SENATE CS FOR CS FOR HOUSE BILL NO. 239(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/18/00
Referred: Rules

Sponsor(s): REPRESENTATIVE MURKOWSKI BY REQUEST

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Uniform Commercial Code; relating to secured transactions; amending Rule 79, Alaska Rules of Civil Procedure; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 45 is amended by adding a new chapter to read:

Chapter 29. Secured Transactions.


Sec. 45.29.101. Short title. This chapter may be cited as Uniform Commercial Code - Secured Transactions.

Sec. 45.29.102. Definitions. (a) In this chapter,

(1) "accession" means goods that are physically united with other goods in a manner so that the identity of the original goods is not lost;

(2) "account," except as used in "account for,"

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

(i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of;
(ii) for services rendered or to be rendered;
(iii) for a policy of insurance issued or to be issued;
(iv) for a secondary obligation incurred or to be incurred;
(v) for energy provided or to be provided;
(vi) for the use or hire of a vessel under a charter or other contract;
(vii) arising out of the use of a credit or charge card or information contained on or for use with the card; or
(viii) as winnings in a lottery or other game of chance operated or sponsored by a state, a governmental unit of a state, or a person licensed or authorized to operate the game by a state or a governmental unit of a state;

(B) includes health care insurance receivables;
(C) does not include rights to payment evidenced by chattel paper or by an instrument, commercial tort claims, deposit accounts, investment property, letter-of-credit rights or letters of credit, or rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card;

(3) "account debtor" means a person obligated on an account, chattel paper, or general intangible, except that "account debtor" does not include persons obligated to pay a negotiable instrument even if the instrument constitutes part of chattel paper;

(4) "accounting," except as used in "accounting for," means a record
(A) authenticated by a secured party;
(B) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and
(C) identifying the components of the obligations in reasonable
detail;

(5) "agricultural lien" means an interest, other than a security interest,
in farm products

(A) that secures payment or performance of an obligation for

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

(ii) rent on real property leased by a debtor in
connection with the debtor's farming operation;

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

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

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

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

(6) "applicant" has the meaning given in AS 45.05.102(a);

(7) "as-extracted collateral" means

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

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

(ii) attaches to the minerals as extracted; or

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

(8) "authenticate" means to

(A) sign; or

(B) execute or otherwise adopt a symbol, or to encrypt or
similarly process a record in whole or in part, with the present intent of the
authenticating person to identify the person and adopt or accept a record;

(9) "bank" means an organization that is engaged in the business of banking, including a savings bank, savings and loan association, credit union, and trust company;

(10) "beneficiary" has the meaning given in AS 45.05.102(a);

(11) "broker" has the meaning given in AS 45.08.102(a);

(12) "cash proceeds" means proceeds that are money, checks, deposit accounts, or the like;

(13) "certificated security" has the meaning given in AS 45.08.102(a);

(14) "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;

(15) "chattel paper" means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods, except that "chattel paper" 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; 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;

(16) "check" has the meaning given in AS 45.03.104(f);

(17) "collateral" means the property subject to a security interest or agricultural lien, including

(A) proceeds to which a security interest attaches;

(B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
(C) goods that are the subject of a consignment;

(18) "commercial tort claim" means a claim arising in tort with respect to which the claimant is

(A) an organization; or

(B) an individual and the claim

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

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

(19) "commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer;

(20) "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 traded on

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

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

(21) "commodity customer" means a person for whom a commodity intermediary carries a commodity contract on its books;

(22) "commodity intermediary" means a person who

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

(B) in the ordinary course of its business, provides clearance or settlement services for a board of trade that has been designated as a contract market under federal commodities laws;

(23) "communicate" means

(A) to send a written or other tangible record;
(B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or

(C) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing office regulation;

(24) "consignee" means a merchant to whom goods are delivered in a consignment;

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

(A) the merchant

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

(ii) is not an auctioneer; and

(iii) is not generally known by the merchant's creditors to be substantially engaged in selling the goods of others;

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

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

(D) the transaction does not create a security interest that secures an obligation;

(26) "consignor" means a person who delivers goods to a consignee in a consignment;

(27) "consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes;

(28) "consumer goods transaction" means a consumer transaction in which

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

(B) a security interest in consumer goods secures the obligation;

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

(30) "consumer transaction" means a transaction, including a consumer goods transaction, in which
(A) an individual incurs an obligation primarily for personal, family, or household purposes;
(B) a security interest secures the obligation; and
(C) the collateral is held or acquired primarily for personal, family, or household purposes;

(31) "continuation statement" means an amendment of a financing statement that
(A) identifies, by its file number, the initial financing statement to which it relates; and
(B) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement;

(32) "contract for sale" has the meaning given in AS 45.02.106(a);

(33) "customer" has the meaning given in AS 45.04.104(a);

(34) "debtor" means
(A) a person having an interest, other than a security interest or other lien, in the collateral whether or not the person is an obligor;
(B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or
(C) a consignee;

(35) "deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank except that the term does not include investment property or accounts evidenced by an instrument;

(36) "document" means a document of title or a receipt of the type described in AS 45.07.201(b);

(37) "electronic chattel paper" means chattel paper evidenced by a record or records consisting of information stored in an electronic medium;

(38) "encumbrance" means a right, other than an ownership interest, in real property, including mortgages and other liens on real property;
(39) "entitlement holder" has the meaning given in AS 45.08.102(a);

(40) "equipment" means goods other than inventory, farm products, or consumer goods;

(41) "farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and that are

   (A) crops grown, growing, or to be grown, including
   (i) crops produced on trees, vines, and bushes; and
   (ii) aquatic goods produced in aquacultural operations;

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

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

   (D) products of crops or livestock in their unmanufactured states;

(42) "farming operation" means raising, cultivating, propagating, fattening, grazing, or other farming, livestock, or aquacultural operation.

(43) "file number" means the number assigned to an initial financing statement under AS 45.29.519(a);

(44) "filing office" means an office designated in AS 45.29.501 as the place to file a financing statement;

(45) "filing office regulation" means a regulation adopted under AS 44.37.027;

(46) "financial asset" has the meaning given in AS 45.08.102(a);

(47) "financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement;

(48) "fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying AS 45.29.502(a) and (b), including the filing of a financing statement covering goods of a transmitting utility that are or are to become fixtures;

(49) "fixtures" means goods that have become so related to particular real property that an interest in them arises under real property law;
(50) "general intangible" means personal property, including payment intangibles, software, and things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and, before extraction, oil, gas, or other minerals;

(51) "good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing;

(52) "goods" means things that are movable when a security interest attaches; the term includes (A) fixtures; (B) standing timber that is to be cut and removed under a conveyance or contract for sale; (C) the unborn young of animals; (D) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes; and (E) manufactured homes; the term also includes a computer program embedded in goods and supporting information provided in connection with a transaction relating to the program if the program is associated with the goods in such a manner that it customarily is considered part of the goods or if, by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods; the term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded; the term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or, before extraction, oil, gas, or other minerals;

(53) "governmental unit" means

(A) a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country;

(B) an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States;

(54) "health care insurance receivable" means an interest in or claim under a policy of insurance that is a right to payment of a monetary obligation for health-care goods or services provided;
(55) "holder in due course" has the meaning given in AS 45.03.302;
(56) "instrument" means a negotiable instrument or other writing that
evidences a right to the payment of a monetary obligation and is not itself a security
agreement or lease and is of a type that in ordinary course of business is transferred
by delivery with any necessary endorsement or assignment; the term does not include
   (A) investment property;
   (B) letters of credit; or
   (C) 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
   (57) "inventory" means goods, other than farm products, that
   (A) are leased by a person as lessor;
   (B) are held by a person for sale or lease or to be furnished
under a contract of service;
   (C) are furnished by a person under a contract of service; or
   (D) consist of raw materials, work in process, or materials used
or consumed in a business;
(58) "investment property" means a security, whether certificated or
uncertificated, security entitlement, securities account, commodity contract, or
commodity account;
(59) "issuer," with respect to a
   (A) letter of credit or letter-of-credit right, has the meaning
given in AS 45.05.102(a);
   (B) security, has the meaning given in AS 45.08.201;
(60) "jurisdiction of organization," with respect to a registered
organization, means the jurisdiction under whose law the organization is organized;
(61) "lease," "lease agreement," "lease contract," "leasehold interest,
"lessee," "lessee in ordinary course of business," "lessor," and "lessor’s residual
interest" have the meanings given in AS 45.12.103(a);
(62) "letter of credit" has the meaning given in AS 45.05.102(a);
(63) "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
ettitled 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;

(64) "lien creditor" means

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

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

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

(D) a receiver in equity from the time of appointment;

(65) "manufactured home" means a structure, transportable in one or
more sections, that, in the traveling mode, is eight body feet or more in width or 40
body feet or more in length, or, when erected on site, is 320 or more square feet, and
that 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 in the
structure; the term includes a 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, United
States Code;

