

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 1068\*

Short Title: Amend UCC Article 9/Secured Transactions. (Public)

Sponsors: Representatives Blust and Ross (Primary Sponsors).  
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Judiciary Subcommittee A.

May 23, 2012

1 A BILL TO BE ENTITLED  
2 AN ACT TO AMEND ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE RELATING  
3 TO SECURED TRANSACTIONS, AS RECOMMENDED BY THE GENERAL  
4 STATUTES COMMISSION.

5 The General Assembly of North Carolina enacts:

6 **PART I. 2010 UCC ARTICLE 9 AMENDMENTS.**

7 **SECTION 1.** G.S. 25-9-102(a) reads as rewritten:

8 **"§ 25-9-102. Definitions and index of definitions.**

9 (a) Article 9 definitions. – In this Article:

10 ...

11 (7) "Authenticate" means:

12 a. To sign; or

13 b. ~~To execute or otherwise adopt a symbol, or encrypt or similarly~~  
14 ~~process a record in whole or in part, with the present intent of the~~  
15 ~~authenticating person to identify the person and adopt or accept a~~  
16 ~~record.~~ With present intent to adopt or accept a record, to attach to or  
17 logically associate with the record an electronic sound, symbol, or  
18 process.

19 ...

20 (10) "Certificate of title" means a certificate of title with respect to which a  
21 statute provides for the security interest in question to be indicated on the  
22 certificate as a condition or result of the security interest's obtaining priority  
23 over the rights of a lien creditor with respect to the collateral. The term  
24 includes another record maintained as an alternative to a certificate of title  
25 by the governmental unit that issues certificates of title if a statute permits  
26 the security interest in question to be indicated on the record as a condition  
27 or result of the security interest's obtaining priority over the rights of a lien  
28 creditor with respect to the collateral.

29 ...

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

33 ...

34 (70a) "Public organic record" means a record that is available to the public for  
35 inspection and is:



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- a. A record consisting of the record initially filed with or issued by a state or the United States to form or organize an organization and any record filed with or issued by the state or the United States which amends or restates the initial record;
- b. An organic record of a business trust consisting of the record initially filed with a state and any record filed with the state 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
- c. 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.

...

(73) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized 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.

...."

**SECTION 2.** G.S. 25-9-105 reads as rewritten:

**"§ 25-9-105. Control of electronic chattel paper.**

(a) General Rule: Control of Electronic Chattel Paper. – A secured party has control of electronic chattel paper if a system employed for evidencing the transfer of interests in the chattel paper reliably establishes the secured party as the person to which the chattel paper was assigned.

(b) Specific Facts Giving Control. – A system satisfies subsection (a) of this section if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that:

- (1) A single authoritative copy of the record or records exists which is unique, ~~identifiable~~ identifiable, and, except as otherwise provided in subdivisions (4), (5), and (6) of this section, unalterable;
- (2) The authoritative copy identifies the secured party as the assignee of the record or records;
- (3) The authoritative copy is communicated to and maintained by the secured party or its designated custodian;
- (4) Copies or ~~revisions~~ amendments that add or change an identified assignee of the authoritative copy can be made only with the ~~participation~~ consent of the secured party;
- (5) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and
- (6) Any ~~revision~~ amendment of the authoritative copy is readily identifiable as ~~an authorized or unauthorized revision~~ authorized or unauthorized."

**SECTION 3.** G.S. 25-9-307(f) reads as rewritten:

(f) Location of registered organization organized under federal law; bank branches and agencies. – Except as otherwise provided in subsection (i) of this section, a registered

1 organization that is organized under the law of the United States and a branch or agency of a  
2 bank that is not organized under the law of the United States or a state are located:

- 3 (1) In the state that the law of the United States designates, if the law designates  
4 a state of location;
- 5 (2) In the state that the registered organization, branch, or agency designates, if  
6 the law of the United States authorizes the registered organization, branch,  
7 or agency to designate its state of ~~location~~; location, including by  
8 designating its main office, home office, or other comparable office; or
- 9 (3) In the District of Columbia, if neither subdivision (1) nor subdivision (2) of  
10 this subsection applies."

11 **SECTION 4.** G.S. 25-9-311(a) reads as rewritten:

12 "(a) Security interest subject to other law. – Except as otherwise provided in subsection  
13 (d) of this section, the filing of a financing statement is not necessary or effective to perfect a  
14 security interest in property subject to:

- 15 (1) A statute, regulation, or treaty of the United States whose requirements for a  
16 security interest's obtaining priority over the rights of a lien creditor with  
17 respect to the property preempt G.S. 25-9-310(a);
- 18 (2) A ~~certificate of title~~ statute of this State covering automobiles or other goods  
19 that provides for a security interest to be indicated on ~~the a~~ certificate of title  
20 as a condition to or result of perfection of the security interest, including  
21 G.S. 20-58 and G.S. 75A-41; or
- 22 (3) A ~~certificate of title~~ statute of another jurisdiction which provides for a  
23 security interest to be indicated on ~~the a~~ certificate of title as a condition or  
24 result of the security interest's obtaining priority over the rights of a lien  
25 creditor with respect to the property."

26 **SECTION 5.(a)** The catch line of G.S. 25-9-316 reads as rewritten:

27 "~~§ 25-9-316. Continued perfection of security interest following~~Effect of change in  
28 governing law."

29 **SECTION 5.(b)** G.S. 25-9-316 is amended by adding two new subsections to read:

30 "(h) Effect on Filed Financing Statement of Change in Governing Law. – The following  
31 rules apply to collateral to which a security interest attaches within four months after the debtor  
32 changes its location to another jurisdiction:

- 33 (1) A financing statement filed before the change pursuant to the law of the  
34 jurisdiction designated in G.S. 25-9-301(1) or G.S. 25-9-305(c) is effective  
35 to perfect a security interest in the collateral if the financing statement would  
36 have been effective to perfect a security interest in the collateral had the  
37 debtor not changed its location.
- 38 (2) If a security interest perfected by a financing statement that is effective  
39 under subdivision (1) of this subsection becomes perfected under the law of  
40 the other jurisdiction before the earlier of the time the financing statement  
41 would have become ineffective under the law of the jurisdiction designated  
42 in G.S. 25-9-301(1) or G.S. 25-9-305(c) or the expiration of the four-month  
43 period, it remains perfected thereafter. If the security interest does not  
44 become perfected under the law of the other jurisdiction before the earlier  
45 time or event, it becomes unperfected and is deemed never to have been  
46 perfected as against a purchaser of the collateral for value.

