection 10**
45 **and NRS 104.9407 and 104A.2303 and 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~~ **subsections 8 ~~H~~ and 11**, 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 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 42.200 to 42.400, inclusive.

10. Subsections 4 and 6 do not apply to a security interest in an ownership interest in a general partnership, limited partnership or limited-liability company.

11. Subsections 1, 2, 3 and 7 do not apply to a controllable account or controllable payment intangible.

Sec. 76. NRS 104.9408 is hereby amended to read as follows:

104.9408 1. Except as otherwise provided in ~~subsection~~ **subsections 2 ~~H~~ and 5**, 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,



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

2
3 2. Subsection 1 applies to a security interest in a payment
4 intangible or promissory note only if the security interest arises out
5 of a sale of the payment intangible or promissory note, other than a
6 sale pursuant to a disposition under NRS 104.9610 or an acceptance
7 of collateral under NRS 104.9620.

8 3. ~~1A~~ *Except as otherwise provided in subsection 5, a* rule of
9 law, statute, or regulation that prohibits, restricts, or requires the
10 consent of a government, governmental body or official, person
11 obligated on a promissory note, or account debtor to the assignment
12 or transfer of, or creation of a security interest in, a promissory note,
13 health-care-insurance receivable or general intangible, including a
14 contract, permit, license or franchise between an account debtor and
15 a debtor, is ineffective to the extent that the rule of law, statute or
16 regulation:

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

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

23
24 4. To the extent that a term in a promissory note or in an
25 agreement between an account debtor and a debtor which relates to
26 a health-care-insurance receivable or general intangible or a rule of
27 law, statute, or regulation described in subsection 3 would be
28 effective under law other than this article but is ineffective under
29 subsection 1 or 3, the creation, attachment or perfection of a security
30 interest in the promissory note, health-care-insurance receivable or
31 general intangible:

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

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

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

40 (d) Does not entitle the secured party to use or assign the
41 debtor's rights under the promissory note, health-care-insurance
42 receivable or general intangible, including any related information
43 or materials furnished to the debtor in the transaction giving rise to
44 the promissory note, health-care-insurance receivable or general
45 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. This section does not apply to a security interest in an ownership interest in a general partnership, limited partnership or limited-liability company.

6. In this section, “promissory note” includes a negotiable instrument that evidences chattel paper.

Sec. 77. NRS 104.9509 is hereby amended to read as follows:

104.9509 1. A person may file an initial financing statement, amendment that adds collateral covered by a financing statement or amendment that adds a debtor to a financing statement only if:

(a) The debtor authorizes the filing in ~~{an-authenticated}~~ **a signed** record;

(b) The person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien; or

(c) Otherwise authorized by subsection 2 or 3.

2. By ~~{authenticating}~~ **signing** or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

(a) The collateral described in the security agreement; and

(b) Property that becomes collateral under paragraph (b) of subsection 1 of NRS 104.9315, whether or not the security agreement expressly covers proceeds.

3. A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

(a) The secured party of record authorizes the filing; or

(b) The change is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by subsection 1 or 3 of NRS 104.9513.

4. If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under subsection 3.

Sec. 78. NRS 104.9513 is hereby amended to read as follows:

104.9513 1. A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:



(a) There is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value; or

(b) The debtor did not authorize the filing of the initial financing statement.

2. To comply with subsection 1, a secured party shall cause the secured party of record to file the termination statement:

(a) Within 1 month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value; or

(b) If earlier, within 20 days after the secured party receives ~~an authenticated~~ a signed demand from a debtor.

3. In cases not governed by subsection 1, within 20 days after a secured party receives ~~an authenticated~~ a signed demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

(a) Except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation or otherwise give value;

(b) The financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

(c) The financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(d) The debtor did not authorize the filing of the initial financing statement.

4. Except as otherwise provided in NRS 104.9510, upon the filing of a termination statement with the filing office:

(a) The financing statement to which the termination statement relates ceases to be effective.

(b) For the purposes of subsection 7 of NRS 104.9519, subsection 1 of NRS 104.9522 and subsection 3 of NRS 104.9523, a financing statement that indicates that the debtor is a transmitting utility causes the effectiveness of the financing statement to lapse.

Sec. 79. NRS 104.9601 is hereby amended to read as follows:

104.9601 1. After default, a secured party has the rights provided in this part and, except as otherwise provided in NRS 104.9602, those provided by agreement of the parties. A secured party:



(a) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(b) If the collateral is documents, may proceed either as to the documents or as to the goods they cover.

2. A secured party in possession of collateral or control of collateral under NRS 104.7106, 104.9104, 104.9105, 104.9106 or 104.9107 *or section 2 or 3 of this act* has the rights and duties provided in NRS 104.9207.

3. The rights under subsections 1 and 2 are cumulative and may be exercised simultaneously.

4. Except as otherwise provided in subsection 7 and NRS 104.9605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

5. If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(a) The date of perfection of the security interest or agricultural lien in the collateral;

(b) The date of filing a financing statement covering the collateral; or

(c) Any date specified in a statute under which the agricultural lien was created.

6. A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this Article.

7. Except as otherwise provided in subsection 3 of NRS 104.9607, this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles or promissory notes.

Sec. 80. NRS 104.9605 is hereby amended to read as follows:

104.9605 ~~(A)~~

1. Except as provided in subsection 2, a secured party does not owe a duty based on its status as secured party:

~~(A)~~ **(a)** To a person that is a debtor or obligor, unless the secured party knows:

~~(a)~~ **(1)** That he or she is a debtor or obligor;

~~(b)~~ **(2)** His or her identity; and

~~(c)~~ **(3)** How to communicate with him or her; or

~~(2)~~ **(b)** To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

~~(a)~~ **(1)** That the person is a debtor; and



~~1(b)~~ (2) His or her identity.

2. A secured party owes a duty based on its status as a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

(a) The person is a debtor or obligor; and

(b) The secured party knows that the information in subparagraph (1), (2) or (3) of paragraph (a) of subsection 1 relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral or the system in which the collateral is recorded.

Sec. 81. NRS 104.9608 is hereby amended to read as follows:

104.9608 1. If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

(a) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under NRS 104.9607 in the following order to:

(1) The reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) The satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(3) The satisfaction of obligations secured by any subordinate security interest in or other lien on the collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if the secured party receives ~~an authenticated~~ a signed demand for proceeds before distribution of the proceeds is completed.

(b) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party need not comply with the holder's demand under subparagraph (3) of paragraph (a).

(c) A secured party need not apply or pay over for application noncash proceeds of collection and enforcement under NRS 104.9607 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(d) A secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.



2. If the underlying transaction is a sale of accounts, chattel paper, payment intangibles or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

Sec. 82. NRS 104.9611 is hereby amended to read as follows:

104.9611 1. In this section, “notification date” means the earlier of the date on which:

(a) A secured party sends to the debtor and any secondary obligor ~~{an authenticated}~~ **a signed** notification of disposition; or

(b) The debtor and any secondary obligor waive the right to notification.

2. Except as otherwise provided in subsection 4, a secured party that disposes of collateral under NRS 104.9610 shall send to the persons specified in subsection 3 a reasonable ~~{authenticated}~~ **signed** notification of disposition.

3. To comply with subsection 2, the secured party shall send ~~{an authenticated}~~ **a signed** notification of disposition to:

(a) The debtor;

(b) Any secondary obligor; and

(c) If the collateral is other than consumer goods:

(1) Any other person from which the secured party has received, before the notification date, ~~{an authenticated}~~ **a signed** notification of a claim of an interest in the collateral;

(2) Any other secured party or lienholder that, 10 days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(I) Identified the collateral;

(II) Was indexed under the debtor’s name as of that date;

and

(III) Was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(3) Any other secured party that, 10 days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation or treaty described in subsection 1 of NRS 104.9311.

4. Subsection 2 does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

5. A secured party complies with the requirement for notification prescribed by subparagraph (2) of paragraph (c) of subsection 3 if:

(a) Not later than 20 days or earlier than 30 days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements



indexed under the debtor's name in the office indicated in that subparagraph; and

(b) Before the notification date, the secured party:

(1) Did not receive a response to the request for information; or

(2) Received a response to the request for information and sent ~~an authenticated~~ *a signed* notification of disposition to each secured party *or other lienholder* named in that response whose financing statement covered the collateral.