(66) "manufactured home transaction" means a secured transaction

(A) that creates a purchase money security interest in a
manufactured home, other than a manufactured home held as inventory; or

(B) in which a manufactured home, other than a manufactured
home held as inventory, is the primary collateral;

(67) "merchant" has the meaning given in AS 45.02.104(a);

(68) "mortgage" means a consensual interest in real property, including
fixtures, that secures payment or performance of an obligation;

(69) "negotiable instrument" has the meaning given in AS 45.03.104;
(70) "new debtor" means a person who becomes bound as debtor under
AS 45.29.203(d) by a security agreement previously entered into by another person;

(71) "new value" means (A) money, (B) money's worth in property,
services, or new credit; or (C) 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;

(72) "nominated person" has the meaning given in AS 45.05.102(a);

(73) "noncash proceeds" means proceeds other than cash proceeds;

(74) "note" has the meaning given in AS 45.03.104;

(75) "obligor" means a person who, with respect to an obligation
secured by a security interest in or an agricultural lien on the collateral; (A) owes
payment or other performance of the obligation; (B) has provided property other than
the collateral to secure payment or other performance of the obligation; or (C) is
otherwise accountable in whole or in part for payment or other performance of the
obligation; the term does not include issuers or nominated persons under a letter of
credit;

(76) "original debtor," except as used in AS 45.29.310(c), means a
person who, as debtor, entered into a security agreement to which a new debtor has
become bound under AS 45.29.203(d);

(77) "payment intangible" means a general intangible under which the
account debtor's principal obligation is a monetary obligation;

(78) "person related to," with respect to an
(A) individual, means
(i) the spouse of the individual;
(ii) a brother, brother-in-law, sister, or sister-in-law of
the individual;
(iii) an ancestor or lineal descendant of the individual or
the individual's spouse; or
(iv) another relative, by blood or marriage, of the
individual or the individual's spouse who shares the same home with the
individual;
(B) an organization, means

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

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

(iii) an officer or director of, or a person performing
similar functions with respect to, a person described in (i) of this
subparagraph;

(iv) the spouse of an individual described in (i), (ii), or
(iii) of this subparagraph; or

(v) an individual who is related by blood or marriage to
an individual described in (i), (ii), (iii), or (iv) of this subparagraph and
shares the same home with the individual;

(79) "proceeds," except as used in AS 45.29.609(b), means the
following property:

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

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

(C) rights arising out of collateral;

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

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

(80) "proceeds of the letter of credit" has the meaning given "proceeds
of a letter of credit" in AS 45.05.114(a);

(81) "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;

(82) "proposal" means a record authenticated by a secured party that
includes the terms on which the secured party is willing to accept collateral in full or
partial satisfaction of the obligation it secures under AS 45.29.620 - 45.29.622;

(83) "prove" has the meaning given in AS 45.03.103(a);

(84) "pursuant to a commitment," with respect to an advance made or
other value given by a secured party, means in accordance with a 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;

(85) "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 that is stored in an electronic or other medium and is retrievable in
perceivable form;

(86) "registered organization" means an organization 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;

(87) "sale" has the meaning given in AS 45.02.106(a);

(88) "secondary obligor" means an obligor to the extent that

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

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

(89) "secured party" means

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

(B) a person who holds an agricultural lien;

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

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

(F) a person who holds a security interest arising under
AS 45.02.401, 45.02.505, 45.02.711(c), AS 45.04.210, AS 45.05.118, or
AS 45.12.508(e);

(90) "securities account" has the meaning given in AS 45.08.501(e);

(91) "securities intermediary" has the meaning given in
AS 45.08.102(a);

(92) "security" has the meaning given in AS 45.08.102(a);

(93) "security agreement" means an agreement that creates or provides
for a security interest;

(94) "security certificate" has the meaning given in AS 45.08.102(a);

(95) "security entitlement" has the meaning given in AS 45.08.102(a);

(96) "send," in connection with a record or notification, means to

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

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

(97) "software" means a computer program and supporting information
provided in connection with a transaction relating to the program; the term does not
include a computer program that is included in the definition of "goods";

(98) "state" means a state of the United States, the District of
Columbia, Puerto Rico, the United States Virgin Islands, or a territory or insular
possession subject to the jurisdiction of the United States;

(99) "supporting obligation" means a letter-of-credit right or secondary
obligation that supports the payment or performance of an account, chattel paper, a
document, a general intangible, an instrument, or investment property;

(100) "tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium;

(101) "termination statement" means an amendment of a financing statement that

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

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

(102) "transmitting utility" means a person primarily engaged in the business of

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

(B) transmitting communications electromagnetically, or by light;

(C) transmitting goods by pipeline or sewer; or

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

(103) "uncertificated security" has the meaning given in AS 45.08.102(a).

(b) In addition, AS 45.01 contains general definitions and principles of construction and interpretation applicable throughout this chapter.

Sec. 45.29.103. Purchase money security interest; application of payments; burden of establishing. (a) In this section,

(1) "purchase money collateral" means goods or software that secures a purchase money obligation incurred with respect to that collateral; and

(2) "purchase money obligation" means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.

(b) A security interest in goods is a purchase money security interest

(1) to the extent that the goods are purchase money collateral with respect to that security interest;
(2) if the security interest is in inventory that is or was purchase money collateral, to the extent that the security interest secures a purchase money obligation incurred with respect to other inventory in which the secured party holds or held a purchase money security interest; and

(3) to the extent that the security interest secures a purchase money obligation incurred with respect to software in which the secured party holds or held a purchase money security interest.

(c) A security interest in software is a purchase money security interest to the extent that the security interest also secures a purchase money obligation incurred with respect to goods in which the secured party holds or held a purchase money security interest if the debtor acquired its interest in the software

(1) in an integrated transaction in which it acquired an interest in the goods; and

(2) for the principal purpose of using the software in the goods.

(d) The security interest of a consignor in goods that are the subject of a consignment is a purchase money security interest in inventory.

(e) In a transaction other than a consumer goods transaction, if the extent to which a security interest is a purchase money security interest depends on the application of a payment to a particular obligation, the payment must be applied

(1) in accordance with any reasonable method of application to which the parties agree;

(2) in the absence of the parties' agreement to a reasonable method, in accordance with an intention of the obligor manifested at or before the time of payment; or

(3) in the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:

   (A) to obligations that are not secured; and

   (B) if more than one obligation is secured, to obligations secured by purchase money security interests in the order in which those obligations were incurred.

(f) In a transaction, other than a consumer goods transaction, a purchase
money security interest does not lose its status as such even if

(1) the purchase money collateral also secures an obligation that is not a purchase money obligation;

(2) collateral that is not purchase money collateral also secures the purchase money obligation; or

(3) the purchase money obligation has been renewed, refinanced, consolidated, or restructured.

(g) In a transaction other than a consumer goods transaction, a secured party claiming a purchase money security interest has the burden of establishing the extent to which the security interest is a purchase money security interest.

(h) The limitation of the rules in (e) - (g) of this section to transactions other than consumer goods transactions is intended to leave to the court the determination of the proper rules in consumer goods transactions. The court may not infer from that limitation the nature of the proper rule in consumer goods transactions and may continue to apply established approaches.

Sec. 45.29.104. Control of deposit account. (a) A secured party has control of a deposit account if

(1) the secured party is the bank with which the deposit account is maintained;

(2) the debtor, secured party, and bank have agreed in an authenticated record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor; or

(3) the secured party becomes the bank's customer with respect to the deposit account.

(b) A secured party that has satisfied (a) of this section has control even if the debtor retains the right to direct the disposition of funds from the deposit account.

Sec. 45.29.105. Control of electronic chattel paper. A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that

(1) a single authoritative copy of the record or records exists that is
unique, identifiable, and, except as otherwise provided in (4) - (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 that add or change an identified assignee of the authoritative copy can be made only with the participation 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 of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Sec. 45.29.106. Control of investment property. (a) A person has control of a certificated security, uncertificated security, or security entitlement as provided in AS 45.08.106.

(b) A secured party has control of a commodity contract if

(1) the secured party is the commodity intermediary with which the commodity contract is carried; or

(2) the commodity customer, secured party, and commodity intermediary have agreed that the commodity intermediary will apply any value distributed on account of the commodity contract as directed by the secured party without further consent by the commodity customer.

(c) A secured party having control of all security entitlements or commodity contracts carried in a securities account or commodity account has control over the securities account or commodity account.

Sec. 45.29.107. Control of letter-of-credit right. A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or a nominated person if the issuer or nominated person has consented to an assignment of proceeds of the letter of credit under AS 45.05.114(c) or otherwise applicable law or practice.

Sec. 45.29.108. Sufficiency of description. (a) Except as otherwise provided
in (c) - (e) of this section, a description of personal or real property is sufficient, whether or not it is specific, if it reasonably identifies what is described.