47 (i) Effect of Change in Governing Law on Financing Statement Filed Against Original  
48 Debtor. – If a financing statement naming an original debtor is filed pursuant to the law of the  
49 jurisdiction designated in G.S. 25-9-301(1) or G.S. 25-9-305(c) and the new debtor is located in  
50 another jurisdiction, the following rules apply:

1           (1)    The financing statement is effective to perfect a security interest in collateral  
2               acquired by the new debtor before, and within four months after, the new  
3               debtor becomes bound under G.S. 25-9-203(d), if the financing statement  
4               would have been effective to perfect a security interest in the collateral had  
5               the collateral been acquired by the original debtor.

6           (2)    A security interest perfected by the financing statement and which becomes  
7               perfected under the law of the other jurisdiction before the earlier of the time  
8               the financing statement would have become ineffective under the law of the  
9               jurisdiction designated in G.S. 25-9-301(1) or G.S. 25-9-305(c) or the  
10              expiration of the four-month period remains perfected thereafter. A security  
11              interest that is perfected by the financing statement but which does not  
12              become perfected under the law of the other jurisdiction before the earlier  
13              time or event becomes unperfected and is deemed never to have been  
14              perfected as against a purchaser of the collateral for value."

15           **SECTION 6.** G.S. 25-9-317 reads as rewritten:

16   "**§ 25-9-317. Interests that take priority over or take free of security interest or**  
17   **agricultural lien.**

18       (a)    Conflicting security interests and rights of lien creditors. – A security interest or  
19   agricultural lien is subordinate to the rights of:

20           (1)    A person entitled to priority under G.S. 25-9-322; and

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

23               a.     The security interest or agricultural lien is perfected; or

24               b.     One of the conditions specified in G.S. 25-9-203(b)(3) is met and a  
25               financing statement covering the collateral is filed.

26       (b)    Buyers that receive delivery. – Except as otherwise provided in subsection (e) of  
27   this section, a buyer, other than a secured party, of tangible chattel paper, tangible documents,  
28   goods, instruments, or a ~~security certificate~~certificated security takes free of a security interest  
29   or agricultural lien if the buyer gives value and receives delivery of the collateral without  
30   knowledge of the security interest or agricultural lien and before it is perfected.

31       (c)    Lessees that receive delivery. – Except as otherwise provided in subsection (e) of  
32   this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee  
33   gives value and receives delivery of the collateral without knowledge of the security interest or  
34   agricultural lien and before it is perfected.

35       (d)    Licensees and buyers of certain collateral. – A licensee of a general intangible or a  
36   buyer, other than a secured party, of ~~accounts, electronic chattel paper, electronic documents,~~  
37   ~~general intangibles, or investment property~~collateral other than tangible chattel paper, tangible  
38   documents, goods, instruments, or a certificated security takes free of a security interest if the  
39   licensee or buyer gives value without knowledge of the security interest and before it is  
40   perfected.

41       (e)    Purchase-money security interest. – Except as otherwise provided in G.S. 25-9-320  
42   and G.S. 25-9-321, if a person files a financing statement with respect to a purchase-money  
43   security interest before or within 20 days after the debtor receives delivery of the collateral, the  
44   security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise  
45   between the time the security interest attaches and the time of filing."

46           **SECTION 7.** G.S. 25-9-326 reads as rewritten:

47   "**§ 25-9-326. Priority of security interests created by new debtor.**

48       (a)    Subordination of security interest created by new debtor. – Subject to subsection (b)  
49   of this section, a security interest that is created by a new debtor which is in collateral in which  
50   the new debtor has or acquires rights and is perfected solely by a filed financing statement that  
51   is effective solely under G.S. 25-9-508 in collateral in which a new debtor has or acquires

1 ~~rights~~would be ineffective to perfect the security interest but for the application of  
2 G.S. 25-9-316(i)(1) or G.S. 25-9-508 is subordinate to a security interest in the same collateral  
3 which is perfected other than by such a filed financing ~~statement that is effective solely under~~  
4 G.S. 25-9-508.statement.

5 (b) Priority under other provisions; multiple original debtors. – The other provisions of  
6 this Part determine the priority among conflicting security interests in the same collateral  
7 perfected by filed financing statements ~~that are effective solely under G.S. 25-9-508~~.described  
8 in subsection (a) of this section. However, if the security agreements to which a new debtor  
9 became bound as debtor were not entered into by the same original debtor, the conflicting  
10 security interests rank according to priority in time of the new debtor's having become bound."

11 **SECTION 8.** G.S. 25-9-406 reads as rewritten:

12 "**§ 25-9-406. Discharge of account debtor; notification of assignment; identification and**  
13 **proof of assignment; restrictions on assignment of accounts, chattel paper,**  
14 **payment intangibles, and promissory notes ineffective.**

15 (a) Discharge of account debtor; effect of notification. – Subject to subsections (b)  
16 through (i) of this section, an account debtor on an account, chattel paper, or a payment  
17 intangible may discharge its obligation by paying the assignor until, but not after, the account  
18 debtor receives a notification, authenticated by the assignor or the assignee, that the amount due  
19 or to become due has been assigned and that payment is to be made to the assignee. After  
20 receipt of the notification, the account debtor may discharge its obligation by paying the  
21 assignee and may not discharge the obligation by paying the assignor.

22 (b) When notification ineffective. – Subject to subsection (h) of this section,  
23 notification is ineffective under subsection (a) of this section:

- 24 (1) If it does not reasonably identify the rights assigned;
- 25 (2) To the extent that an agreement between an account debtor and a seller of a  
26 payment intangible limits the account debtor's duty to pay a person other  
27 than the seller and the limitation is effective under law other than this  
28 Article; or
- 29 (3) At the option of an account debtor, if the notification notifies the account  
30 debtor to make less than the full amount of any installment or other periodic  
31 payment to the assignee, even if:
- 32 a. Only a portion of the account, chattel paper, or payment intangible  
33 has been assigned to that assignee;
- 34 b. A portion has been assigned to another assignee; or
- 35 c. The account debtor knows that the assignment to that assignee is  
36 limited.