Sec. 83. NRS 104.9613 is hereby amended to read as follows:

104.9613 **1.** Except in a consumer-goods transaction, the following rules apply:

~~[(a)]~~ *(a)* The contents of a notification of disposition are sufficient if the notification:

~~[(a)]~~ *(1)* Describes the debtor and the secured party;

~~[(b)]~~ *(2)* Describes the collateral that is the subject of the intended disposition;

~~[(c)]~~ *(3)* States the method of intended disposition;

~~[(d)]~~ *(4)* States that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

~~[(e)]~~ *(5)* States the time and place of a public disposition or the time after which any other disposition is to be made.

~~[(2)]~~ *(b)* Whether the contents of a notification that lacks any of the information specified in ~~subsection 1~~ *paragraph (a)* are nevertheless sufficient is a question of fact.

~~[(3)]~~ *(c)* The contents of a notification providing substantially the information specified in ~~subsection 1~~ *paragraph (a)* are sufficient, even if the notification includes:

~~[(a)]~~ *(1)* Information not specified by that ~~subsection;~~ *paragraph;* or

~~[(b)]~~ *(2)* Minor errors that are not seriously misleading.

~~[(4)]~~ *(d)* A particular phrasing of the notification is not required.

~~[(5)]~~ *(e)* The following form of notification and the form appearing in *paragraph (c) of subsection 1* of NRS 104.9614, when completed ~~[(1)]~~ *in accordance with the instructions in subsection 2 and subsection 2 of NRS 104.9614*, each provides sufficient information:

NOTIFICATION OF DISPOSITION OF COLLATERAL

To:

[Name of debtor, obligor, or
other person to which the
notification is sent]



From: [Name, address, and telephone
number of secured party]

{1} Name of ~~{Debtor(s): [Include only if debtor(s) are not
an addressee]}~~ *any debtor that is not an addressee*

~~{[For a public disposition:]} : [Name of each debtor]~~

{2} We will sell ~~{[or lease or license, as applicable]}~~ the
[describe collateral] [to the highest qualified bidder] ~~{in}~~ at
public *sale. A sale could include a lease or license. The sale
will be held* as follows:

~~{[Day and]}~~ Date:
Time:
Place:

~~{[For a private disposition:]}~~

{3} We will sell ~~{[or lease or license, as applicable]}~~ the
[describe collateral] ~~{privately]}~~ *at private sale* sometime after
~~{[day and]}~~ [date]. *A sale could include a lease or license.*

{4} You are entitled to an accounting of the unpaid
indebtedness secured by the property that we intend to sell
~~{[or lease]}~~ or , ~~{[license]}~~ as applicable ~~{[for a charge of
\$.....]}~~. *You may, lease or license.*

{5} *If you* request an accounting *you must pay a charge
of \$ [amount].*

{6} *You may request an accounting* by calling us at
[telephone number].

2. *The following instructions apply to the form of notification
in paragraph (e) of subsection 1:*

(a) *The instructions in this subsection refer to the numbers in
braces before items in the form of notification in paragraph (e) of
subsection 1. Do not include the numbers or braces in the
notification. The numbers and braces are used only for the
purpose of these instructions.*

(b) *Include and complete item {1} only if there is a debtor that
is not an addressee of the notification and list the name or names.*

(c) *Include and complete either item {2}, if the notification
relates to a public disposition of the collateral, or item {3}, if the
notification relates to a private disposition of the collateral. If item
{2} is included, include the words "to the highest qualified bidder"
only if applicable.*



- (d) Include and complete items {4} and {6}.
(e) Include and complete item {5} only if the sender will charge the recipient for an accounting.

Sec. 84. NRS 104.9614 is hereby amended to read as follows:
104.9614 1. In a consumer-goods transaction, the following rules apply:

~~1.1~~ (a) A notification of disposition must provide the following information:

~~1.1(a)~~ (1) The information specified in *paragraph (a) of* subsection 1 of NRS 104.9613;

~~1.1(b)~~ (2) A description of any liability for a deficiency of the person to which the notification is sent;

~~1.1(c)~~ (3) A telephone number from which the amount that must be paid to the secured party to redeem the collateral under NRS 104.9623 is available; and

~~1.1(d)~~ (4) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

~~1.2~~ (b) A particular phrasing of the notification is not required.

~~1.3~~ (c) The following form of notification, when completed ~~1.3~~ in accordance with the instructions in subsection 2, provides sufficient information:

[Name and address of secured party]

[Date]

NOTICE OF OUR PLAN TO SELL PROPERTY

[Name and address of any obligor who is also a debtor]

Subject: ~~[[Identification of]]~~ [[Identify Transaction]]

We have your [describe collateral], because you broke promises in our agreement.

~~[[For a public disposition:]]~~

~~{1}~~ We will sell [describe collateral] at public sale. A sale could include a lease or license. The sale will be held as follows:

Date:

Time:

Place:

You may attend the sale and bring bidders if you want.



~~[[For a private disposition:]]~~

{2} We will sell [describe collateral] at private sale sometime after [date]. A sale could include a lease or license.

{3} The money that we get from the sale, ~~[[~~ after paying our costs, ~~]]~~ will reduce the amount you owe. If we get less money than you owe, you [will or will not, as applicable] still owe us the difference. If we get more money than you owe, you will get the extra money, unless we must pay it to someone else.

{4} You can get the property back at any time before we sell it by paying us the full amount you owe, ~~[[~~ not just the past due payments, ~~]]~~ including our expenses. To learn the exact amount you must pay, call us at [telephone number].

{5} If you want us to explain to you in [writing] [writing or in [description of electronic record]] [description of electronic record] how we have figured the amount that you owe us, ~~[[you may]]~~ {6} call us at [telephone number] [or write us at [secured party's address]] [or contact us by [description of electronic communication method]] {7} and request [a written explanation [[] [a written explanation or an explanation in [description of electronic record]] [an explanation in [description of electronic document]]].

{8} ~~[[~~ We will charge you ~~[[\$.....]~~ \$ [amount] for the explanation if we sent you another written explanation of the amount you owe us within the last 6 months. ~~[[~~

{9} If you need more information about the sale [call us at [telephone number]] [or write us at [secured party's address]] ~~[[~~ [or contact us by [description of electronic communication method]]].

{10} We are sending this notice to the following other people who have an interest in [describe collateral] or who owe money under your agreement:

[Names of all other debtors and obligors, if any]

~~[[4-]]~~ (d) A notification in the form of ~~[[subsection 3]]~~ paragraph (c) is sufficient, even if additional information appears at the end of the form.

~~[[5-]]~~ (e) A notification in the form of ~~[[subsection 3]]~~ paragraph (c) is sufficient, even if it includes errors in information not required



1 by ~~subsection 1,~~ *paragraph (c)* unless the error is misleading with
2 respect to rights arising under this article.

3 ~~{6}~~ (f) If a notification under this section is not in the form of
4 ~~subsection 3,~~ *paragraph (c)*, law other than this article determines
5 the effect of including information not required by subsection 1.

6 *2. The following instructions apply to the form of notification*
7 *in paragraph (c) of subsection 1:*

8 (a) *The instructions in this subsection refer to the numbers in*
9 *braces before items in the form of notification in paragraph (c) of*
10 *subsection 1. Do not include the numbers or braces in the*
11 *notification. The numbers and braces are used only for the*
12 *purpose of these instructions.*

13 (b) *Include and complete either item {1}, if the notification*
14 *relates to a public disposition of the collateral, or item {2}, if the*
15 *notification relates to a private disposition of the collateral.*

16 (c) *Include and complete items {3}, {4}, {5}, {6} and {7}.*

17 (d) *In item {5}, include and complete any one of the three*
18 *alternative methods for the explanation—writing, writing or*
19 *electronic record, or electronic record.*

20 (e) *In item {6}, include the telephone number. In addition, the*
21 *sender may include and complete either or both of the two*
22 *additional alternative methods of communication—writing or*
23 *electronic communication—for the recipient of the notification to*
24 *communicate with the sender. Neither of the two additional*
25 *methods of communication is required to be included.*

26 (f) *In item {7}, include and complete the method or methods*
27 *for the explanation—writing, writing or electronic record, or*
28 *electronic record—included in item {5}.*

29 (g) *Include and complete item {8} only if a written explanation*
30 *is included in item {5} as a method for communicating the*
31 *explanation and the sender will charge the recipient for another*
32 *written explanation.*

33 (h) *In item {9}, include either the telephone number or the*
34 *address or both the telephone number and the address. In*
35 *addition, the sender may include and complete the additional*
36 *method of communication—electronic communication—for the*
37 *recipient of the notification to communicate with the sender. The*
38 *additional method of electronic communication is not required to*
39 *be included.*

40 (i) *If item {10} does not apply, insert “None” after*
41 *“agreement.”*

42 **Sec. 85.** NRS 104.9615 is hereby amended to read as follows:
43 104.9615 1. A secured party shall apply or pay over for
44 application the cash proceeds of disposition under NRS 104.9610 in
45 the following order to:



(a) The reasonable expenses of retaking, holding, preparing for disposition, processing and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(b) The satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

(c) The satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

(1) The secured party receives from the holder of the subordinate security interest or other lien ~~{an authenticated}~~ a signed demand for proceeds before distribution of the proceeds is completed; and

(2) In a case in which a consignor has an interest in the collateral, the subordinate security interest or other lien is senior to the interest of the consignor; and

(d) A secured party that is a consignor of the collateral if the secured party receives from the consignor ~~{an authenticated}~~ a signed demand for proceeds before distribution of the proceeds is completed.