(b) Except as otherwise provided in (d) of this section, a description of collateral reasonably identifies the collateral if it identifies the collateral by

(1) specific listing;
(2) category;
(3) except as otherwise provided in (e) of this section, a type of collateral defined in the code;
(4) quantity;
(5) computational or allocational formula or procedure; or
(6) except as otherwise provided in (c) of this section, another method if the identity of the collateral is objectively determinable.

(c) A description of collateral as "all the debtor's assets" or "all the debtor's personal property" or using words of similar import does not reasonably identify the collateral.

(d) Except as otherwise provided in (e) of this section, a description of a security entitlement, securities account, or commodity account is sufficient if it describes

(1) the collateral by those terms or as investment property; or
(2) the underlying financial asset or commodity contract.

(e) A description only by type of collateral defined in the code is an insufficient description of

(1) a commercial tort claim; or
(2) in a consumer transaction, consumer goods, a security entitlement, a securities account, or a commodity account.

Sec. 45.29.109. Scope. (a) Except as otherwise provided in (c) and (d) of this section, this chapter applies to

(1) a transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract;
(2) an agricultural lien;
(3) a sale of accounts, chattel paper, payment intangibles, or promissory

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(4) a consignment;

(5) a security interest arising under AS 45.02.401, 45.02.505, 45.02.711(c), or AS 45.12.508(e), as provided in AS 45.29.110; and

(6) a security interest arising under AS 45.04.210 or AS 45.05.118.

(b) The application of this chapter to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this chapter does not apply.

(c) This chapter does not apply to the extent that

(1) a statute, regulation, or treaty of the United States preempts this chapter;

(2) another statute of this state expressly governs the creation, perfection, priority, or enforcement of a security interest created by this state or a governmental unit of this state;

(3) a statute of another state, a foreign country, or a governmental unit of another state or a foreign country, other than a statute generally applicable to security interests, expressly governs creation, perfection, priority, or enforcement of a security interest created by the state, country, or governmental unit; or

(4) the rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under AS 45.05.114.

(d) This chapter does not apply to

(1) a landlord's lien, other than an agricultural lien;

(2) a lien, other than an agricultural lien, given by statute or other rule of law for services or materials, but AS 45.29.333 applies with respect to priority of the lien;

(3) an assignment of a claim for wages, salary, or other compensation of an employee;

(4) a sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

(5) an assignment of accounts, chattel paper, payment intangibles, or promissory notes that is for the purpose of collection only;
(6) an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

(7) an assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

(8) a transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health care provider of a health care insurance receivable and any subsequent assignment of the right to payment, but AS 45.29.315 and 45.29.322 apply with respect to proceeds and priorities in proceeds;

(9) an assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

(10) a right of recoupment or setoff, but

(A) AS 45.29.340 applies with respect to the effectiveness of rights of recoupment or setoff against deposit accounts; and

(B) AS 45.29.404 applies with respect to defenses or claims of an account debtor;

(11) the creation or transfer of an interest in or lien on real property, including a lease or rents thereunder, except to the extent that provision is made for

(A) liens on real property in AS 45.29.203 and 45.29.308;

(B) fixtures in AS 45.29.334;

(C) fixture filings in AS 45.29.501, 45.29.502, 45.29.512, 45.29.516, and 45.29.519; and

(D) security agreements covering personal and real property in AS 45.29.604;

(12) an assignment of a claim arising in tort, other than a commercial tort claim, but AS 45.29.315 and 45.29.322 apply with respect to proceeds and priorities in proceeds;

(13) an assignment of a deposit account in a consumer transaction, but AS 45.29.315 and 45.29.322 apply with respect to proceeds and priorities in proceeds; or
(14) notwithstanding (c)(2) of this section, a transfer by a government or governmental subdivision or agency.

Sec. 45.29.110. Security interests arising under AS 45.02 or AS 45.12. A security interest arising under AS 45.02.401, 45.02.505, 45.02.711(c), or AS 45.12.508(e) is subject to this chapter. However, until the debtor obtains possession of the goods,

(1) the security interest is enforceable even if AS 45.29.203(b)(3) has not been satisfied;

(2) filing is not required to perfect the security interest;

(3) the rights of the secured party after default by the debtor are governed by AS 45.02 or AS 45.12; and

(4) the security interest has priority over a conflicting security interest created by the debtor.

Article 2. Security Agreements; Security Interests.

Sec. 45.29.201. General effectiveness of security agreement. (a) Except as otherwise provided in the code, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

(b) A transaction subject to this chapter is subject to

(1) an applicable rule of law that establishes a different rule for consumers;

(2) another statute or regulation that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit; and

(3) consumer protection statutes or regulations.

(c) In case of conflict between this chapter and a rule of law, statute, or regulation described in (b) of this section, the rule of law, statute, or regulation controls. Failure to comply with a statute or regulation described in (b) of this section has only the effect the statute or regulation specifies.

(d) This chapter does not

(1) validate a rate, charge, agreement, or practice that violates a rule of law, statute, or regulation described in (b) of this section; or

(2) extend the application of the rule of law, statute, or regulation to
a transaction not otherwise subject to it.

Sec. 45.29.202. Title to collateral immaterial. Except as otherwise provided
with respect to consignments or sales of accounts, chattel paper, payment intangibles,
or promissory notes, the provisions of this chapter with regard to rights and obligations
apply whether title to collateral is in the secured party or the debtor.

Sec. 45.29.203. Attachment and enforceability of security interest;
proceeds; supporting obligations; formal requisites. (a) 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.

(b) Except as otherwise provided in (c) - (i) of this section, a security interest
is enforceable against the debtor and third parties with respect to the collateral only
if

(1) value has been given;

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

(3) one of the following conditions is met:

(A) the debtor has authenticated 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;

(B) the collateral is not a certificated security and is in the
possession of the secured party under AS 45.29.313 under the debtor's security
agreement;

(C) the collateral is a certificated security in registered form,
and the security certificate has been delivered to the secured party under
AS 45.08.301 under the debtor's security agreement; or

(D) the collateral is deposit accounts, electronic chattel paper,
investment property, or letter-of-credit rights, and the secured party has control
under AS 45.29.104, 45.29.105, 45.29.106, or 45.29.107 under the debtor's
security agreement.

(c) The provisions of (b) of this section are subject to

(1) AS 45.04.210 on the security interest of a collecting bank;
(2) AS 45.05.118 on the security interest of a letter-of-credit issuer or nominated person;

(3) AS 45.29.110 on a security interest arising under AS 45.02 or AS 45.12; and

(4) AS 45.29.206 on security interests in investment property.

(d) A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this chapter or by contract,

(1) the security agreement becomes effective to create a security interest in the person's property; or

(2) the person 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.

(e) If a new debtor becomes bound as debtor by a security agreement entered into by another person,

(1) the agreement satisfies (b)(3) of this section with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

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

(f) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by AS 45.29.315 and is also attachment of a security interest in a supporting obligation for the collateral.

(g) 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.

(h) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlement carried in the securities account.

(i) 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. 45.29.204. After-acquired property; future advances. (a) Except as otherwise provided in (b) of this section, a security agreement may create or provide for a security interest in after-acquired collateral.

(b) A security interest does not attach under a term constituting an after-acquired property clause to

(1) 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

(2) a commercial tort claim.

(c) 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 a commitment.

Sec. 45.29.205. Use or disposition of collateral permissible. (a) A security interest is not invalid or fraudulent against creditors solely because

(1) the debtor has the right or ability to

(A) use, commingle, or dispose of all or part of the collateral, including returned or reposessed goods;

(B) collect, compromise, enforce, or otherwise deal with collateral;

(C) accept the return of collateral or make repossessions; or

(D) use, commingle, or dispose of proceeds; or

(2) the secured party fails to require the debtor to account for proceeds or replace collateral.

(b) This section does not relax the requirements of possession if attachment, perfection, or enforcement of a security interest depends upon possession of the collateral by the secured party.

Sec. 45.29.206. Security interest arising in purchase or delivery of financial asset. (a) A security interest in favor of a securities intermediary attaches to a person's security entitlement if

(1) the person buys a financial asset through the securities intermediary
in a transaction in which the person is obligated to pay the purchase price to the 
securities intermediary at the time of the purchase; and 

(2) the securities intermediary credits the financial asset to the buyer's 
securities account before the buyer pays the securities intermediary.

(b) The security interest described in (a) of this section secures the person's 
obligation to pay for the financial asset.

(c) A security interest in favor of a person who delivers a certificated security 
or other financial asset represented by a writing attaches to the security or other 
financial asset if

(1) the security or other financial asset

(A) in the ordinary course of business, is transferred by delivery 
with any necessary endorsement or assignment; and

(B) is delivered under an agreement between persons in the 
business of dealing with such securities or financial assets; and

(2) the agreement calls for delivery against payment.

(d) The security interest described in (c) of this section secures the obligation 
to make payment for the delivery.

Sec. 45.29.207. Rights and duties of secured party having possession or 
control of collateral. (a) Except as otherwise provided in (d) of this section, 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.