37 (c) Proof of assignment. – Subject to subsection (h) of this section, if requested by the  
38 account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has  
39 been made. Unless the assignee complies, the account debtor may discharge its obligation by  
40 paying the assignor, even if the account debtor has received a notification under subsection (a)  
41 of this section.

42 (d) Term restricting assignment generally ineffective. – Except as otherwise provided in  
43 subsection (e) of this section and G.S. 25-2A-303 and ~~G.S. 25-9-407~~G.S. 25-9-407, and subject  
44 to subsection (h) of this section, a term in an agreement between an account debtor and an  
45 assignor or in a promissory note is ineffective to the extent that it:

- 46 (1) Prohibits, restricts, or requires the consent of the account debtor or person  
47 obligated on the promissory note to the assignment or transfer of, or the  
48 creation, attachment, perfection, or enforcement of a security interest in, the  
49 account, chattel paper, payment intangible, or promissory note; or
- 50 (2) Provides that the assignment or transfer or the creation, attachment,  
51 perfection, or enforcement of the security interest may give rise to a default,

1 breach, right of recoupment, claim, defense, termination, right of  
2 termination, or remedy under the account, chattel paper, payment intangible,  
3 or promissory note.

4 (e) Inapplicability of subsection (d) to certain sales. – Subsection (d) of this section  
5 does not apply to the sale of a payment intangible or promissory ~~note~~note, other than a sale  
6 pursuant to a disposition under G.S. 25-9-610 or an acceptance of collateral under  
7 G.S. 25-9-620.

8 (f) Legal restrictions on assignment generally ineffective. – Except as otherwise  
9 provided in G.S. 25-2A-303 and G.S. 25-9-407 and subject to subsections (h) and (i) of this  
10 section, a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a  
11 government, governmental body or official, or account debtor to the assignment or transfer of,  
12 or creation of a security interest in, an account or chattel paper is ineffective to the extent that  
13 the rule of law, statute, or regulation:

- 14 (1) Prohibits, restricts, or requires the consent of the government, governmental  
15 body or official, or account debtor to the assignment or transfer of, or the  
16 creation, attachment, perfection, or enforcement of a security interest in the  
17 account or chattel paper; or
- 18 (2) Provides that the assignment or transfer or the creation, attachment,  
19 perfection, or enforcement of the security interest may give rise to a default,  
20 breach, right of recoupment, claim, defense, termination, right of  
21 termination, or remedy under the account or chattel paper.

22 (g) Subdivision (b)(3) not waivable. – Subject to subsection (h) of this section, an  
23 account debtor may not waive or vary its option under subdivision (b)(3) of this section.

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

27 (i) Inapplicability. – This section does not apply to an assignment of a  
28 health-care-insurance receivable. Subsection (f) of this section does not apply to an assignment  
29 or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, a  
30 right the transfer of which is prohibited or restricted by any of the following statutes to the  
31 extent that the statute is inconsistent with subsection (f) of this section: ~~North Carolina~~  
32 ~~Structured Settlement Act (Article 44B of Chapter 1 of the General Statutes); North Carolina~~  
33 ~~Crime Victims Compensation Act (Chapter 15B of the General Statutes); North Carolina~~  
34 ~~Consumer Finance Act (Article 15 of Chapter 53 of the General Statutes); North Carolina~~  
35 ~~Firemen's and Rescue Squad Workers' Pension Fund (Article 86 of Chapter 58 of the General~~  
36 ~~Statutes); Employment Security Law (Chapter 96 of the General Statutes); North Carolina~~  
37 ~~Workers' Compensation Act (Article 1 of Chapter 97 of the General Statutes); and Programs of~~  
38 ~~Public Assistance (Article 2 of Chapter 108A of the General Statutes).~~

- 39 (1) North Carolina Structured Settlement Act (Article 44B of Chapter 1 of the  
40 General Statutes).
- 41 (2) North Carolina Crime Victims Compensation Act (Chapter 15B of the  
42 General Statutes).
- 43 (3) North Carolina Consumer Finance Act (Article 15 of Chapter 53 of the  
44 General Statutes).
- 45 (4) North Carolina Firemen's and Rescue Squad Workers' Pension Fund (Article  
46 86 of Chapter 58 of the General Statutes).
- 47 (5) Employment Security Law (Chapter 96 of the General Statutes).
- 48 (6) North Carolina Workers' Compensation Fund Act (Article 1 of Chapter 97 of  
49 the General Statutes).
- 50 (7) Programs of Public Assistance (Article 2 of Chapter 108A of the General  
51 Statutes).

1           (8) North Carolina State Lottery Act (Chapter 18C of the General Statutes).

2           (j) Section prevails over inconsistent law. – Except to the extent otherwise provided in  
3 subsection (i) of this section, this section prevails over any inconsistent provision of an existing  
4 or future statute, rule, or regulation of this State unless the provision is contained in a statute of  
5 this State, refers expressly to this section, and states that the provision prevails over this  
6 section."

7           **SECTION 9.** G.S. 25-9-408 reads as rewritten:

8           "**§ 25-9-408. Restrictions on assignment of promissory notes, health-care-insurance**  
9           **receivables, and certain general intangibles ineffective.**

10          (a) Term restricting assignment generally ineffective. – Except as otherwise provided in  
11 subsection (b) of this section, a term in a promissory note or in an agreement between an  
12 account debtor and a debtor which relates to a health-care-insurance receivable or a general  
13 intangible, including a contract, permit, license, or franchise, and which term prohibits,  
14 restricts, or requires the consent of the person obligated on the promissory note or the account  
15 debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security  
16 interest in, the promissory note, health-care-insurance receivable, or general intangible, is  
17 ineffective to the extent that the term:

- 18           (1) Would impair the creation, attachment, or perfection of a security interest; or  
19           (2) Provides that the assignment or transfer or the creation, attachment, or  
20 perfection of the security interest may give rise to a default, breach, right of  
21 recoupment, claim, defense, termination, right of termination, or remedy  
22 under the promissory note, health-care-insurance receivable, or general  
23 intangible.