2. If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured party need not comply with the holder's demand under paragraph (c) of subsection 1.

3. A secured party need not apply or pay over for application noncash proceeds of disposition under NRS 104.9610 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

4. If the security interest under which a disposition is made secures payment or performance of an obligation, after making the payments and applications required by subsection 1 and permitted by subsection 3:

(a) Unless paragraph (d) of subsection 1 requires the secured party to apply or pay over cash proceeds to a consignor, the secured party shall account to and pay a debtor for any surplus; and

(b) The obligor is liable for any deficiency.

5. If the underlying transaction is a sale of accounts, chattel paper, payment intangibles or promissory notes:

(a) The debtor is not entitled to any surplus; and

(b) The obligor is not liable for any deficiency.

6. The surplus or deficiency following a disposition is calculated based on the amount of proceeds that would have been realized in a disposition complying with this part to a transferee



other than the secured party, a person related to the secured party or a secondary obligor if:

(a) The transferee in the disposition is the secured party, a person related to the secured party or a secondary obligor; and

(b) The amount of proceeds of the disposition is significantly below the range of proceeds that a complying disposition to a person other than the secured party, a person related to the secured party or a secondary obligor would have brought.

7. A secured party that receives cash proceeds of a disposition in good faith and without knowledge that the receipt violates the rights of the holder of a security interest or other lien that is not subordinate to the security interest or agricultural lien under which the disposition is made:

(a) Takes the cash proceeds free of the security interest or other lien;

(b) Is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and

(c) Is not obligated to account to or pay the holder of the security interest or other lien for any surplus.

Sec. 86. NRS 104.9616 is hereby amended to read as follows:

104.9616 1. In this section:

(a) "Explanation" means a ~~written~~ **record** that:

(1) States the amount of the surplus or deficiency;

(2) Provides an explanation in accordance with subsection 3 of how the secured party calculated the surplus or deficiency;

(3) States, if applicable, that future debits, credits, charges, including additional credit service charges or interest rebates, and expenses may affect the amount of the surplus or deficiency; and

(4) Provides a telephone number or mailing address from which additional information concerning the transaction is available.

(b) "Request" means a record:

(1) ~~Authenticated~~ **Signed** by a debtor or consumer obligor;

(2) Requesting that the recipient provide an explanation; and

(3) Sent after disposition of the collateral under NRS 104.9610.

2. In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under NRS 104.9615, the secured party shall:

(a) Send an explanation to the debtor or consumer obligor, as applicable, after the disposition and:

(1) Before or when the secured party accounts to the debtor and pays any surplus or first makes ~~written~~ demand **in a record** on the consumer obligor after the disposition for payment of the deficiency; and



1 (2) Within 14 days after receipt of a request; or
2 (b) In the case of a consumer obligor who is liable for a
3 deficiency, within 14 days after receipt of a request, send to the
4 consumer obligor a record waiving the secured party's right to a
5 deficiency.

6 3. To comply with subparagraph (2) of paragraph (a) of
7 subsection 1, ~~in writing~~ **an explanation** must provide the following
8 information in the following order:

9 (a) The aggregate amount of obligations secured by the security
10 interest under which the disposition was made, and, if the amount
11 reflects a rebate of unearned interest or credit service charge, an
12 indication of that fact, calculated as of a specified date:

13 (1) If the secured party takes or receives possession of the
14 collateral after default, not more than 35 days before the secured
15 party takes or receives possession; or

16 (2) If the secured party takes or receives possession of the
17 collateral before default or does not take possession of the collateral,
18 not more than 35 days before the disposition;

19 (b) The amount of proceeds of the disposition;

20 (c) The aggregate amount of the obligations after deducting the
21 amount of proceeds;

22 (d) The amount, in the aggregate or by type, and types of
23 expenses, including expenses of retaking, holding, preparing for
24 disposition, processing and disposing of the collateral, and
25 attorney's fees secured by the collateral which are known to the
26 secured party and relate to the current disposition;

27 (e) The amount, in the aggregate or by type, and types of credits,
28 including rebates of interest or credit service charges, to which the
29 obligor is known to be entitled and which are not reflected in the
30 amount in paragraph (a); and

31 (f) The amount of the surplus or deficiency.

32 4. A particular phrasing of the explanation is not required. An
33 explanation complying substantially with the requirements of
34 paragraph (a) of subsection 1 is sufficient, even if it includes minor
35 errors that are not seriously misleading.

36 5. A debtor or consumer obligor is entitled without charge to
37 one response to a request under this section during any 6-month
38 period in which the secured party did not send to the debtor or
39 consumer obligor an explanation pursuant to paragraph (a) of
40 subsection 2. The secured party may require payment of a charge
41 not exceeding \$25 for each additional response.

42 **Sec. 87.** NRS 104.9619 is hereby amended to read as follows:
43 104.9619 1. In this section, "transfer statement" means a
44 record ~~authenticated~~ **signed** 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 postdefault 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 filing, recording, registration or certificate-of-title system covering the collateral. 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 or otherwise is not of itself a disposition of collateral under this article and does not of itself relieve the secured party of its duties under this article.

Sec. 88. NRS 104.9620 is hereby amended to read as follows:

104.9620 1. Except as otherwise provided in subsection 7, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(a) The debtor consents to the acceptance under subsection 3;

(b) The secured party does not receive, within the time set forth in subsection 4, a notification of objection to the proposal ~~authenticated~~ signed by:

(1) A person to which the secured party was required to send a proposal under NRS 104.9621; or

(2) Any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;

(c) If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(d) Subsection 5 does not require the secured party to dispose of the collateral.

2. A purported or apparent acceptance of collateral under this section is ineffective unless:

(a) The secured party consents to the acceptance in ~~an authenticated~~ a signed record or sends a proposal to the debtor; and



(b) The conditions of subsection 1 are met.

3. For purposes of this section:

(a) A debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record ~~authenticated~~ signed after default; and

(b) A debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record ~~authenticated~~ signed after default or the secured party:

(1) Sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(2) In the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(3) Does not receive a notification of objection ~~authenticated~~ signed by the debtor within 20 days after the proposal is sent.

4. To be effective under paragraph (b) of subsection 1, a notification of objection must be received by the secured party:

(a) In the case of a person to which the proposal was sent pursuant to NRS 104.9621, within 20 days after notification was sent to the person; and

(b) In other cases:

(1) Within 20 days after the last notification was sent pursuant to NRS 104.9621; or

(2) If a notification was not sent, before the debtor consents to the acceptance under subsection 3.

5. A secured party that has taken possession of collateral shall dispose of the collateral pursuant to NRS 104.9610 within the time specified in subsection 6 if:

(a) Sixty percent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or

(b) Sixty percent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

6. To comply with subsection 5, the secured party shall dispose of the collateral:

(a) Within 90 days after taking possession; or

(b) Within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and ~~authenticated~~ signed after default.

7. In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.



Sec. 89. NRS 104.9621 is hereby amended to read as follows:

104.9621 1. A secured party that desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

(a) Any person from which the secured party has received, before the debtor consented to the acceptance, ~~[an authenticated]~~ *a signed* notification of a claim of an interest in the collateral;

(b) Any other secured party or lienholder that, 10 days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(1) Identified the collateral;

(2) Was indexed under the debtor's name as of that date; and

(3) Was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and

(c) Any other secured party that, 10 days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation or treaty described in subsection 1 of NRS 104.9311.