(b) Except as otherwise provided in (d) of this section, if a secured party has 
possession of collateral,

(1) 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;

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

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

(4) the secured party may use or operate the collateral

(A) for the purpose of preserving the collateral or its value;

(B) as permitted by an order of a court having competent jurisdiction; or

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

(c) Except as otherwise provided in (d) of this section, a secured party having possession of collateral or control of collateral under AS 45.29.104, 45.29.105, 45.29.106, or 45.29.107

(1) may hold as additional security any proceeds, except money or funds, received from the collateral;

(2) shall apply money or funds received from the collateral to reduce the secured obligation unless remitted to the debtor; and

(3) may create a security interest in the collateral.

(d) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor,

(1) the provisions of (a) of this section do not apply unless the secured party is entitled under an agreement

(A) to charge back uncollected collateral; or

(B) otherwise to full or limited recourse against the debtor or a secondary obligor based on the nonpayment or other default of an account debtor or other obligor on the collateral; and

(2) the provisions of (b) and (c) of this section do not apply.

Sec. 45.29.208. Additional duties of secured party having control of collateral. (a) This section applies to a case in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.

(b) Within 10 days after receiving an authenticated demand by the debtor a secured party

(1) having control of a deposit account under AS 45.29.104(a)(2) shall
send to the bank with which the deposit account is maintained an authenticated statement that releases the bank from further obligation to comply with instructions originated by the secured party;

(2) having control of a deposit account under AS 45.29.104(a)(3) shall
    (A) pay the debtor the balance on deposit in the deposit account; or
    (B) transfer the balance on deposit into a deposit account in the debtor's name;

(3) other than a buyer, having control of electronic chattel paper under AS 45.29.105 shall
    (A) communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;
    (B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic chattel paper is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from 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 that add or change an identified assignee of the authoritative copy without the consent of the secured party;

(4) having control of investment property under AS 45.08.106(d)(2) or AS 45.29.106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from further obligation to comply with entitlement orders or directions originated by the secured party; and

(5) having control of a letter-of-credit right under AS 45.29.107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from further obligation to
Sec. 45.29.209. Duties of secured party if account debtor has been notified of assignment. (a) Except as otherwise provided in (c) of this section, this section applies to a case in which

(1) there is no outstanding secured obligation; and

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

(b) Within 10 days after receiving an authenticated demand by the debtor, a secured party shall send to an account debtor that has received notification of an assignment to the secured party as assignee under AS 45.29.406(a) an authenticated record that releases the account debtor from further obligation to the secured party.

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

Sec. 45.29.210. Request for accounting; request regarding list of collateral or statement of account. (a) In this section,

(1) "request" means a record of a type described in (2), (3), or (4) of this subsection;

(2) "request for an accounting" means a record authenticated 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;

(3) "request regarding a list of collateral" means a record authenticated 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;

(4) "request regarding a statement of account" means a record authenticated 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.

(b) Subject to (c) - (f) of this section, 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

   (1) in the case of a request for an accounting, by authenticating and sending to the debtor an accounting; and

   (2) in the case of a request regarding a list of collateral or a request regarding a statement of account, by authenticating and sending to the debtor an approval or correction.

   (c) 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 record including a statement to that effect within 14 days after receipt.

   (d) A person who receives a request regarding a list of collateral, who claims no interest in the collateral when the person receives the request, and who 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 record

       (1) disclaiming interest in the collateral; and

       (2) if known to the recipient, providing the name and mailing address of an assignee of or successor to the recipient's interest in the collateral.

   (e) A person who receives a request for an accounting or a request regarding a statement of account, who claims no interest in the obligations when the person receives the request, and who 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 record

       (1) disclaiming interest in the obligations; and

       (2) if known to the recipient, providing the name and mailing address of an assignee of or successor to the recipient's interest in the obligations.

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

   Article 3. Perfection and Priority.

   Sec. 45.29.301. Law governing perfection and priority of security interests.
Except as otherwise provided in AS 45.29.303 - 45.29.306, 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 local 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 local 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 (4) of this section, while negotiable
documents, goods, instruments, money, or tangible chattel paper is located in a
jurisdiction, the local law of that jurisdiction governs

(A) perfection of a security interest in the goods by filing a
fixture filing;

(B) perfection of a security interest in timber to be cut; and

(C) the effect of perfection or nonperfection and the priority of
a nonpossessory security interest in the collateral;

(4) the local 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. 45.29.302. Law governing perfection and priority of agricultural liens.
While farm products are located in a jurisdiction, the local law of that jurisdiction
governs perfection, the effect of perfection or nonperfection, and the priority of an
agricultural lien on the farm products.

Sec. 45.29.303. Law governing perfection and priority of security interests
in goods covered by a certificate of title. (a) This section applies to goods covered
by a certificate of title even if there is no other relationship between the jurisdiction
under whose certificate of title the goods are covered and the goods or the debtor.

(b) Goods become covered by a certificate of title when a valid application for
the certificate of title and the applicable fee are delivered to the appropriate authority.
Goods cease to be covered by a certificate of title at the earlier of the time
(1) the certificate of title ceases to be effective under the law of the issuing jurisdiction; or

(2) the goods become covered subsequently by a certificate of title issued by another jurisdiction.

(c) The local law of the jurisdiction under whose certificate of title the goods are covered governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in goods covered by a certificate of title from the time the goods become covered by the certificate of title until the goods cease to be covered by the certificate of title.

**Sec. 45.29.304. Law governing perfection and priority of security interests in deposit accounts.** (a) The local 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.

(b) The following rules determine a bank's jurisdiction for purposes of AS 45.29.301 - 45.29.342:

(1) 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 AS 45.29.301 - 45.29.342, this chapter, or the code, that jurisdiction is the bank's jurisdiction;

(2) if (1) of this subsection 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;

(3) if neither (1) nor (2) of this subsection 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;

(4) if (1), (2), or (3) of this subsection does not apply, 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;

(5) if (1), (2), (3), or (4) of this subsection does not apply, the bank's jurisdiction is the jurisdiction in which the customer maintains the deposit account.
jurisdiction is the jurisdiction in which the chief executive office of the bank is located.

Sec. 45.29.305. Law governing perfection and priority of security interests in investment property. (a) Except as otherwise provided in (c) of this section, the following rules apply:

(1) while a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented by the security certificate;

(2) the local law of the issuer's jurisdiction as specified in AS 45.08.110 governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security;

(3) the local law of the securities intermediary's jurisdiction as specified in AS 45.08.110(e) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account;

(4) the local 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.

(b) The following rules determine a commodity intermediary's jurisdiction for purposes of AS 45.29.301 - 45.29.342:

(1) 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 AS 45.29.301 - 45.29.342, this chapter, or the code, that jurisdiction is the commodity intermediary's jurisdiction;

(2) if (1) of this subsection 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;

(3) if neither (1) nor (2) of this subsection 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;

(4) if (1), (2), or (3) of this subsection does not apply, 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;

(5) if (1), (2), (3), or (4) of this subsection does not apply, the
commodity intermediary's jurisdiction is the jurisdiction in which the chief executive
office of the commodity intermediary is located.

(c) The local law of the jurisdiction in which the debtor is located governs

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

(2) automatic perfection of a security interest in investment property
created by a broker or securities intermediary; and

(3) automatic perfection of a security interest in a commodity contract
or commodity account created by a commodity intermediary.

Sec. 45.29.306. Law governing perfection and priority of security interests
in letter-of-credit rights. (a) Subject to (c) of this section, the local law of the
issuer's jurisdiction or a nominated person's jurisdiction governs perfection, the effect
of perfection or nonperfection, and the priority of a security interest in a letter-of-credit
right if the issuer's jurisdiction or nominated person's jurisdiction is a state.

(b) For purposes of AS 45.29.301 - 45.29.342, an issuer's jurisdiction or
nominated person's jurisdiction is the jurisdiction whose law governs the liability of
the issuer or nominated person with respect to the letter-of-credit right as provided in
AS 45.05.116.

(c) This section does not apply to a security interest that is perfected only
under AS 45.29.308(d).

Sec. 45.29.307. Location of debtor. (a) In this section, "place of business"
means a place where a debtor conducts its affairs.

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

(1) a debtor who is an individual is located at the individual's principal
residence;

(2) a debtor that is an organization and has only one place of business is located at its place of business;

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

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

(d) A person who ceases to exist, have a residence, or have a place of business continues to be located in the jurisdiction specified by (b) and (c) of this section.

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

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

   (1) in the state that the law of the United States designates if the law designates a state of location;

   (2) in the state that the registered organization, branch, or agency designates if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location; or

   (3) in the District of Columbia if neither (1) nor (2) of this subsection applies.

(g) A registered organization continues to be located in the jurisdiction specified by (e) or (f) of this section notwithstanding

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

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

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

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

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

(k) This section applies only for purposes of AS 45.29.301 - 45.29.342.

Sec. 45.29.308. When security interest or agricultural lien is perfected; continuity of perfection.