24          (b) Applicability of subsection (a) to sales of certain rights to payment. – Subsection (a)  
25 of this section applies to a security interest in a payment intangible or promissory note only if  
26 the security interest arises out of a sale of the payment intangible or promissory ~~note-note~~, other  
27 than a sale pursuant to a disposition under G.S. 25-9-610 or an acceptance of collateral under  
28 G.S. 25-9-620.

29          (c) Legal restrictions on assignment generally ineffective. – A rule of law, statute, or  
30 regulation that prohibits, restricts, or requires the consent of a government, governmental body  
31 or official, person obligated on a promissory note, or account debtor to the assignment or  
32 transfer of, or creation of a security interest in, a promissory note, health-care-insurance  
33 receivable, or general intangible, including a contract, permit, license, or franchise between an  
34 account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or  
35 regulation:

- 36           (1) Would impair the creation, attachment, or perfection of a security interest; or  
37           (2) Provides that the assignment or transfer or the creation, attachment, or  
38 perfection of the security interest may give rise to a default, breach, right of  
39 recoupment, claim, defense, termination, right of termination, or remedy  
40 under the promissory note, health-care-insurance receivable, or general  
41 intangible.

42          (d) Limitation on ineffectiveness under subsections (a) and (c). – To the extent that a  
43 term in a promissory note or in an agreement between an account debtor and a debtor which  
44 relates to a health-care-insurance receivable or general intangible or a rule of law, statute, or  
45 regulation described in subsection (c) of this section would be effective under law other than  
46 this Article but is ineffective under subsection (a) or (c) of this section, the creation,  
47 attachment, or perfection of a security interest in the promissory note, health-care-insurance  
48 receivable, or general intangible:

- 49           (1) Is not enforceable against the person obligated on the promissory note or the  
50 account debtor;

- 1 (2) Does not impose a duty or obligation on the person obligated on the  
2 promissory note or the account debtor;
- 3 (3) Does not require the person obligated on the promissory note or the account  
4 debtor to recognize the security interest, pay or render performance to the  
5 secured party, or accept payment or performance from the secured party;
- 6 (4) Does not entitle the secured party to use or assign the debtor's rights under  
7 the promissory note, health-care-insurance receivable, or general intangible,  
8 including any related information or materials furnished to the debtor in the  
9 transaction giving rise to the promissory note, health-care-insurance  
10 receivable, or general intangible;
- 11 (5) Does not entitle the secured party to use, assign, possess, or have access to  
12 any trade secrets or confidential information of the person obligated on the  
13 promissory note or the account debtor; and
- 14 (6) Does not entitle the secured party to enforce the security interest in the  
15 promissory note, health-care-insurance receivable, or general intangible.

16 (e) Section prevails over inconsistent law. – Except to the extent otherwise provided in  
17 subsection (f) of this section, this section prevails over any inconsistent provision of an existing  
18 or future statute, rule, or regulation of this State unless the provision is contained in a statute of  
19 this State, refers expressly to this section, and states that the provision prevails over this  
20 section.

21 (f) Inapplicability. – Subsection (c) of this section does not apply to an assignment or  
22 transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, a  
23 right the transfer of which is prohibited or restricted by any of the following statutes to the  
24 extent that the statute is inconsistent with subsection (c) of this section: ~~North Carolina~~  
25 ~~Structured Settlement Act (Article 44B of Chapter 1 of the General Statutes); North Carolina~~  
26 ~~Crime Victims Compensation Act (Chapter 15B of the General Statutes); North Carolina~~  
27 ~~Consumer Finance Act (Article 15 of Chapter 53 of the General Statutes); North Carolina~~  
28 ~~Firemen's and Rescue Squad Workers' Pension Fund (Article 86 of Chapter 58 of the General~~  
29 ~~Statutes); Employment Security Law (Chapter 96 of the General Statutes); North Carolina~~  
30 ~~Workers' Compensation Act (Article 1 of Chapter 97 of the General Statutes); and Programs of~~  
31 ~~Public Assistance (Article 2 of Chapter 108A of the General Statutes).~~

- 32 (1) North Carolina Structured Settlement Act (Article 44B of Chapter 1 of the  
33 General Statutes).
- 34 (2) North Carolina Crime Victims Compensation Act (Chapter 15B of the  
35 General Statutes).
- 36 (3) North Carolina Consumer Finance Act (Article 15 of Chapter 53 of the  
37 General Statutes).
- 38 (4) North Carolina Firemen's and Rescue Squad Workers' Pension Fund (Article  
39 86 of Chapter 58 of the General Statutes).
- 40 (5) Employment Security Law (Chapter 96 of the General Statutes).
- 41 (6) North Carolina Workers' Compensation Fund Act (Article 1 of Chapter 97 of  
42 the General Statutes).
- 43 (7) Programs of Public Assistance (Article 2 of Chapter 108A of the General  
44 Statutes).
- 45 (8) North Carolina State Lottery Act (Chapter 18C of the General Statutes)."

46 **SECTION 10.** G.S. 25-9-502(c) reads as rewritten:

47 "(c) Record of mortgage as financing statement. – A record of a mortgage is effective,  
48 from the date of recording, as a financing statement filed as a fixture filing or as a financing  
49 statement covering as-extracted collateral or timber to be cut only if:

- 50 (1) The record indicates the goods or accounts that it covers;



- 1           (2)    The goods are or are to become fixtures related to the real property described  
2           in the record or the collateral is related to the real property described in the  
3           record and is as-extracted collateral or timber to be cut;
- 4           (3)    The record satisfies the requirements for a financing statement in this ~~section~~  
5           section, but:
- 6            a.     The record need not indicate other than an indication that it is to be  
7            filed in the real property records; and
- 8            b.     The record sufficiently provides the name of a debtor who is an  
9            individual if it provides the individual name of the debtor or the  
10           surname and first personal name of the debtor, even if the debtor is  
11           an individual to whom G.S. 25-9-503(a)(4) applies; and
- 12          (4)    The record is duly recorded."