2. A secured party that desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in subsection 1.

Sec. 90. NRS 104.9624 is hereby amended to read as follows:

104.9624 1. A debtor or secondary obligor may waive the right to notification of disposition of collateral under NRS 104.9611 only by an agreement to that effect entered into and ~~[authenticated]~~ *signed* after default.

2. *A debtor may waive the right to require disposition of collateral under subsection 5 of NRS 104.9620 only by an agreement to that effect entered into and signed after default.*

3. Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under NRS 104.9623 only by an agreement to that effect entered into and ~~[authenticated]~~ *signed* after default.

Sec. 91. NRS 104.9628 is hereby amended to read as follows:

104.9628 1. ~~[Unless]~~ *Subject to subsection 6, unless* a secured party knows that a person is a debtor or obligor, knows his or her identity, and knows how to communicate with him or her:

(a) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against him or her, for failure to comply with this article; and

(b) The secured party's failure to comply with this article does not affect the liability of the person for a deficiency.



2. ~~1A~~ *Subject to subsection 6, a* secured party is not liable because of its status as a secured party:

(a) To a person that is a debtor or obligor, unless the secured party knows:

(1) That he or she is a debtor or obligor;

(2) His or her identity; and

(3) How to communicate with him or her; or

(b) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(1) That he or she is a debtor; and

(2) His or her identity.

3. A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(a) A debtor's representation concerning the purpose for which collateral was to be used, acquired or held; or

(b) An obligor's representation concerning the purpose for which a secured obligation was incurred.

4. A secured party is not liable to any person under paragraph (b) of subsection 3 of NRS 104.9625 for its failure to comply with NRS 104.9616.

5. A secured party is not liable under paragraph (b) of subsection 3 of NRS 104.9625 more than once with respect to any one secured obligation.

6. Subsections 1 and 2 do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

(a) The person is a debtor or obligor; and

(b) The secured party knows that the information specified in subparagraph (1), (2) or (3) of paragraph (a) of subsection 2 relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral or the system in which the collateral is recorded.

Sec. 92. NRS 104A.2102 is hereby amended to read as follows:

104A.2102 **1.** This article applies to any transaction, regardless of form, that creates a lease ~~1A~~ *and, in the case of a hybrid lease, it applies to the extent provided in subsection 2.*

2. In a hybrid lease:

(a) If the lease-of-goods aspects do not predominate:



(1) Only the provisions of this Article which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;

(2) NRS 104A.2209 applies if the lease is a finance lease; and

(3) NRS 104A.2407 applies to the promises of the lessee in a finance lease to the extent the promises are consideration for the right to possession and use of the leased goods.

(b) If the lease-of-goods aspects predominate, this Article applies to the transaction, but this does not preclude application in appropriate circumstances of other law to the aspects of the lease which do not relate to the lease of goods.

Sec. 93. NRS 104A.2103 is hereby amended to read as follows:

104A.2103 1. In this Article unless the context otherwise requires:

(a) “Buyer in ordinary course of business” means a person who, in good faith and without knowledge that the sale to him or her is in violation of the ownership, rights or security interest or leasehold interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. “Buying” may be for cash or by exchange of other property or on secured or unsecured credit and includes acquiring goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(b) “Cancellation” occurs when either party puts an end to the lease contract for default by the other party.

(c) “Commercial unit” means such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single Article, as a machine, or a set of Articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

(d) “Conforming” goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

(e) “Consumer lease” means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is a natural person and who takes under the lease primarily for a personal, family or household purpose.

(f) “Fault” means wrongful act, omission, breach or default.

(g) “Finance lease” means a lease with respect to which:



(1) The lessor does not select, manufacture or supply the goods;

(2) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and

(3) One of the following occurs:

(I) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(II) The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(III) The lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

(IV) If the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person, that the lessee is entitled under this Article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods, and that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures (NRS 104A.2309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

(i) *"Hybrid lease" means a single transaction involving a lease of goods and:*

(1) The provision of services;

(2) A sale of other goods; or

(3) A sale, lease or license of property other than goods.



1 (j) “Installment lease contract” means a lease contract that
2 authorizes or requires the delivery of goods in separate lots to be
3 separately accepted, even though the lease contract contains a clause
4 “each delivery is a separate lease” or its equivalent.

5 (k) “Lease” means a transfer of the right to possession and
6 use of goods for a term in return for consideration, but a sale,
7 including a sale on approval or a sale or return, or retention or
8 creation of a security interest is not a lease. Unless the context
9 clearly indicates otherwise, the term includes a sublease.

10 (l) “Lease agreement” means the bargain, with respect to
11 the lease, of the lessor and the lessee in fact as found in their
12 language or by implication from other circumstances including
13 course of dealing or usage of trade or course of performance as
14 provided in this Article. Unless the context clearly indicates
15 otherwise, the term includes a sublease agreement.

16 (m) “Lease contract” means the total legal obligation that
17 results from the lease agreement as affected by this Article and any
18 other applicable rules of law. Unless the context clearly indicates
19 otherwise, the term includes a sublease contract.

20 (n) “Leasehold interest” means the interest of the lessor or
21 the lessee under a lease contract.

22 (o) “Lessee” means a person who acquires the right to
23 possession and use of goods under a lease. Unless the context
24 clearly indicates otherwise, the term includes a sublessee.

25 (p) “Lessee in ordinary course of business” means a
26 person who in good faith and without knowledge that the lease to
27 him or her is in violation of the ownership rights or security interest
28 or leasehold interest of a third party in the goods leases in ordinary
29 course from a person in the business of selling or leasing goods of
30 that kind but does not include a pawnbroker. “Leasing” may be for
31 cash or by exchange of other property or on secured or unsecured
32 credit and includes acquiring goods or documents of title under a
33 preexisting lease contract but does not include a transfer in bulk or
34 as security for or in total or partial satisfaction of a money debt.

35 (q) “Lessor” means a person who transfers the right to
36 possession and use of goods under a lease. Unless the context
37 clearly indicates otherwise, the term includes a sublessor.

38 (r) “Lessor’s residual interest” means the lessor’s interest
39 in the goods after expiration, termination or cancellation of the lease
40 contract.

41 (s) “Lien” means a charge against or interest in goods to
42 secure payment of a debt or performance of an obligation, but the
43 term does not include a security interest.



~~(t)~~ (t) “Lot” means a parcel or a single Article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

~~(u)~~ (u) “Merchant lessee” means a lessee that is a merchant with respect to goods of the kind subject to the lease.

~~(v)~~ (v) “Present value” means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

~~(w)~~ (w) “Purchase” includes taking by sale, lease, mortgage, security interest, pledge, gift or any other voluntary transaction creating an interest in goods.

~~(x)~~ (x) “Sublease” means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

~~(y)~~ (y) “Supplier” means a person from whom a lessor buys or leases goods to be leased under a finance lease.

~~(z)~~ (z) “Supply contract” means a contract under which a lessor buys or leases goods to be leased.

~~(aa)~~ (aa) “Termination” occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

2. Other definitions applying to this Article and the sections in which they appear are:

“Accessions.” NRS 104A.2310.

“Construction mortgage.” NRS 104A.2309.

“Encumbrance.” NRS 104A.2309.

“Fixtures.” NRS 104A.2309.

“Fixture filing.” NRS 104A.2309.

“Purchase money lease.” NRS 104A.2309.

3. The following definitions in other Articles apply to this Article:

“Account.” NRS 104.9102.

“Between merchants.” NRS 104.2104.

“Buyer.” NRS 104.2103.

“Chattel paper.” NRS 104.9102.

“Consumer goods.” NRS 104.9102.

“Document.” NRS 104.9102.



1 "Entrusting." NRS 104.2403.
2 "General intangible." NRS 104.9102.
3 "Instrument." NRS 104.9102.
4 "Merchant." NRS 104.2104.
5 "Mortgage." NRS 104.9102.
6 "Pursuant to commitment." NRS 104.9102.
7 "Receipt." NRS 104.2103.
8 "Sale." NRS 104.2106.
9 "Sale on approval." NRS 104.2326.
10 "Sale or return." NRS 104.2326.
11 "Seller." NRS 104.2103.