(a) Except as otherwise provided in this section and AS 45.29.309, a security interest is perfected if it has attached and all of the applicable requirements for perfection in AS 45.29.310 - 45.29.316 have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches.

(b) An agricultural lien is perfected if it has become effective and all of the applicable requirements for perfection in AS 45.29.310 have been satisfied. An agricultural lien is perfected when it becomes effective if the applicable requirements are satisfied before the agricultural lien becomes effective.

(c) A security interest or agricultural lien is perfected continuously if it is originally perfected by one method under this chapter and is later perfected by another method under this chapter, without an intermediate period when it was unperfected.

(d) Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral.

(e) Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right.

(f) Perfection of a security interest in a securities account also perfects a security interest in the security entitlements carried in the securities account.

(g) Perfection of a security interest in a commodity account also perfects a security interest in the commodity contracts carried in the commodity account.
Sec. 45.29.309. Security interest perfected upon attachment. The following
security interests are perfected when they attach:

(1) a purchase money security interest in consumer goods, except as
otherwise provided in AS 45.29.311(b) with respect to consumer goods that are subject
to a statute or treaty described in AS 45.29.311(a);

(2) an assignment of accounts or payment intangibles that does not, by
itself or in conjunction with other assignments to the same assignee, transfer a
significant part of the assignor's outstanding accounts or payment intangibles;

(3) a sale of a payment intangible;

(4) a sale of a promissory note;

(5) a security interest created by the assignment of a health care
insurance receivable to the provider of the health care goods or services;

(6) a security interest arising under AS 45.02.401, 45.02.505,
45.02.711(c), or AS 45.12.508(e), until the debtor obtains possession of the collateral;

(7) a security interest of a collecting bank arising under AS 45.04.210;

(8) a security interest of an issuer or nominated person arising under
AS 45.05.118;

(9) a security interest arising in the delivery of a financial asset under
AS 45.29.206(c);

(10) a security interest in investment property created by a broker or
securities intermediary;

(11) a security interest in a commodity contract or a commodity
account created by a commodity intermediary;

(12) an assignment for the benefit of all creditors of the transferor and
subsequent transfers by the assignee thereunder; and

(13) a security interest created by an assignment of a beneficial interest
in a decedent's estate.

Sec. 45.29.310. When filing required to perfect security interest or
agricultural lien; security interests and agricultural liens to which filing provisions
do not apply. (a) Except as otherwise provided in (b) of this section and
AS 45.29.312(b), a financing statement must be filed to perfect all security interests.
and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest

(1) that is perfected under AS 45.29.308(d), (e), (f), or (g);
(2) that is perfected under AS 45.29.309 when it attaches;
(3) in property subject to a statute, regulation, or treaty described in AS 45.29.311(a);
(4) in goods in possession of a bailee that is perfected under AS 45.29.312(d)(1) or (2);
(5) in certificated securities, documents, goods, or instruments that is perfected without filing or possession under AS 45.29.312(e), (f), or (g);
(6) in collateral in the secured party's possession under AS 45.29.313;
(7) in a certificated security that is perfected by delivery of the security certificate to the secured party under AS 45.29.313;
(8) in deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights that is perfected by control under AS 45.29.314;
(9) in proceeds that is perfected under AS 45.29.315; or
(10) that is perfected under AS 45.29.316.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

Sec. 45.29.311. Perfection of security interests in property subject to certain statutes, regulations, and treaties. (a) Except as otherwise provided in (d) of this section, the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to

(1) a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt AS 45.29.310(a);
(2) AS 28.10; however, during a period in which collateral is inventory held for sale by a person who is in the business of selling goods of that kind, the filing provisions of AS 45.29.501 - 45.29.527 apply to a security interest in that collateral
created by that person as debtor; or

(3) a certificate-of-title statute of another jurisdiction that provides for a security interest 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 property.

(b) Compliance with the requirements of a statute, regulation, or treaty described in (a) of this section for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this chapter. Except as otherwise provided in (d) of this section, AS 45.29.313, and 45.29.316(d) and (e) for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in (a) of this section may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

(c) Except as otherwise provided in (d) of this section and AS 45.29.316(d) and (e), duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in (a) of this section are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this chapter.

(d) During a period in which collateral subject to a statute specified in (a)(2) of this section is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

Sec. 45.29.312. Perfection of security interests in chattel paper, deposit accounts, documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money; perfection by permissive filing; temporary perfection without filing or transfer of possession. (a) A security interest in chattel paper, negotiable documents, instruments, or investment property may be perfected by filing.

(b) Except as otherwise provided in AS 45.29.315(c) and (d) for proceeds,

(1) a security interest in a deposit account may be perfected only by
control under AS 45.29.314;

(2) and except as otherwise provided in AS 45.29.308(d), a security interest in a letter-of-credit right may be perfected only by control under AS 45.29.314; and

(3) a security interest in money may be perfected only by the secured party's taking possession under AS 45.29.313.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods, a security interest

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

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

(d) 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

(1) issuance of a document in the name of the secured party;

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

(3) filing as to the goods.

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession for a period of 20 days from the time the security interest attaches to the extent that it arises for new value given under an authenticated security agreement.

(f) 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

(1) ultimate sale or exchange; or

(2) loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with the goods or documents representing the goods in a manner preliminary to their sale or exchange.
(g) 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

(1) ultimate sale or exchange; or

(2) presentation, collection, enforcement, renewal, or registration of transfer.

(h) After the 20-day period specified in (e), (f), or (g) of this section expires, perfection depends upon compliance with this chapter.

Sec. 45.29.313. When possession by or delivery to secured party perfects security interest without filing. (a) Except as otherwise provided in (b) of this section, a secured party may perfect a security interest in negotiable documents, goods, instruments, money, or 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 AS 45.08.301.

(b) 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 AS 45.29.316(e).

(c) 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 the person

(1) in possession authenticates a record acknowledging that the person holds possession of the collateral for the secured party's benefit; or

(2) takes possession of the collateral after having authenticated a record acknowledging that it will hold possession of collateral for the secured party's benefit.

(d) If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs no earlier than the time the secured party takes possession and continues only while the secured party retains possession.

(e) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under AS 45.08.301 and remains perfected by delivery until the debtor obtains possession of the security
certificate.

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

(g) If a person acknowledges that it holds possession for the secured party's benefit,

   (1) the acknowledgment is effective under (c) of this section or AS 45.08.301(a), even if the acknowledgment violates the rights of a debtor; and
   (2) unless the person otherwise agrees or law other than this chapter otherwise provides, the person does not owe a duty to the secured party and is not required to confirm the acknowledgment to another person.

(h) 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 the person was instructed before the delivery or is instructed contemporaneously with the delivery to

   (1) hold possession of the collateral for the secured party's benefit; or
   (2) redeliver the collateral to the secured party.

(i) A secured party does not relinquish possession, even if a delivery under (h) of this section violates the rights of a debtor. A person to whom collateral is delivered under (h) of this section does not owe a duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this chapter otherwise provides.

Sec. 45.29.314. Perfection by control. (a) A security interest in deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights, or may be perfected by control of the collateral under AS 45.29.104, 45.29.105, 45.29.106, or 45.29.107.

(b) A security interest in deposit accounts, electronic chattel paper, or letter-of-credit rights is perfected by control under AS 45.29.104, 45.29.105, or 45.29.107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under
AS 45.29.106 from the time the secured party obtains control and remains perfected by control until

(1) the secured party does not have control; and

(2) one of the following occurs:

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

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

(C) if the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

Sec. 45.29.315. Secured party's rights on disposition of collateral and in proceeds. (a) Except as otherwise provided in this chapter,

(1) a security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition of the security interest or agricultural lien unless the secured party authorized the disposition free of the security interest or agricultural lien; and

(2) a security interest attaches to any identifiable proceeds of collateral.

(b) Proceeds that are commingled with other property are identifiable proceeds if the proceeds

(1) are goods, to the extent provided by AS 45.29.336; and

(2) are not goods, to the extent that the secured party identifies the proceeds by a method of tracing, including application of equitable principles, that is permitted under law other than this chapter with respect to commingled property of the type involved.

(c) A security interest in proceeds is a perfected security interest if the security interest in the original collateral was perfected.

(d) A perfected security interest in proceeds becomes unperfected on the 21st day after the security interest attaches to the proceeds unless

(1) the following conditions are satisfied

(A) a filed financing statement covers the original collateral; and

(B) the proceeds are collateral in which a security interest may
be perfected by filing in the office in which the financing statement has been
filed; and

(C) the proceeds are not acquired with cash proceeds;

(2) the proceeds are identifiable cash proceeds; or

(3) the security interest in the proceeds is perfected other than under
c(o) of this section when the security interest attaches to the proceeds or within 20 days
thereafter.