13           **SECTION 11.** G.S. 25-9-503 reads as rewritten:

14           "**§ 25-9-503. Name of debtor and secured party.**

15           (a)    Sufficiency of debtor's name. – A financing statement sufficiently provides the  
16           name of the debtor:

- 17           (1)    Except as otherwise provided in subdivision (3) of this subsection, ~~If if the~~  
18           debtor is a registered ~~organization, organization~~ or the collateral is held in a  
19           trust that is a registered organization, only if the financing statement  
20           provides the name of the debtor indicated that is stated to be the registered  
21           organization's name on the public organic record of most recently filed with  
22           or issued or enacted by the debtor's registered organization's jurisdiction of  
23           organization which shows the debtor to have been organized; purports to  
24           state, amend, or restate the registered organization's name;
- 25           (2)    Subject to subsection (f) of this section, ~~If if the debtor is a decedent's~~  
26           estate, collateral is being administered by the personal representative of a  
27           decedent, only if the financing statement provides provides, as the name of  
28           the debtor, the name of the decedent and and, in a separate part of the  
29           financing statement, indicates that the debtor is an estate; collateral is being  
30           administered by a personal representative;
- 31           (3)    If the debtor is a trust or a trustee acting with respect to property held in  
32           trust, only if the financing statement:
- 33            a.     Provides the name specified for the trust in its organic documents or,  
34            if no name is specified, provides the name of the settlor and  
35            additional information sufficient to distinguish the debtor from other  
36            trusts having one or more of the same settlors; and
- 37            b.     Indicates, in the debtor's name or otherwise, that the debtor is a trust  
38            or is a trustee acting with respect to property held in trust; and
- 39            If the collateral is held in a trust that is not a registered organization, only if  
40            the financing statement:
- 41            a.     Provides, as the name of the debtor:
- 42                1.     If the organic record of the trust specifies a name for the trust,  
43                the name specified; or
- 44                2.     If the organic record of the trust does not specify a name for  
45                the trust, the name of the settlor or testator; and
- 46            b.     In a separate part of the financing statement:
- 47                1.     If the name is provided in accordance with sub-subdivision  
48                a.1. of this subdivision, indicates that the collateral is held in  
49                a trust; or
- 50                2.     If the name is provided in accordance with sub-subdivision  
51                a.2. of this subdivision, provides additional information

1 sufficient to distinguish the trust from other trusts having one  
2 or more of the same settlors or the same testator and indicates  
3 that the collateral is held in a trust, unless the additional  
4 information so indicates;

5 (4) Subject to subsection (g) of this section, if the debtor is an individual to  
6 whom this State has issued a drivers license or special identification card  
7 that has not expired, only if the financing statement provides the name of the  
8 individual which is indicated on the drivers license or special identification  
9 card;

10 (5) If the debtor is an individual to whom subdivision (a)(4) of this section does  
11 not apply, only if the financing statement provides the individual name of  
12 the debtor or the surname and first personal name of the debtor; and

13 ~~(4)~~(6) In other cases:

14 a. If the debtor has a name, only if ~~it~~the financing statement provides  
15 the individual or organizational name of the debtor; and

16 b. If the debtor does not have a name, only if ~~it~~the financing statement  
17 provides the names of the partners, members, associates, or other  
18 persons comprising the ~~debtor~~debtor, in a manner that each name  
19 provided would be sufficient if the person named were the debtor.

20 (b) Additional debtor-related information. – A financing statement that provides the  
21 name of the debtor in accordance with subsection (a) of this section is not rendered ineffective  
22 by the absence of:

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

24 (2) Unless required under ~~sub-subdivision (a)(4)~~sub-subdivision (a)(6)b. of  
25 this section, names of partners, members, associates, or other persons  
26 comprising the debtor.

27 (c) Debtor's trade name insufficient. – A financing statement that provides only the  
28 debtor's trade name does not sufficiently provide the name of the debtor.

29 (d) Representative capacity. – Failure to indicate the representative capacity of a  
30 secured party or representative of a secured party does not affect the sufficiency of a financing  
31 statement.

32 (e) Multiple debtors and secured parties. – A financing statement may provide the name  
33 of more than one debtor and the name of more than one secured party.

34 (f) Name of Decedent. – The name of the decedent indicated on the order appointing  
35 the personal representative of the decedent issued by the court having jurisdiction over the  
36 collateral is sufficient as the "name of the decedent" under subdivision (a)(2) of this section.

37 (g) Multiple Drivers Licenses or Special Identification Cards. – If this State has issued  
38 to an individual more than one drivers license or special identification card of a kind described  
39 in subdivision (a)(4) of this section, the one that was issued most recently is the one to which  
40 subdivision (a)(4) of this section refers.

41 (h) Definition. – In this section, the "name of the settlor or testator" means:

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

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

48 **SECTION 12.** G.S. 25-9-507(c) reads as rewritten:

49 "(c) Change in debtor's name. – ~~If a debtor so changes its~~the name that a filed financing  
50 statement provides for a debtor becomes insufficient as the name of the debtor under

1 G.S. 25-9-503(a) so that the financing statement becomes seriously misleading under  
2 G.S. 25-9-506:

- 3 (1) The financing statement is effective to perfect a security interest in collateral  
4 acquired by the debtor before, or within four months after, the ~~change;~~filed  
5 financing statement becomes seriously misleading; and  
6 (2) The financing statement is not effective to perfect a security interest in  
7 collateral acquired by the debtor more than four months after the  
8 ~~change;~~filed financing statement becomes seriously misleading, unless an  
9 amendment to the financing statement which renders the financing statement  
10 not seriously misleading is filed within four months after ~~the change;~~the  
11 financing statement became seriously misleading."

12 **SECTION 13.** G.S. 25-9-515(f) reads as rewritten:

13 "(f) Transmitting utility financing statement. – If a debtor is a transmitting utility and a  
14 filed initial financing statement so indicates, the financing statement is effective until a  
15 termination statement is filed."