12
13 4. In addition, Article 1 contains general definitions and
14 principles of construction and interpretation applicable throughout
15 this Article.

16 **Sec. 94.** NRS 104A.2107 is hereby amended to read as
17 follows:

18 104A.2107 Any claim or right arising out of an alleged default
19 or breach of warranty may be discharged in whole or in part without
20 consideration by a ~~written~~ waiver or renunciation **in a** signed ~~and~~
21 **record** delivered by the aggrieved party.

22 **Sec. 95.** NRS 104A.2201 is hereby amended to read as
23 follows:

24 104A.2201 1. A lease contract is not enforceable by way of
25 action or defense unless:

26 (a) The total payments to be made under the lease contract,
27 excluding payments for options to renew or buy, are less than
28 \$1,000; or

29 (b) There is a ~~writing,~~ **record**, signed by the party against
30 whom enforcement is sought or by that party's authorized agent,
31 sufficient to indicate that a lease contract has been made between
32 the parties and to describe the goods leased and the lease term.

33 2. Any description of leased goods or of the lease term is
34 sufficient and satisfies paragraph (b) of subsection 1, whether or not
35 it is specific, if it reasonably identifies what is described.

36 3. A ~~writing,~~ **record** is not insufficient because it omits or
37 incorrectly states a term agreed upon, but the lease contract is not
38 enforceable under paragraph (b) of subsection 1 beyond the lease
39 term and the quantity of goods shown in the ~~writing,~~ **record**.

40 4. A lease contract that does not satisfy the requirements of
41 subsection 1, but which is valid in other respects, is enforceable:

42 (a) If the goods are to be specially manufactured or obtained for
43 the lessee and are not suitable for lease or sale to others in the
44 ordinary course of the lessor's business, and the lessor, before notice
45 of repudiation is received and under circumstances that reasonably



1 indicate that the goods are for the lessee, has made either a
2 substantial beginning of their manufacture or commitments for their
3 procurement;

4 (b) If the party against whom enforcement is sought admits in
5 that party's pleading, testimony or otherwise in court that a lease
6 contract was made, but the lease contract is not enforceable under
7 this provision beyond the quantity of goods admitted; or

8 (c) With respect to goods that have been received and accepted
9 by the lessee.

10 5. The lease term under a lease contract referred to in
11 subsection 4 is:

12 (a) If there is a ~~{writing}~~ **record** signed by the party against
13 whom enforcement is sought or by that party's authorized agent
14 specifying the lease term, the term so specified;

15 (b) If the party against whom enforcement is sought admits in
16 that party's pleading, testimony or otherwise in court a lease term,
17 the term so admitted; or

18 (c) A reasonable lease term.

19 **Sec. 96.** NRS 104A.2202 is hereby amended to read as
20 follows:

21 104A.2202 Terms with respect to which the confirmatory
22 memoranda of the parties agree or which are otherwise set forth in a
23 ~~{writing}~~ **record** intended by the parties as a final expression of their
24 agreement with respect to such terms as are included therein may
25 not be contradicted by evidence of any prior agreement or of a
26 contemporaneous oral agreement but may be explained or
27 supplemented:

28 1. By course of dealing or usage of trade or by course of
29 performance; and

30 2. By evidence of consistent additional terms,
31 ~~{→}~~ unless the court finds the ~~{writing}~~ **record** to have been intended
32 also as a complete and exclusive statement of the terms of the
33 agreement.

34 **Sec. 97.** NRS 104A.2203 is hereby amended to read as
35 follows:

36 104A.2203 The affixing of a seal to a ~~{writing}~~ **record**
37 evidencing a lease contract or an offer to enter into a lease contract
38 does not render the ~~{writing}~~ **record** a sealed instrument and the law
39 with respect to sealed instruments does not apply to the lease
40 contract or offer.

41 **Sec. 98.** NRS 104A.2205 is hereby amended to read as
42 follows:

43 104A.2205 An offer by a merchant to lease goods to or from
44 another person in a signed ~~{writing}~~ **record** that by its terms gives
45 assurance it will be held open is not revocable, for lack of



consideration, during the time stated or, if no time is stated, for a reasonable time, but in no event may the period of irrevocability exceed 3 months. Any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

Sec. 99. NRS 104A.2208 is hereby amended to read as follows:

104A.2208 1. An agreement modifying a lease contract needs no consideration to be binding.

2. A signed lease agreement that excludes modification or rescission except by a signed ~~writing~~ **record** may not be otherwise modified or rescinded, but, except as between merchants, such a requirement on a form supplied by a merchant must be separately signed by the other party.

3. Although an attempt at modification or rescission does not satisfy the requirements of subsection 2, it may operate as a waiver.

4. A party who has made a waiver affecting an executory portion of a lease contract may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver.

Sec. 100. NRS 104A.4103 is hereby amended to read as follows:

104A.4103 1. In this article:

(a) "Payment order" means an instruction of a sender to a receiving bank, transmitted orally ~~[-, electronically or in writing,]~~ **or in a record**, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:

(1) The instruction does not state a condition to payment to the beneficiary other than time of payment;

(2) The receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; and

(3) The instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system for transmittal to the receiving bank.

(b) "Beneficiary" means the person to be paid by the beneficiary's bank.

(c) "Beneficiary's bank" means the bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account.

(d) "Receiving bank" means the bank to which the sender's instruction is addressed.

(e) "Sender" means the person giving the instruction to the receiving bank.



2. If an instruction complying with paragraph (a) of subsection 1 is to make more than one payment to a beneficiary, the instruction is a separate payment order with respect to each payment.

3. A payment order is issued when it is sent to the receiving bank.

Sec. 101. NRS 104A.4201 is hereby amended to read as follows:

104A.4201 1. “Security procedure” means a procedure established by agreement of a customer and a receiving bank ~~for~~ *for the purpose of:*

(a) ~~Verify~~ *Verifying* that a payment order or communication amending or cancelling a payment order is that of the customer; or

(b) ~~Detect~~ *Detecting* error in the transmission or the content of the payment order or communication.

2. A security procedure *may impose an obligation on the receiving bank or the customer and* may require the use of algorithms or other codes, identifying words, ~~for~~ numbers, *symbols, sounds, biometrics*, encryption, callback procedures or similar security devices.

3. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer *or requiring a payment order to be sent from a known electronic mail address, Internet Protocol address or telephone number* is not by itself a security procedure.

Sec. 102. NRS 104A.4202 is hereby amended to read as follows:

104A.4202 1. A payment order received by the receiving bank is the authorized order of the person identified as sender if the person authorized the order or is otherwise bound by it under the law of agency.

2. If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if the security procedure is a commercially reasonable method of providing security against unauthorized payment orders, and the bank proves that it accepted the payment order in good faith and in compliance with *the bank’s obligations under* the security procedure and any ~~written~~ agreement or instruction of the customer, *evidenced by a record*, restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates ~~a written~~ *an* agreement with the customer, *evidenced by a record*, or notice of which is not received at a time and in a manner



affording the bank a reasonable opportunity to act on it before the payment order is accepted.

3. Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered to the customer, and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if:

(a) The security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer; and

(b) The customer expressly agreed in ~~writing~~ **a record** to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with **the bank's obligations under** the security procedure chosen by the customer.

4. The term "sender" in this article includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under subsection 1, or it is effective as the order of the customer under subsection 2.

5. This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.

6. Except as otherwise provided in this section and in paragraph (a) of subsection 1 of NRS 104A.4203, rights and obligations arising under this section or NRS 104A.4203 may not be varied by agreement.

Sec. 103. NRS 104A.4203 is hereby amended to read as follows:

104A.4203 1. If an accepted payment order is not, under subsection 1 of NRS 104A.4202, an authorized order of a customer identified as sender, but is effective as an order of the customer pursuant to subsection 2 of NRS 104A.4202, the following rules apply:

(a) By express ~~written~~ agreement ~~it~~ **evidenced by a record**, the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order.

(b) The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person:

(1) Entrusted at any time with duties to act for the customer with respect to payment orders or the security procedure; or

(2) Who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer



1 and without authority of the receiving bank, information facilitating
2 breach of the security procedure, regardless of how the information
3 was obtained or whether the customer was at fault.

4 ➤ Information includes any access device, computer software, or
5 the like.

6 2. This section applies to amendments of payment orders to the
7 same extent it applies to payment orders.