(e) If a filed financing statement covers the original collateral, a security
interest in proceeds that remains perfected under (d)(1) of this section becomes
unperfected at the later of

(1) when the effectiveness of the filed financing statement lapses under
AS 45.29.515 or is terminated under AS 45.29.513; or

(2) the 21st day after the security interest attaches to the proceeds.

Sec. 45.29.316. Continued perfection of security interest following change
in governing law. (a) A security interest perfected under the law of the jurisdiction
designated in AS 45.29.301(1) or 45.29.305(c) remains perfected until the earliest of

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

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

(3) the expiration of one year after a transfer of collateral to a person
who thereby becomes a debtor and is located in another jurisdiction.

(b) If a security interest described in (a) of this section becomes perfected
under the law of the other jurisdiction before the earliest time or event described in (a)
of this section, 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 considered never to have been perfected as against a
purchaser of the collateral for value.

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

(2) after the event described in (1) of this subsection occurs, the collateral is brought into another jurisdiction; and

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

(d) Except as otherwise provided in (e) of this section, a security interest in goods covered by a certificate of title that is perfected by a 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.

(e) A security interest described in (d) of this section becomes unperfected as against a purchaser of the goods for value and is considered never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under AS 45.29.311(b) or 45.29.313 are not satisfied before the earlier of

(1) 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

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

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

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

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

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

Sec. 45.29.317. Interests that take priority over or take free of security
interest or agricultural lien. (a) A security interest or agricultural lien is subordinate
to the rights of a person

(1) entitled to priority under AS 45.29.322; and

(2) except as otherwise provided in (e) of this section, that becomes a
lien creditor before the earlier of the time

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

(B) a financing statement covering the collateral is filed.

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

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

(d) A licensee of a general intangible or a buyer, other than a secured party,
of accounts, electronic chattel paper, general intangibles, or investment property other
than a certificated security takes free of a security interest if the licensee or buyer
gives value without knowledge of the security interest and before it is perfected.

(e) Except as otherwise provided in AS 45.29.320 and 45.29.321, if a person
files a financing statement with respect to a purchase money security interest before
or within 20 days after the debtor receives delivery of the collateral, the security
interest takes priority over the rights of a buyer, lessee, or lien creditor that arise
between the time the security interest attaches and the time of filing.
Sec. 45.29.318. No interest retained in right to payment that is sold; rights and title of seller of account or chattel paper with respect to creditors and purchasers. (a) A debtor that has sold an account, chattel paper, payment intangible, or promissory note does not retain a legal or equitable interest in the collateral sold.

(b) For purposes of determining the rights of creditors of, and purchasers for value of an account or chattel paper from, a debtor that has sold an account or chattel paper, while the buyer's security interest is unperfected, the debtor is considered to have rights and title to the account or chattel paper identical to those the debtor sold.

Sec. 45.29.319. Rights and title of consignee with respect to creditors and purchasers. (a) Except as otherwise provided in (b) of this section, for purposes of determining the rights of creditors of, and purchasers for value of goods from, a consignee, while the goods are in the possession of the consignee, the consignee is considered to have rights and title to the goods identical to those the consignor had or had power to transfer.

(b) For purposes of determining the rights of a creditor of a consignee, law other than this chapter determines the rights and title of a consignee while goods are in the consignee's possession if, under AS 45.29.301 - 45.29.342, a perfected security interest held by the consignor would have priority over the rights of the creditor.

Sec. 45.29.320. Buyer of goods. (a) Except as otherwise provided in (e) of this section, a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.

(b) Except as otherwise provided in (e) of this section, a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys

1. without knowledge of the security interest;
2. for value;
3. primarily for the buyer's personal, family, or household purposes; and
4. before the filing of a financing statement covering the goods.
(c) To the extent that it affects the priority of a security interest over a buyer of goods under (b) of this section, the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by AS 45.29.316(a) and (b).

(d) A buyer in ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.

(e) The provisions of (a) and (b) of this section do not affect a security interest in goods in the possession of the secured party under AS 45.29.313.

Sec. 45.29.321. Licensee of general intangible and lessee of goods in ordinary course of business. (a) In this section, "licensee in ordinary course of business" means a person who becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

(b) A licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor even if the security interest is perfected and the licensee knows of its existence.

(c) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor even if the security interest is perfected and the lessee knows of its existence.

Sec. 45.29.322. Priorities among conflicting security interests in and agricultural liens on same collateral. (a) Except as otherwise provided in this section, priority among conflicting security interests and agricultural liens in the same collateral is determined according to the following rules:

(1) conflicting perfected security interests and agricultural liens rank according to priority in time of filing or perfection; priority dates from the earlier of the time a filing covering the collateral is first made or the security interest or
agricultural lien is first perfected if there is no period thereafter when there is neither filing nor perfection;

(2) a perfected security interest or agricultural lien has priority over a conflicting unperfected security interest or agricultural lien;

(3) the first security interest or agricultural lien to attach or become effective has priority if conflicting security interests and agricultural liens are unperfected.

(b) For the purposes of (a)(1) of this section, the time of filing or perfection as to a security interest in collateral

(1) is also the time of filing or perfection as to a security interest in proceeds; and

(2) supported by a supporting obligation is also the time of filing or perfection as to a security interest in the supporting obligation.

(c) Except as otherwise provided in (f) of this section, a security interest in collateral that qualifies for priority over a conflicting security interest under AS 45.29.327, 45.29.328, 45.29.329, 45.29.330, or 45.29.331 also has priority over a conflicting security interest in

(1) supporting obligation for the collateral; and

(2) proceeds of the collateral if

(A) the security interest in proceeds is perfected;

(B) the proceeds are cash proceeds or of the same type as the collateral; and

(C) in the case of proceeds that are proceeds of proceeds, all intervening proceeds are cash proceeds, proceeds of the same type as the collateral, or an account relating to the collateral.

(d) Subject to (e) of this section and except as otherwise provided in (f) of this section, if a security interest in chattel paper, deposit accounts, negotiable documents, instruments, investment property, or letter-of-credit rights is perfected by a method other than filing, conflicting perfected security interests in proceeds of the collateral rank according to priority in time of filing.

(e) The provisions of (d) of this section apply only if the proceeds of the
collateral are not cash proceeds, chattel paper, negotiable documents, instruments, investment property, or letter-of-credit rights.

(f) The provisions of (a) - (e) of this section are subject to

(1) the provisions of (g) of this section and the other provisions of AS 45.29.301 - 45.29.342;

(2) AS 45.04.210 with respect to a security interest of a collecting bank;

(3) AS 45.05.118 with respect to a security interest of an issuer or nominated person; and

(4) AS 45.29.110 with respect to a security interest arising under AS 45.02 or AS 45.12.

(g) A perfected agricultural lien on collateral has priority over a conflicting security interest in or agricultural lien on the same collateral if the statute creating the agricultural lien so provides.

**Sec. 45.29.323. Future advances.** (a) Except as otherwise provided in (c) of this section, for purposes of determining the priority of a perfected security interest under AS 45.29.322(a)(1), perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that

(1) is made while the security interest is perfected only

(A) under AS 45.29.309 when it attaches; or

(B) temporarily under AS 45.29.312(e), (f), or (g); and

(2) not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under AS 45.29.309 or 45.29.312(e), (f), or (g).

(b) Except as otherwise provided in (c) of this section, a security interest is subordinate to the rights of a person who becomes a lien creditor to the extent that the security interest secures an advance made more than 45 days after the person becomes a lien creditor unless the advance is made

(1) without knowledge of the lien; or

(2) pursuant to a commitment entered into without knowledge of the lien.
(c) The provisions of (a) and (b) of this section do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor.

(d) Except as otherwise provided in (e) of this section, a buyer of goods other than a buyer in ordinary course of business takes free of a security interest to the extent that it secures advances made after the earlier of

(1) the time the secured party acquires knowledge of the buyer's purchase; or

(2) 45 days after the purchase.

(e) The provisions of (d) of this section do not apply if the advance is made pursuant to a commitment entered into without knowledge of the buyer's purchase and before the expiration of the 45-day period.

(f) Except as otherwise provided in (g) of this section, a lessee of goods, other than a lessee in ordinary course of business, takes the leasehold interest free of a security interest to the extent that it secures advances made after the earlier of

(1) the time the secured party acquires knowledge of the lease; or

(2) 45 days after the lease contract becomes enforceable.

(g) The provisions of (f) of this section do not apply if the advance is made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the 45-day period.

Sec. 45.29.324. Priority of purchase money security interests. (a) Except as otherwise provided in (g) of this section, 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 AS 45.29.327, 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.

(b) Subject to (c) of this section and except as otherwise provided in (g) of this section, a perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory
and in proceeds of the chattel paper if so provided in AS 45.29.330, and, except as otherwise provided in AS 45.29.327, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer if

(1) the purchase money security interest is perfected when the debtor receives possession of the inventory;

(2) the purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(4) the notification states that the person sending the notification has or expects to acquire a purchase money security interest in inventory of the debtor and describes the inventory.