16 **SECTION 14.** G.S. 25-9-516(b) reads as rewritten:

17 "(b) Refusal to accept record; filing does not occur. – Filing does not occur with respect  
18 to a record that a filing office refuses to accept because:

- 19 ...  
20 (3) The filing office is unable to index the record because:  
21 a. In the case of an initial financing statement, the record does not  
22 provide a name for the debtor;  
23 b. In the case of an amendment or ~~correction~~-information statement, the  
24 record:  
25 1. Does not identify the initial financing statement as required  
26 by G.S. 25-9-512 or G.S. 25-9-518, as applicable; or  
27 2. Identifies an initial financing statement whose effectiveness  
28 has lapsed under G.S. 25-9-515;  
29 c. In the case of an initial financing statement that provides the name of  
30 a debtor identified as an individual or an amendment that provides a  
31 name of a debtor identified as an individual which was not  
32 previously provided in the financing statement to which the record  
33 relates, the record does not identify the debtor's ~~last name;~~surname;  
34 or  
35 d. In the case of a record filed in the filing office described in  
36 G.S. 25-9-501(a)(1), the record does not provide a sufficient  
37 description of the real property to which it relates;  
38 ...  
39 (5) In the case of an initial financing statement or an amendment that provides a  
40 name of a debtor which was not previously provided in the financing  
41 statement to which the amendment relates, the record does not:  
42 a. Provide a mailing address for the debtor; or  
43 b. Indicate whether the name provided as the name of the debtor is the  
44 name of an individual or an organization; ~~or~~  
45 e. ~~If the financing statement indicates that the debtor is an organization,~~  
46 ~~provide:~~  
47 1. ~~A type of organization for the debtor;~~  
48 2. ~~A jurisdiction of organization for the debtor; or~~  
49 3. ~~An organizational identification number for the debtor or~~  
50 ~~indicate that the debtor has none;~~

51 ...

- 1 (7) In the case of a continuation statement, the record is not filed within the  
2 six-month period prescribed by G.S. 25-9-515(d); or
- 3 (8) In the case of a record presented for filing at the Department of the Secretary  
4 of State, the Secretary of State determines that the record is not created  
5 pursuant to this Chapter or is otherwise intended for an improper purpose,  
6 such as to hinder, harass, or otherwise wrongfully interfere with any person."

7 **SECTION 15.** G.S. 25-9-518 reads as rewritten:

8 **"§ 25-9-518. Claim concerning inaccurate or wrongfully filed record.**

9 (a) ~~Correction statement.~~ Statement With Respect to Record Indexed Under Person's  
10 Name. – A person may file in the filing office a ~~correction~~ an information statement with  
11 respect to a record indexed there under the person's name if the person believes that the record  
12 is inaccurate or was wrongfully filed.

13 (b) ~~Sufficiency Contents of correction statement.~~ Statement Under Subsection (a). – A  
14 ~~correction~~ An information statement under subsection (a) of this section must:

- 15 (1) Identify the record to which it relates by the file number assigned to the  
16 initial financing statement to which the record relates;
- 17 (2) Indicate that it is a ~~correction~~ an information statement; and
- 18 (3) Provide the basis for the person's belief that the record is inaccurate and  
19 indicate the manner in which the person believes the record should be  
20 amended to cure any inaccuracy or provide the basis for the person's belief  
21 that the record was wrongfully filed. ~~A correction~~ An information statement  
22 that is subject to the provisions of subsection (b1) of this section shall  
23 include a written certification, under oath, by the person that the contents of  
24 the ~~correction-information~~ statement are true and accurate to the best of the  
25 person's knowledge.

26 (b1) In the case of a ~~correction~~ an information statement alleging that a previously filed  
27 record was wrongfully filed and that it should have been rejected under G.S. 25-9-516(b)(8),  
28 the Secretary of State shall, without undue delay, determine whether the contested record was  
29 wrongfully filed and should have been rejected. In order to determine whether the record was  
30 wrongfully filed, the Secretary of State may require the person filing the ~~correction-information~~  
31 statement and the secured party to provide any additional relevant information requested by the  
32 Secretary of State, including an original or a copy of any security agreement that is related to  
33 the record. If the Secretary of State finds that the record was wrongfully filed and should have  
34 been rejected under G.S. 25-9-516(b)(8), the Secretary of State shall cancel the record and it  
35 shall be void and of no effect.

36 (b2) Statement by Secured Party of Record. – A person may file in the filing office an  
37 information statement with respect to a record filed there if the person is a secured party of  
38 record with respect to the financing statement to which the record relates and believes that the  
39 person that filed the record was not entitled to do so under G.S. 25-9-509(d).

40 (b3) Contents of Statement Under Subsection (b2). – An information statement under  
41 subsection (b2) of this section must:


- 42 (1) Identify the record to which it relates by the file number assigned to the  
43 initial financing statement to which the record relates;
- 44 (2) Indicate that it is an information statement; and
- 45 (3) Provide the basis for the person's belief that the person that filed the record  
46 was not entitled to do so under G.S. 25-9-509(d).

47 (c) Record not affected by ~~correction-information~~ statement. – The filing of a  
48 ~~correction~~ an information statement does not affect the effectiveness of an initial financing  
49 statement or other filed record."

50 **SECTION 16.** G.S. 25-9-521 is rewritten to read:

51 **"§ 25-9-521. Uniform form of written financing statement and amendment.**

- 1 (a) Initial financing statement form. – A filing office that accepts written records may
- 2 not refuse to accept a written initial financing statement in the following form and format
- 3 except for a reason set forth in G.S. 25-9-516(b):



**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME					
OR	1b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME					
OR	3b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

---

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  Public Finance Transaction  Manufactured Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignor/Consignee  Seller/Buyer  Bailor/Bailee  Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

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UCC FINANCING STATEMENT (Form UCC-1) (Rev. 04/20/11)

4  
5  
6

**UCC FINANCING STATEMENT ADDENDUM**

**FOLLOW INSTRUCTIONS**

8. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11.  ADDITIONAL SECURED PARTY'S NAME or  ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:  covers truster to be out  covers all-extracted collateral  is filed as a future filing

15. Name and address of a RECORD OWNER of real estate described in item 14 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad) (Rev. 04/20/11)

1  
2  
3  
4  
5  
6  
7

(b) Amendment form. – A filing office that accepts written records may not refuse to accept a written record in the following form and format except for a reason set forth in G.S. 25-9-516(b):



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

To  This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. File: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in Item 13.

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.

3.  ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 8. For partial assignment, complete Items 7 and 9 and also indicate affected collateral in Item 8.

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:  Debtor or  Secured Party of record. AND Check one of these three boxes to:  CHANGE name and/or address. Complete Item 6a or 6b, and Item 7a or 7b and Item 7c.  ADD name: Complete Item 7a or 7b, and Item 7c.  DELETE name: Give record name to be deleted in Item 6a or 6b.