8 **Sec. 104.** NRS 104A.4207 is hereby amended to read as
9 follows:

10 104A.4207 1. Except as otherwise provided in subsection 2,
11 if, in a payment order received by the beneficiary's bank, the name,
12 bank account number or other identification of the beneficiary refers
13 to a nonexistent or unidentifiable person or account, no person has
14 rights as a beneficiary of the order and acceptance of the order
15 cannot occur.

16 2. If a payment order received by the beneficiary's bank
17 identifies the beneficiary both by name and by an identifying or
18 bank account number and the name and number identify different
19 persons, the following rules apply:

20 (a) Except as otherwise provided in subsection 3, if the
21 beneficiary's bank does not know that the name and number refer to
22 different persons, it may rely on the number as the proper
23 identification of the beneficiary of the order. The beneficiary's bank
24 need not determine whether the name and number refer to the same
25 person.

26 (b) If the beneficiary's bank pays the person identified by name
27 or knows that the name and number identify different persons, no
28 person has rights as beneficiary except the person paid by the
29 beneficiary's bank if that person was entitled to receive payment
30 from the originator of the funds transfer. If no person has rights as
31 beneficiary, acceptance of the order cannot occur.

32 3. If a payment order described in subsection 2 is accepted, the
33 originator's payment order described the beneficiary inconsistently
34 by name and number, and the beneficiary's bank pays the person
35 identified by number as permitted by paragraph (a) of subsection 2,
36 the following rules apply:

37 (a) If the originator is a bank, the originator is obliged to pay its
38 order.

39 (b) If the originator is not a bank and proves that the person
40 identified by number was not entitled to receive payment from
41 the originator, the originator is not obliged to pay its order unless the
42 originator's bank proves that the originator, before acceptance of the
43 originator's order, had notice that payment of a payment order
44 issued by the originator might be made by the beneficiary's bank on
45 the basis of an identifying or bank account number even if it



identified a person different from the named beneficiary. Proof of notice may be made by any admissible evidence. The originator's bank satisfies the burden of proof if it proves that the originator, before the payment order was accepted, signed a ~~writing~~ **record** stating the information to which the notice relates.

4. In a case governed by paragraph (a) of subsection 2, if the beneficiary's bank rightfully pays the person identified by number and that person was not entitled to receive payment from the originator, the amount paid may be recovered from that person to the extent allowed by the law governing mistake and restitution as follows:

(a) If the originator is obliged to pay its payment order as stated in subsection 3, the originator has the right to recover.

(b) If the originator is not a bank and is not obliged to pay its payment order, the originator's bank has the right to recover.

Sec. 105. NRS 104A.4208 is hereby amended to read as follows:

104A.4208 1. If a payment order identifies an intermediary bank or the beneficiary's bank only by an identifying number, the following rules apply:

(a) The receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank and need not determine whether the number identifies a bank.

(b) The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

2. If a payment order identifies an intermediary bank or the beneficiary's bank both by name and an identifying number and the name and number identify different persons, the following rules apply:

(a) If the sender is a bank, the receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank if the receiving bank, when it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person or whether the number refers to a bank. The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

(b) If the sender is not a bank and the receiving bank proves that the sender, before the payment order was accepted, had notice that the receiving bank might rely on the number as the proper identification of the intermediary or beneficiary's bank even if it



1 identifies a person different from the bank identified by name, the
2 rights and obligations of the sender and the receiving bank are
3 governed by paragraph (a), as though the sender were a bank. Proof
4 of notice may be made by any admissible evidence. The receiving
5 bank satisfies the burden of proof if it proves that the sender, before
6 the payment order was accepted, signed a ~~{writing}~~ **record** stating
7 the information to which the notice relates.

8 (c) Whether or not the sender is a bank, the receiving bank may
9 rely on the name as the proper identification of the intermediary or
10 beneficiary's bank if the receiving bank, at the time it executes the
11 sender's order, does not know that the name and number identify
12 different persons. The receiving bank need not determine whether
13 the name and number refer to the same person.

14 (d) If the receiving bank knows that the name and number
15 identify different persons, reliance on either the name or the number
16 in executing the sender's payment order is a breach of the obligation
17 stated in paragraph (a) of subsection 1 of NRS 104A.4302.

18 **Sec. 106.** NRS 104A.4210 is hereby amended to read as
19 follows:

20 104A.4210 1. A payment order is rejected by the receiving
21 bank by a notice of rejection transmitted to the sender orally ~~{~~
22 **electronically}** or in ~~{writing.}~~ **a record**. A notice of rejection need
23 not use any particular words and is sufficient if it indicates that the
24 receiving bank is rejecting the order or will not execute or pay the
25 order. Rejection is effective when the notice is given if transmission
26 is by a means that is reasonable in the circumstances. If notice of
27 rejection is given by a means that is not reasonable, rejection is
28 effective when the notice is received. If an agreement of the sender
29 and receiving bank establishes the means to be used to reject a
30 payment order, any means complying with the agreement is
31 reasonable and any means not complying is not reasonable unless no
32 significant delay in receipt of the notice resulted from the use of the
33 noncomplying means.

34 2. If a receiving bank other than the beneficiary's bank fails to
35 execute a payment order despite the existence on the execution date
36 of a withdrawable credit balance in an authorized account of the
37 sender sufficient to cover the order, the following rules apply:

38 (a) If the sender does not receive notice of rejection of the order
39 on the execution date and the authorized account of the sender does
40 not bear interest, the bank is obliged to pay interest to the sender on
41 the amount of the order for the number of days elapsing after the
42 execution date to the earlier of the day the order is cancelled
43 pursuant to subsection 4 of NRS 104A.4211 or the day the sender
44 receives notice or learns that the order was not executed, counting
45 the final day of the period as an elapsed day.



(b) If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest is reduced accordingly.

3. If a receiving bank suspends payments, all unaccepted payment orders issued to it are deemed rejected at the time the bank suspends payments.

4. Acceptance of a payment order precludes a later rejection of the order. Rejection of a payment order precludes a later acceptance of the order.

Sec. 107. NRS 104A.4211 is hereby amended to read as follows:

104A.4211 1. A communication of the sender of a payment order cancelling or amending the order may be transmitted to the receiving bank orally ~~[-electronically]~~ or in ~~[-writing-]~~ **a record**. If a security procedure is in effect between the sender and the receiving bank, the communication is not effective to cancel or amend the order unless the communication is verified pursuant to the security procedure or the bank agrees to the cancellation or amendment.

2. Except as otherwise provided in subsection 1, a communication by the sender cancelling or amending a payment order is effective to cancel or amend the order if notice of the communication is received at a time and in a manner affording the receiving bank a reasonable opportunity to act on the communication before the bank accepts the payment order.

3. After a payment order has been accepted, cancellation or amendment of the order is not effective unless the receiving bank agrees or a funds-transfer system rule allows cancellation or amendment without agreement of the bank. The following rules also apply:

(a) With respect to a payment order accepted by a receiving bank other than the beneficiary's bank, cancellation or amendment is not effective unless a conforming cancellation or amendment of the payment order issued by the receiving bank is also made.

(b) With respect to a payment order accepted by the beneficiary's bank, cancellation or amendment is not effective unless the order was issued in execution of an unauthorized payment order, or because of a mistake by a sender in the funds transfer which resulted in the issuance of a payment order that is a duplicate of a payment order previously issued by the sender, that orders payment to a beneficiary not entitled to receive payment from the originator, or that orders payment in an amount greater than the amount the beneficiary was entitled to receive from the originator. If the payment order is cancelled or amended, the beneficiary's bank is entitled to recover from the beneficiary any amount paid to the



beneficiary to the extent allowed by the law governing mistake and restitution.

4. An unaccepted payment order is cancelled by operation of law at the close of the fifth funds-transfer business day of the receiving bank after the execution date or payment date of the order.

5. A cancelled payment order cannot be accepted. If an accepted payment order is cancelled, the acceptance is nullified and no person has any right or obligation based on the acceptance. Amendment of a payment order is deemed to be cancellation of the original order at the time of amendment and issue of a new payment order in the amended form at the same time.

6. Unless otherwise provided in an agreement of the parties or in a funds-transfer system rule, if the receiving bank, after accepting a payment order, agrees to cancellation or amendment of the order by the sender or is bound by a funds-transfer system rule allowing cancellation or amendment without the bank's agreement, the sender, whether or not cancellation or amendment is effective, is liable to the bank for any loss and expenses, including reasonable attorney's fees, incurred by the bank as a result of the cancellation or amendment or attempted cancellation or amendment.