(c) The provisions of (b)(2) - (4) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory if the purchase money security interest is

(1) perfected by filing, before the date of the filing; or

(2) temporarily perfected without filing or possession under AS 45.29.312(f) before the beginning of the 20-day period under AS 45.29.312(f).

(d) Subject to (e) of this section and except as otherwise provided in (g) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in AS 45.29.327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority if

(1) the purchase money security interest is perfected when the debtor receives possession of the livestock;

(2) the purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) the holder of the conflicting security interest receives the
notification within six months before the debtor receives possession of the livestock; and

(4) the notification states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.

(e) The provisions of (d)(2) - (4) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock if the purchase money security interest is

(1) perfected by filing before the date of the filing; or

(2) temporarily perfected without filing or possession under AS 45.29.312(f) before the beginning of the 20-day period under AS 45.29.312(f).

(f) Except as otherwise provided in (g) of this section, 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 AS 45.29.327, 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.

(g) If more than one security interest qualifies for priority in the same collateral under (a), (b), (d), or (f) of this section,

(1) 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

(2) in all other cases, AS 45.29.322(a) applies to the qualifying security interests.

Sec. 45.29.325. Priority of security interests in transferred collateral. (a) Except as otherwise provided in (b) of this section, a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if

(1) the debtor acquired the collateral subject to the security interest created by the other person;
(2) the security interest created by the other person was perfected when
the debtor acquired the collateral; and

(3) there is no period after the events described in (1) and (2) of this
subsection when the security interest is unperfected.

(b) The provisions of (a) of this section subordinate a security interest only if
the security interest

(1) otherwise would have priority solely under AS 45.29.322(a) or
45.29.324; or

(2) arose solely under AS 45.02.711(c) or AS 45.12.508(e).

Sec. 45.29.326. Priority of security interests created by new debtor. (a)
Subject to (b) of this section, a security interest created by a new debtor that is
perfected by a filed financing statement that is effective solely under AS 45.29.508 in
collateral in which a new debtor has or acquires rights is subordinate to a security
interest in the same collateral that is perfected other than by a financing statement that
is effective solely under AS 45.29.508.

(b) The other provisions of AS 45.29.301 - 45.29.342 determine the priority
among conflicting security interests in the same collateral perfected by filed financing
statements that are effective solely under AS 45.29.508. However, if the security
agreements to which a new debtor became bound as debtor were not entered into by
the same original debtor, the conflicting security interests rank according to priority
in time of the new debtor's having become bound.

Sec. 45.29.327. Priority of security interests in deposit account. The
following rules govern priority among conflicting security interests in the same deposit
account:

(1) a security interest held by a secured party having control of the
deposit account under AS 45.29.104 has priority over a conflicting security interest
held by a secured party that does not have control;

(2) except as otherwise provided in (3) and (4) of this section, security
interests perfected by control under AS 45.29.314 rank according to priority in time
of obtaining control;

(3) except as otherwise provided in (4) of this section, a security
interest held by the bank with which the deposit account is maintained has priority over a conflicting security interest held by another secured party;

(4) a security interest perfected by control under AS 45.29.104(a)(3) has priority over a security interest held by the bank with which the deposit account is maintained.

Sec. 45.29.328. Priority of security interests in investment property. The following rules govern priority among conflicting security interests in the same investment property:

(1) a security interest held by a secured party having control of investment property under AS 45.29.106 has priority over a security interest held by a secured party that does not have control of the investment property;

(2) except as otherwise provided in (3) and (4) of this section, conflicting security interests held by secured parties each of which has control under AS 45.29.106 rank according to priority in time, if the collateral is

(A) a security, of obtaining control;

(B) a security entitlement carried in a securities account and if the secured party obtained control

(i) under AS 45.08.106(d)(1), of the secured party's becoming the person for which the securities account is maintained;

(ii) under AS 45.08.106(d)(2), of the securities intermediary's agreement to comply with the secured party's entitlement orders with respect to security entitlements carried or to be carried in the securities account; or

(iii) through another person under AS 45.08.106(d)(3), of the time on which priority would be based under this paragraph if the other person were the secured party; or

(C) a commodity contract carried with a commodity intermediary, of the satisfaction of the requirement for control specified in AS 45.29.106(b)(2) with respect to commodity contracts carried or to be carried with the commodity intermediary;

(3) a security interest held by a securities intermediary in a security
entitlement or a securities account maintained with the securities intermediary has
priority over a conflicting security interest held by another secured party;

(4) a security interest held by a commodity intermediary in a
commodity contract or a commodity account maintained with the commodity
intermediary has priority over a conflicting security interest held by another secured
party;

(5) a security interest in a certificated security in registered form that
is perfected by taking delivery under AS 45.29.313(a) and not by control under
AS 45.29.314 has priority over a conflicting security interest perfected by a method
other than control;

(6) conflicting security interests created by a broker, securities
intermediary, or commodity intermediary that are perfected without control under
AS 45.29.106 rank equally;

(7) in all other cases, priority among conflicting security interests in
investment property is governed by AS 45.29.322 and 45.29.323.

Sec. 45.29.329. Priority of security interests in letter-of-credit right. The
following rules govern priority among conflicting security interests in the same letter-
of-credit right:

(1) a security interest held by a secured party having control of the
letter-of-credit right under AS 45.29.107 has priority to the extent of its control over
a conflicting security interest held by a secured party that does not have control;

(2) security interests perfected by control under AS 45.29.314 rank
according to priority in time of obtaining control.

Sec. 45.29.330. Priority of purchaser of chattel paper or instrument. (a)
A purchaser of chattel paper has priority over a security interest in the chattel paper
that is claimed merely as proceeds of inventory subject to a security interest if

(1) in good faith and in the ordinary course of the purchaser's business,
the purchaser gives new value and takes possession of the chattel paper or obtains
control of the chattel paper under AS 45.29.105; and

(2) the chattel paper does not indicate that it has been assigned to an
identified assignee other than the purchaser.
(b) A purchaser of chattel paper has priority over a security interest in the
chattel paper that is claimed other than merely as proceeds of inventory subject to a
security interest if the purchaser gives new value and takes possession of the chattel
paper or obtains control of the chattel paper under AS 45.29.105 in good faith, in the
ordinary course of the purchaser's business, and without knowledge that the purchase
violates the rights of the secured party.

(c) Except as otherwise provided in AS 45.29.327, a purchaser having priority
in chattel paper under (a) or (b) of this section also has priority in proceeds of the
chattel paper to the extent that

(1) AS 45.29.322 provides for priority in the proceeds; or

(2) the proceeds consist of the specific goods covered by the chattel
paper or cash proceeds of the specific goods even if the purchaser's security interest
in the proceeds is unperfected.

(d) Except as otherwise provided in AS 45.29.331(a), a purchaser of an
instrument has priority over a security interest in the instrument perfected by a method
other than possession if the purchaser gives value and takes possession of the
instrument in good faith and without knowledge that the purchase violates the rights
of the secured party.

(e) For purposes of (a) and (b) of this section, the holder of a purchase money
security interest in inventory gives new value for chattel paper constituting proceeds
of the inventory.

(f) For purposes of (b) and (d) of this section, if chattel paper or an instrument
indicates that it has been assigned to an identified secured party other than the
purchaser, a purchaser of the chattel paper or instrument has knowledge that the
purchase violates the rights of the secured party.

Sec. 45.29.331. Priority of rights of purchasers of instruments, documents,
and securities under other chapters; priority of interests in financial assets and
security entitlements under AS 45.08. (a) This chapter does not limit the rights of
a holder in due course of a negotiable instrument, a holder to which a negotiable
document of title has been duly negotiated, or a protected purchaser of a security.
These holders or purchasers take priority over an earlier security interest, even if
perfected, to the extent provided in AS 45.03, AS 45.07, and AS 45.08.

(b) This chapter does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under AS 45.08.

(c) Filing under this chapter does not constitute notice of a claim or defense to the holders, purchasers, or persons described in (a) and (b) of this section.

Sec. 45.29.332. Transfer of money; transfer of funds from deposit account.
(a) A transferee of money takes the money free of a security interest unless the transferee acts in collusion with the debtor in violating the rights of the secured party.

(b) A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account unless the transferee acts in collusion with the debtor in violating the rights of the secured party.

Sec. 45.29.333. Priority of certain liens arising by operation of law. (a) In this section, "possessory lien" means an interest, other than a security interest or an agricultural lien,

1. that secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business;

2. that is created by statute or rule of law in favor of the person; and

3. whose effectiveness depends on the person's possession of the goods.

(b) A possessory lien on goods has priority over a security interest in the goods unless the lien is created by a statute that expressly provides otherwise.

Sec. 45.29.334. Priority of security interests in fixtures and crops. (a) A security interest under this chapter may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this chapter in ordinary building materials incorporated into an improvement on land.

(b) This chapter does not prevent creation of an encumbrance upon fixtures under real property law.