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b).

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name).

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral. Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment). If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor.

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

UCC FINANCING STATEMENT AMENDMENT (Form UCC3) (Rev. 04/20/11)

1  
2





- 1 (2) The secured party's sworn affidavit in recordable form stating that:  
2 a. A default has ~~occurred~~occurred with respect to the obligation  
3 secured by the mortgage; and  
4 b. The secured party is entitled to enforce the mortgage nonjudicially."

5 **SECTION 18.** G.S. 25-9-625(c) reads as rewritten:

6 "(c) Persons entitled to recover damages; statutory damages ~~in consumer goods~~  
7 ~~transaction~~if collateral is consumer goods. – Except as otherwise provided in G.S. 25-9-628:

- 8 (1) A person that, at the time of the failure, was a debtor, was an obligor, or held  
9 a security interest in or other lien on the collateral may recover damages  
10 under subsection (b) of this section for its loss; and  
11 (2) If the collateral is consumer goods, a person that was a debtor or a secondary  
12 obligor at the time a secured party failed to comply with this Part may  
13 recover for that failure in any event an amount not less than the credit  
14 service charge plus ten percent (10%) of the principal amount of the  
15 obligation or the time-price differential plus ten percent (10%) of the cash  
16 price."

17 **PART II. TRANSITION PROVISIONS.**

18 **SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE.**

19 **SECTION 19.(a)** Continuing Perfection: Perfection Requirements Satisfied. – A  
20 security interest that is a perfected security interest immediately before the effective date of this  
21 act is a perfected security interest under Article 9 of Chapter 25 of the General Statutes as  
22 amended by this act if, when this act becomes effective, the applicable requirements for  
23 attachment and perfection under Article 9 of Chapter 25 of the General Statutes as amended by  
24 this act are satisfied without further action.

25 **SECTION 19.(b)** Continuing Perfection: Perfection Requirements Not Satisfied. –  
26 Except as otherwise provided in Section 21 of this act, if, immediately before this act becomes  
27 effective, a security interest is a perfected security interest, but the applicable requirements for  
28 perfection under Article 9 of Chapter 25 of the General Statutes as amended by this act are not  
29 satisfied when this act becomes effective, the security interest remains perfected thereafter only  
30 if the applicable requirements for perfection under Article 9 of Chapter 25 of the General  
31 Statutes as amended by this act are satisfied within one year after this act becomes effective.

32 **SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE.**

33 **SECTION 20.** Security Interest Unperfected Before Effective Date. – A security  
34 interest that is an unperfected security interest immediately before this act becomes effective  
35 becomes a perfected security interest:

- 36 (1) Without further action, when this act becomes effective if the applicable  
37 requirements for perfection under Article 9 of Chapter 25 of the General  
38 Statutes as amended by this act are satisfied before or at that time; or  
39 (2) When the applicable requirements for perfection are satisfied if the  
40 requirements are satisfied after that time.

41 **EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE.**

42 **SECTION 21.(a)** Pre-Effective-Date Filing Effective. – The filing of a financing  
43 statement before this act becomes effective is effective to perfect a security interest to the  
44 extent the filing would satisfy the applicable requirements for perfection under Article 9 of  
45 Chapter 25 of the General Statutes as amended by this act.

46 **SECTION 21.(b)** When Pre-Effective-Date Filing Becomes Ineffective. – This act  
47 does not render ineffective an effective financing statement that, before this act becomes  
48 effective, is filed and satisfies the applicable requirements for perfection under the law of the  
49 jurisdiction governing perfection as provided in Article 9 of Chapter 25 of the General Statutes  
50 as it existed before amendment. However, except as otherwise provided in subsections (c) and  
51 (d) of this section and Section 22 of this act, the financing statement ceases to be effective:

- 1 (1) If the financing statement is filed in this State, at the time the financing  
2 statement would have ceased to be effective had this act not become  
3 effective; or  
4 (2) If the financing statement is filed in another jurisdiction, at the earlier of:  
5 a. The time the financing statement would have ceased to be effective  
6 under the law of that jurisdiction; or  
7 b. June 30, 2018.

8 **SECTION 21.(c)** Continuation Statement. – The filing of a continuation statement  
9 after this act becomes effective does not continue the effectiveness of a financing statement  
10 filed before this act becomes effective. However, upon the timely filing of a continuation  
11 statement after this act becomes effective and in accordance with the law of the jurisdiction  
12 governing perfection as provided in Article 9 of Chapter 25 of the General Statutes as amended  
13 by this act, the effectiveness of a financing statement filed in the same office in that jurisdiction  
14 before this act becomes effective continues for the period provided by the law of that  
15 jurisdiction.

16 **SECTION 21.(d)** Application of Sub-Subdivision (b)(2)b. to Transmitting Utility  
17 Financing Statement. – Sub-subdivision (b)(2)b. of this section applies to a financing statement  
18 that, before this act becomes effective, is filed against a transmitting utility and satisfies the  
19 applicable requirements for perfection under the law of the jurisdiction governing perfection as  
20 provided in Article 9 of Chapter 25 of the General Statutes as it existed before amendment,  
21 only to the extent that Article 9 of Chapter 25 of the General Statutes as amended by this act  
22 provides that the law of a jurisdiction other than the jurisdiction in which the financing  
23 statement is filed governs perfection of a security interest in collateral covered by the financing  
24 statement.

25 **SECTION 21.(e)** Application of Part 5 of Article 9 of Chapter 25 of the General  
26 Statutes. – A financing statement that includes a financing statement filed before this act  
27 becomes effective and a continuation statement filed after this act becomes effective is effective  
28 only to the extent that it satisfies the requirements of Part 5 of Article 9 of Chapter 25 of the  
29 General Statutes as amended by this act for an initial financing statement. A financing  
30 statement that indicates that the debtor is a decedent's estate indicates that the collateral is being  
31 administered by a personal representative within the meaning of G.S. 25-9-503(a)(2) as  
32 amended by this act. A financing statement that indicates that the debtor is a trust or is a trustee  
33 acting with respect to property held in trust indicates that the collateral is held in a trust within  
34 the meaning of G.S. 25-9-503(a)(3) as amended by this act.