7. A payment order is not revoked by the death or legal incapacity of the sender unless the receiving bank knows of the death or of an adjudication of incapacity by a court of competent jurisdiction and has reasonable opportunity to act before acceptance of the order.

8. A funds-transfer system rule is not effective to the extent it conflicts with paragraph (b) of subsection 3.

Sec. 108. NRS 104A.4305 is hereby amended to read as follows:

104A.4305 1. If a funds transfer is completed but execution of a payment order by the receiving bank in breach of NRS 104A.4302 results in delay in payment to the beneficiary, the bank is obliged to pay interest to either the originator or the beneficiary of the funds transfer for the period of delay caused by the improper execution. Except as otherwise provided in subsection 3, additional damages are not recoverable.

2. If execution of a payment order by a receiving bank in breach of NRS 104A.4302 results in noncompletion of the funds transfer, failure to use an intermediary bank designated by the originator, or issuance of a payment order that does not comply with the terms of the payment order of the originator, the bank is liable to the originator for its expenses in the funds transfer and for incidental expenses and interest losses, to the extent not covered by subsection 1, resulting from the improper execution. Except as otherwise provided in subsection 3, additional damages are not recoverable.



3. In addition to the amounts payable under subsections 1 and 2, damages, including consequential damages, are recoverable to the extent provided in an express ~~written~~ agreement of the receiving bank ~~to~~, *evidenced by a record*.

4. If a receiving bank fails to execute a payment order it was obliged by express agreement to execute, the receiving bank is liable to the sender for its expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express ~~written~~ agreement of the receiving bank, *evidenced by a record*, but are not otherwise recoverable.

5. Reasonable attorney's fees are recoverable if demand for compensation under subsection 1 or 2 is made and refused before an action is brought on the claim. If a claim is made for breach of an agreement under subsection 4 and the agreement does not provide for damages, reasonable attorney's fees are recoverable if demand for compensation under subsection 4 is made and refused before an action is brought on the claim.

6. Except as stated in this section, the liability of a receiving bank under subsections 1 and 2 may not be varied by agreement.

Sec. 109. NRS 32.265 is hereby amended to read as follows:

32.265 1. The court may not appoint a person as receiver unless the person submits to the court a statement under penalty of perjury that the person is not disqualified.

2. Except as otherwise provided in subsection 3, a person is disqualified from appointment as receiver if the person:

- (a) Is an affiliate of a party;
- (b) Has an interest materially adverse to an interest of a party;
- (c) Has a material financial interest in the outcome of the action, other than compensation the court may allow the receiver;
- (d) Has a debtor-creditor relationship with a party; or
- (e) Holds an equity interest in a party, other than a noncontrolling interest in a publicly traded company.

3. A person is not disqualified from appointment as receiver solely because the person:

- (a) Was appointed receiver or is owed compensation in an unrelated matter involving a party or was engaged by a party in a matter unrelated to the receivership;
- (b) Is an individual obligated to a party on a debt that is not in default and was incurred primarily for personal, family or household purposes; or
- (c) Maintains with a party a deposit account as defined in paragraph ~~(ee)~~ *(ff)* of subsection 1 of NRS 104.9102.



4. A person seeking appointment of a receiver may nominate a person to serve as receiver, but the court is not bound by the nomination.

Sec. 110. NRS 482.31776 is hereby amended to read as follows:

482.31776 1. A consignee of a vehicle shall, upon entering into a consignment contract or other form of agreement to sell a vehicle owned by another person:

(a) Open and maintain a separate trust account in a federally insured bank, savings and loan association or savings bank that is located in this State, into which the consignee shall deposit all money received from a prospective buyer as a deposit, or as partial or full payment of the purchase price agreed upon, toward the purchase or transfer of interest in the vehicle. A consignee of a vehicle shall not:

(1) Commingle the money in the trust account with any other money that is not on deposit or otherwise maintained toward the purchase of the vehicle subject to the consignment contract or agreement; or

(2) Use any money in the trust account to pay his or her operational expenses for any purpose that is not related to the consignment contract or agreement.

(b) Obtain from the consignor, before receiving delivery of the vehicle, a signed and dated disclosure statement that is included in the consignment contract and provides in at least 10-point bold type or font:

IMPORTANT NOTICE TO VEHICLE OWNERS

State law (NRS 482.31776) requires that the operator of this business file a Uniform Commercial Code 1 (UCC1) form with the Office of the Secretary of State on your behalf to protect your interest in your vehicle. The form is required to protect your vehicle from forfeiture in the event that the operator of this business fails to meet his or her financial obligations to a third party holding a security interest in his or her inventory. The form must be filed by the operator of this business before the operator may take possession of your vehicle. If the form is not filed as required, **YOU MAY LOSE YOUR VEHICLE THROUGH NO FAULT OF YOUR OWN.** For a copy of the UCC1 form filed on your behalf or for more information, please contact:

The Office of the Secretary of State of Nevada
Uniform Commercial Code Division



(775) 684-7100

I understand and acknowledge the above disclosure.

.....
Consignee Signature Date

(c) Assist the consignor in completing, with respect to the consignor's purchase-money security interest in the vehicle, a financing statement of the type described in subsection 5 of NRS 104.9317 and shall file the financing statement with the Secretary of State on behalf of the consignor. If a consignee has previously granted to a third party a security interest with an after-acquired property clause in the consignee's inventory, the consignee additionally shall assist the consignor in sending ~~an authenticated~~ *a signed* notification, as described in paragraph (b) of subsection 1 of NRS 104.9324, to each holder of a conflicting security interest. The consignee must not receive delivery of the vehicle until the consignee has:

(1) Filed the financing statement with the Secretary of State; and

(2) If applicable, assisted the consignor in sending an authenticated notification to each holder of a conflicting security interest.

2. Upon the sale or transfer of interest in the vehicle, the consignee shall forthwith:

(a) Satisfy or cause to be satisfied all outstanding security interests in the vehicle; and

(b) Satisfy the financial obligations due the consignor pursuant to the consignment contract.

3. Upon the receipt of money by delivery of cash, bank check or draft, or any other form of legal monetary exchange, or after any form of transfer of interest in a vehicle, the consignee shall notify the consignor that the money has been received or that a transfer of interest in the vehicle has occurred. Notification by the consignee to the consignor must be given in person or, in the absence of the consignor, by registered or certified mail addressed to the last address or residence of the consignor known to the consignee. The notification must be made within 3 business days after the date on which the money is received or the transfer of interest in the vehicle is made.

4. The provisions of this section do not apply to:

(a) An executor;

(b) An administrator;

(c) A sheriff;



(d) A salvage pool subject to the provisions of NRS 487.400 to 487.510, inclusive; or

(e) Any other person who sells a vehicle pursuant to the powers or duties granted to or imposed on him or her by specific statute.

5. Notwithstanding any provision of NRS 482.423 to 482.4245, inclusive, to the contrary, a vehicle subject to a consignment contract may not be operated by the consignee, an employee or agent of the consignee, or a prospective buyer in accordance with NRS 482.423 to 482.4245, inclusive, by displaying a temporary placard to operate the vehicle unless the operation of the vehicle is authorized by the express written consent of the consignor.

6. A vehicle subject to a consignment contract may not be operated by the consignee, an employee or agent of the consignee, or a prospective buyer in accordance with NRS 482.320 by displaying a special plate unless the operation of the vehicle is authorized by the express written consent of the consignor.

7. A consignee shall maintain a written log for each vehicle for which he or she has entered into a consignment contract. The written log must include:

(a) The name and address, or place of residence, of the consignor;

(b) A description of the vehicle consigned, including the year, make, model and serial or identification number of the vehicle;

(c) The date on which the consignment contract is entered into;

(d) The period that the vehicle is to be consigned;

(e) The minimum agreed upon sales price for the vehicle;

(f) The approximate amount of money due any lienholder or other person known to have an interest in the vehicle;

(g) If the vehicle is sold, the date on which the vehicle is sold;

(h) The date that the money due the consignor and the lienholder was paid;

(i) The name and address of the federally insured bank or savings and loan association in which the consignee opened the trust account required pursuant to subsection 1; and

(j) The signature of the consignor acknowledging that the terms of the consignment contract were fulfilled or terminated, as appropriate.

8. A person who:

(a) Appropriates, diverts or otherwise converts to his or her own use money in a trust account opened pursuant to paragraph (a) of subsection 1 or otherwise subject to a consignment contract or agreement is guilty of embezzlement and shall be punished in accordance with NRS 205.300. The court shall, in addition to any other penalty, order the person to pay restitution.



(b) Violates paragraph (b) or (c) of subsection 1 is guilty of a misdemeanor. The court shall, in addition to any other penalty, order the person to pay restitution.

(c) Violates any other provision of this section is guilty of a misdemeanor.

Sec. 111. NRS 490.160 is hereby amended to read as follows:

490.160 1. A consignee of an off-highway vehicle shall, upon entering into a consignment contract or other form of agreement to sell an off-highway vehicle owned by another person:

(a) Open and maintain a separate trust account in a federally insured bank, savings and loan association or savings bank that is located in this State, into which the consignee shall deposit all money received from a prospective buyer as a deposit, or as partial or full payment of the purchase price agreed upon, toward the purchase or transfer of interest in the off-highway vehicle. A consignee of an off-highway vehicle shall not:

(1) Commingle the money in the trust account with any other money that is not on deposit or otherwise maintained toward the purchase of the off-highway vehicle subject to the consignment contract or agreement; or

(2) Use any money in the trust account to pay his or her operational expenses for any purpose that is not related to the consignment contract or agreement.

(b) Obtain from the consignor, before receiving delivery of the off-highway vehicle, a signed and dated disclosure statement that is included in the consignment contract and provides in at least 10-point bold type or font:

IMPORTANT NOTICE TO OFF-HIGHWAY VEHICLE OWNERS

State law (NRS 490.160) requires that the operator of this business file a Uniform Commercial Code 1 (UCC1) form with the Office of the Secretary of State on your behalf to protect your interest in your off-highway vehicle. The form is required to protect your off-highway vehicle from forfeiture in the event that the operator of this business fails to meet his or her financial obligations to a third party holding a security interest in his or her inventory. The form must be filed by the operator of this business before the operator may take possession of your off-highway vehicle. If the form is not filed as required, YOU MAY LOSE YOUR VEHICLE THROUGH NO FAULT OF YOUR OWN. For a copy of the UCC1 form filed on your behalf or for more information, please contact:



The Office of the Secretary of State of Nevada
Uniform Commercial Code Division
(775) 684-5708

I understand and acknowledge the above disclosure.

.....
Consignee Signature Date

(c) Assist the consignor in completing, with respect to the consignor's purchase-money security interest in the off-highway vehicle, a financing statement of the type described in subsection 5 of NRS 104.9317 and shall file the financing statement with the Secretary of State on behalf of the consignor. If a consignee has previously granted to a third party a security interest with an after-acquired property clause in the consignee's inventory, the consignee additionally shall assist the consignor in sending ~~an authenticated~~ **a signed** notification, as described in paragraph (b) of subsection 1 of NRS 104.9324, to each holder of a conflicting security interest. The consignee must not receive delivery of the off-highway vehicle until the consignee has:

(1) Filed the financing statement with the Secretary of State; and

(2) If applicable, assisted the consignor in sending an authenticated notification to each holder of a conflicting security interest.

2. Upon the sale or transfer of interest in the off-highway vehicle, the consignee shall forthwith:

(a) Satisfy or cause to be satisfied all outstanding security interests in the off-highway vehicle; and

(b) Satisfy the financial obligations due the consignor pursuant to the consignment contract.

3. Upon the receipt of money by delivery of cash, bank check or draft, or any other form of legal monetary exchange, or after any form of transfer of interest in an off-highway vehicle, the consignee shall notify the consignor that the money has been received or that a transfer of interest in the off-highway vehicle has occurred. Notification by the consignee to the consignor must be given in person or, in the absence of the consignor, by registered or certified mail addressed to the last address or residence of the consignor known to the consignee. The notification must be made within 3 business days after the date on which the money is received or the transfer of interest in the off-highway vehicle is made.

4. The provisions of this section do not apply to:

(a) An executor;



1 (b) An administrator;
2 (c) A sheriff; or
3 (d) Any other person who sells off-highway vehicles pursuant to
4 the powers or duties granted to or imposed on him or her by specific
5 statute.

6 5. Notwithstanding any provision of the Nevada Revised
7 Statutes to the contrary, an off-highway vehicle subject to a
8 consignment contract may not be operated by the consignee, an
9 employee or agent of the consignee, or a prospective buyer unless
10 the operation of the off-highway vehicle is authorized by the express
11 written consent of the consignor.

12 6. A consignee shall maintain a written log for each off-
13 highway vehicle for which he or she has entered into a consignment
14 contract. The written log must include:

15 (a) The name and address, or place of residence, of the
16 consignor;

17 (b) A description of the off-highway vehicle consigned,
18 including the year, make, model and unique vehicle identification
19 number, serial number or distinguishing number obtained pursuant
20 to NRS 490.0835 of the off-highway vehicle;

21 (c) The date on which the consignment contract is entered into;

22 (d) The period that the off-highway vehicle is to be consigned;

23 (e) The minimum agreed upon sales price for the off-highway
24 vehicle;

25 (f) The approximate amount of money due any lienholder or
26 other person known to have an interest in the off-highway vehicle;

27 (g) If the off-highway vehicle is sold, the date on which the off-
28 highway vehicle is sold;

29 (h) The date that the money due the consignor and the lienholder
30 was paid;

31 (i) The name and address of the federally insured bank or
32 savings and loan association in which the consignee opened the trust
33 account required pursuant to subsection 1; and

34 (j) The signature of the consignor acknowledging that the terms
35 of the consignment contract were fulfilled or terminated, as
36 appropriate.

37 7. A person who:

38 (a) Appropriates, diverts or otherwise converts to his or her own
39 use money in a trust account opened pursuant to paragraph (a) of
40 subsection 1 or otherwise subject to a consignment contract or
41 agreement is guilty of embezzlement and shall be punished in
42 accordance with NRS 205.300. The court shall, in addition to any
43 other penalty, order the person to pay restitution.



(b) Violates paragraph (b) or (c) of subsection 1 is guilty of a misdemeanor. The court shall, in addition to any other penalty, order the person to pay restitution.

(c) Violates any other provision of this section is guilty of a misdemeanor.

Sec. 112. NRS 719.330 is hereby amended to read as follows:

719.330 1. In this section, "transferable record" means an electronic record that:

(a) Would be a note under NRS 104.3101 to 104.3605, inclusive, or a document under NRS 104.7101 to 104.7603, inclusive, if the electronic record were in writing; and

(b) The issuer of the electronic record expressly has agreed is a transferable record.

2. A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes him or her as the person to whom the transferable record was issued or transferred.

3. A system satisfies subsection 2, and a person is deemed to have control of a transferable record, if the transferable record is created, stored and assigned in such a manner that:

(a) A single authoritative copy of the transferable record exists which is unique, identifiable, and, except as otherwise provided in paragraphs (d), (e) and (f), unalterable;

(b) The authoritative copy identifies the person asserting control as:

(1) The person to whom the transferable record was issued;

or

(2) If the authoritative copy indicates that the transferable record has been transferred, the person to whom the transferable record was most recently transferred;

(c) The authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

(d) Copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

(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

(f) Any revision of the authoritative copy is readily identifiable as authorized or unauthorized.

4. Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in paragraph ~~(u)~~ (v) of subsection 2 of NRS 104.1201, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under the Uniform Commercial Code, including, if the



1 applicable statutory requirements under NRS 104.7501 or 104.9308
2 or subsection 1 of NRS 104.3302 are satisfied, the rights and
3 defenses of a holder to whom a negotiable document of title has
4 been duly negotiated, a purchaser, or a holder in due course,
5 respectively. Delivery, possession and endorsement are not required
6 to obtain or exercise any of the rights under this subsection.

7 5. Except as otherwise agreed, an obligor under a transferable
8 record has the same rights and defenses as an equivalent obligor
9 under equivalent records or writings under the Uniform Commercial
10 Code.

11 6. If requested by a person against whom enforcement is
12 sought, the person seeking to enforce the transferable record shall
13 provide reasonable proof that the person is in control of the
14 transferable record. Proof may include access to the authoritative
15 copy of the transferable record and related business records
16 sufficient to review the terms of the transferable record and to
17 establish the identity of the person having control of the transferable
18 record.