35 **WHEN INITIAL FINANCING STATEMENT SUFFICES TO CONTINUE**  
36 **EFFECTIVENESS OF FINANCING STATEMENT.**

37 **SECTION 22.(a)** Initial Financing Statement in Lieu of Continuation Statement. –  
38 The filing of an initial financing statement in the office specified in G.S. 25-9-501 continues  
39 the effectiveness of a financing statement filed before this act becomes effective if:

- 40 (1) The filing of an initial financing statement in that office would be effective  
41 to perfect a security interest under Article 9 of Chapter 25 of the General  
42 Statutes as amended by this act;  
43 (2) The pre-effective-date financing statement was filed in an office in another  
44 State; and  
45 (3) The initial financing statement satisfies subsection (c) of this section.

46 **SECTION 22.(b)** Period of Continued Effectiveness. – The filing of an initial  
47 financing statement under subsection (a) of this section continues the effectiveness of the  
48 pre-effective-date financing statement:

- 49 (1) If the initial financing statement is filed before this act becomes effective,  
50 for the period provided in G.S. 25-9-515 as it read prior to the amendment  
51 by Section 13 of this act with respect to an initial financing statement; and

- 1 (2) If the initial financing statement is filed after this act becomes effective, for  
2 the period provided in G.S. 25-9-515 as amended by this act with respect to  
3 an initial financing statement.

4 **SECTION 22.(c)** Requirements for Initial Financing Statement Under Subsection  
5 (a). – To be effective for purposes of subsection (a) of this section, an initial financing  
6 statement must:

- 7 (1) Satisfy the requirements of Part 5 of Article 9 of Chapter 25 of the General  
8 Statutes as amended by this act for an initial financing statement;  
9 (2) Identify the pre-effective-date financing statement by indicating the office in  
10 which the financing statement was filed and providing the dates of filing and  
11 file numbers, if any, of the financing statement and of the most recent  
12 continuation statement filed with respect to the financing statement; and  
13 (3) Indicate that the pre-effective-date financing statement remains effective.

14 **AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING STATEMENT.**

15 **SECTION 23.(a)** "Pre-Effective-Date Financing Statement." – In this section,  
16 "pre-effective-date financing statement" means a financing statement filed before this act  
17 becomes effective.

18 **SECTION 23.(b)** Applicable Law. – After this act becomes effective, a person  
19 may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise  
20 amend the information provided in, a pre-effective-date financing statement only in accordance  
21 with the law of the jurisdiction governing perfection as provided in Article 9 of Chapter 25 of  
22 the General Statutes as amended by this act. However, the effectiveness of a pre-effective-date  
23 financing statement also may be terminated in accordance with the law of the jurisdiction in  
24 which the financing statement is filed.

25 **SECTION 23.(c)** Method of Amending: General Rule. – Except as otherwise  
26 provided in subsection (d) of this section, if the law of this State governs perfection of a  
27 security interest, the information in a pre-effective-date financing statement may be amended  
28 after this act becomes effective only if:

- 29 (1) The pre-effective-date financing statement and an amendment are filed in the  
30 office specified in G.S. 25-9-501;  
31 (2) An amendment is filed in the office specified in G.S. 25-9-501 concurrently  
32 with, or after the filing in that office of, an initial financing statement that  
33 satisfies subsection (c) of Section 22 of this act; or  
34 (3) An initial financing statement that provides the information as amended and  
35 satisfies subsection (c) of Section 22 of this act is filed in the office specified  
36 in G.S. 25-9-501.

37 **SECTION 23.(d)** Method of Amending: Continuation. – If the law of this State  
38 governs perfection of a security interest, the effectiveness of a pre-effective-date financing  
39 statement may be continued only under subsections (c) and (e) of Section 21 of this act or  
40 Section 22 of this act.

41 **SECTION 23.(e)** Method of Amending: Additional Termination Rule. – Whether  
42 or not the law of this State governs perfection of a security interest, the effectiveness of a  
43 pre-effective-date financing statement filed in this State may be terminated after this act  
44 becomes effective by filing a termination statement in the office in which the pre-effective-date  
45 financing statement is filed, unless an initial financing statement that satisfies subsection (c) of  
46 Section 22 of this act has been filed in the office specified by the law of the jurisdiction  
47 governing perfection as provided in Article 9 of Chapter 25 of the General Statutes as amended  
48 by this act as the office in which to file a financing statement.

49 **PERSON ENTITLED TO FILE INITIAL FINANCING STATEMENT OR**  
50 **CONTINUATION STATEMENT.**

1           **SECTION 24.** Person Entitled to File Initial Financing Statement or Continuation  
2 Statement. – A person may file an initial financing statement or a continuation statement under  
3 this Part if:

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

5           (2)     The filing is necessary under this Part:

6                 a.     To continue the effectiveness of a financing statement filed before  
7                         this act becomes effective; or

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

9 **PRIORITY.**

10           **SECTION 25.** This act determines the priority of conflicting claims to collateral.  
11 However, if the relative priorities of the claims were established before this act becomes  
12 effective, Article 9 of Chapter 25 of the General Statutes as it existed before this act becomes  
13 effective determines priority.

14 **PART III. APPLICABILITY, EFFECTIVE DATE, AND OTHER PROVISIONS.**

15 **APPLICABILITY.**

16           **SECTION 26.(a)** Pre-Effective-Date Transactions or Liens. – Except as otherwise  
17 provided in Part II of this act, this act applies to a transaction or lien within its scope, even if  
18 the transaction or lien was entered into or created before this act becomes effective.

19           **SECTION 26.(b)** Pre-Effective-Date Proceedings. – This act does not affect an  
20 action, case, or proceeding commenced before this act becomes effective.

21 **AUTHORIZATION FOR PRINTING OF COMMENTS.**

22           **SECTION 27.** The Revisor of Statutes shall cause to be printed, as annotations to  
23 the published General Statutes, all relevant portions of the Official Comments to the 2010  
24 Amendments to Article 9 of the Uniform Commercial Code and all explanatory comments of  
25 the drafters of this act as the Revisor may deem appropriate.

26 **EFFECTIVE DATE.**

27           **SECTION 28.** This act becomes effective July 1, 2013.