(c) In cases not governed by (d) - (h) of this section, 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.
(d) Except as otherwise provided in (h) of this section, 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

1. the security interest is a purchase money security interest;

2. the interest of the encumbrancer or owner arises before the goods become fixtures; and

3. the security interest is perfected by a fixture filing before the goods become fixtures or within 20 days after the goods become fixtures.

(e) A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if

1. the debtor has an interest of record in the real property or is in possession of the real property and the security interest

   (A) is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and

   (B) has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;

2. before the goods become fixtures, the security interest is perfected by a method permitted by this chapter and the fixtures are readily removable

   (A) factory or office machines;

   (B) equipment that is not primarily used or leased for use in the operation of the real property; or

   (C) replacements of domestic appliances that are consumer goods;

3. the conflicting interest is a lien on the real property obtained by legal or equitable proceedings after the security interest was perfected by a method permitted by this chapter; or

4. the security interest is

   (A) created in a manufactured home in a manufactured home transaction; and

   (B) perfected under a statute described in AS 45.29.311(a)(2).
(f) 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

(1) the encumbrancer or owner has, in an authenticated record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

(2) the debtor has a right to remove the goods as against the encumbrancer or owner.

(g) The priority of the security interest under (f)(2) of this section continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

(h) 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 a recorded mortgage so indicates. Except as otherwise provided in (e) and (f) of this section, a security interest in fixtures is subordinate to a construction mortgage if the mortgage is recorded before the goods become fixtures and 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.

(i) 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.

(j) The provisions of (i) of this section prevail over an inconsistent statute unless that statute contains an exemption that refers specifically to this section.

Sec. 45.29.335. Accessions. (a) A security interest may be created in an accession and continues in collateral that becomes an accession.

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

(c) Except as otherwise provided in (d) of this section, the other provisions of AS 45.29.301 - 45.29.342 determine the priority of a security interest in an accession.

(d) A security interest in an accession is subordinate to a security interest in the whole that is perfected by compliance with the requirements of a certificate of title statute under AS 45.29.311(b).
(e) After default, subject to AS 45.29.601 - 45.29.628, a secured party may remove an accession from other goods if the security interest in the accession has priority over the claims of every person having an interest in the whole.

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

Sec. 45.29.336. Commingled goods.  (a) In this section, "commingled goods" means goods that are physically united with other goods in a manner so that their identity is lost in a product or mass.

(b) A security interest does not exist in commingled goods as such. However, a security interest may attach to a product or mass that results when goods become commingled goods.

(c) If collateral becomes commingled goods, a security interest attaches to the product or mass.

(d) If a security interest in collateral is perfected before the collateral becomes commingled goods, the security interest that attaches to the product or mass under (c) of this section is perfected.

(e) Except as otherwise provided in (f) of this section, the other provisions of AS 45.29.301 - 45.29.342 determine the priority of a security interest that attaches to the product or mass under (c) of this section.

(f) If more than one security interest attaches to the product or mass under (c) of this section, the following rules determine priority:

  (1) a security interest that is perfected under (d) of this section has priority over a security interest that is unperfected at the time the collateral becomes commingled goods;
(2) if more than one security interest is perfected under (d) of this section, the security interests rank equally in proportion to the value of the collateral at the time it became commingled goods.

Sec. 45.29.337. Priority of security interests in goods covered by certificate of title. If, while a security interest in goods is perfected by a method under the law of another jurisdiction, this state issues a certificate of title that does not show that the goods are subject to the security interest or contain a statement that the goods may be subject to security interests not shown on the certificate,

(1) a buyer of the goods, other than a person in the business of selling goods of that kind, takes free of the security interest if the buyer gives value and receives delivery of the goods after issuance of the certificate and without knowledge of the security interest; and

(2) the security interest is subordinate to a conflicting security interest in the goods that attaches, and is perfected under AS 45.29.311(b) after issuance of the certificate and without the conflicting secured party's knowledge of the security interest.

Sec. 45.29.338. Priority of security interest or agricultural lien perfected by filed financing statement providing certain incorrect information. If a security interest or agricultural lien is perfected by a filed financing statement providing information described in AS 45.29.516(b)(5) that is incorrect at the time the financing statement is filed,

(1) the security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

(2) a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of chattel paper, documents, goods, instruments, or a security certificate, receives delivery of the collateral.

Sec. 45.29.339. Priority subject to subordination. This chapter does not
preclude subordination by agreement by a person entitled to priority.

**Sec. 45.29.340. Effectiveness of right of recoupment or setoff against deposit account.** (a) Except as otherwise provided in (c) of this section, a bank with which a deposit account is maintained may exercise a right of recoupment or setoff against a secured party that holds a security interest in the deposit account.

(b) Except as otherwise provided in (c) of this section, the application of this chapter to a security interest in a deposit account does not affect a right of recoupment or setoff of the secured party as to a deposit account maintained with the secured party.

(c) The exercise by a bank of a setoff against a deposit account is ineffective against a secured party that holds a security interest in the deposit account that is perfected by control under AS 45.29.104(a)(3) if the setoff is based on a claim against the debtor.

**Sec. 45.29.341. Bank's rights and duties with respect to deposit account.**

Except as otherwise provided in AS 45.29.340(c), and unless the bank otherwise agrees in an authenticated record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by

(1) the creation, attachment, or perfection of a security interest in the deposit account;

(2) the bank's knowledge of the security interest; or

(3) the bank's receipt of instructions from the secured party.

**Sec. 45.29.342. Bank's right to refuse to enter into or disclose existence of control agreement.** This chapter does not require a bank to enter into an agreement of the kind described in AS 45.29.104(a)(2), even if its customer so requests or directs. A bank that has entered into such an agreement is not required to confirm the existence of the agreement to another person unless requested to do so by its customer.

**Article 4. Rights of Third Parties.**

**Sec. 45.29.401. Alienability of debtor's rights.** (a) Except as otherwise provided in (b) of this section and AS 45.29.406 - 45.29.409, whether a debtor's rights in collateral may be voluntarily or involuntarily transferred is governed by law other than this chapter.
(b) An agreement between the debtor and secured party that prohibits a transfer of the debtor's rights in collateral or makes the transfer a default does not prevent the transfer from taking effect.

Sec. 45.29.402. Secured party not obligated on contract of debtor or in tort. The existence of a security interest, agricultural lien, or authority given to a debtor to dispose of or use collateral, without more, does not subject a secured party to liability in contract or tort for the debtor's acts or omissions.

Sec. 45.29.403. Agreement not to assert defenses against assignee. (a) In this section, the issue of whether an assignment is taken for value is governed by the provisions of AS 45.03.303(a).

(b) Except as otherwise provided in this section, an agreement between an account debtor and an assignor not to assert against an assignee a claim or defense that the account debtor may have against the assignor is enforceable by an assignee that takes an assignment

(1) for value;

(2) in good faith;

(3) without notice of a claim of a property or possessory right to the property assigned; and

(4) without notice of a defense or claim in recoupment of the type that may be asserted against a person entitled to enforce a negotiable instrument under AS 45.03.305(a).

(c) The provisions of (b) of this section do not apply to defenses of a type that may be asserted against a holder in due course of a negotiable instrument under AS 45.03.305(b).

(d) In a consumer transaction, if a record evidences the account debtor's obligation, if law other than this chapter requires that the record include a statement to the effect that the rights of an assignee are subject to claims or defenses that the account debtor could assert against the original obligee, and if the record does not include the statement,

(1) the record has the same effect as if the record included the a statement; and
(2) the account debtor may assert against an assignee the claims and defenses that would have been available if the record included the statement.

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

(f) Except as otherwise provided in (d) of this section, this section does not displace law other than this chapter that gives effect to an agreement by an account debtor not to assert a claim or defense against an assignee.

Sec. 45.29.404. Rights acquired by assignee; claims and defenses against assignee. (a) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to (b) - (e) of this section, the rights of an assignee are subject to

(1) all terms of the agreement between the account debtor and assignor and a defense or claim in recoupment arising from the transaction that gave rise to the contract; and

(2) any other defense or claim of the account debtor against the assignor that accrues before the account debtor receives a notification of the assignment authenticated by the assignor or the assignee.

(b) Subject to (c) of this section and except as otherwise provided in (d) of this section, the claim of an account debtor against an assignor may be asserted against an assignee under (a) of this section only to reduce the amount the account debtor owes.

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

(d) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this chapter requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and the record does not include the statement, the extent to which a claim of an account debtor against the assignor may be asserted against an assignee is determined as if the record included the statement.
(e) This section does not apply to an assignment of a health care insurance receivable.

Sec. 45.29.405. Modification of assigned contract. (a) A modification of or substitution for an assigned contract is effective against an assignee if made in good faith. The assignee acquires corresponding rights under the modified or substituted contract. The assignment may provide that the modification or substitution is a breach of contract by the assignor. This subsection is subject to (b) - (d) of this section.

(b) The provisions of (a) of this section apply to the extent that the right to payment or the right to partial payment

(1) under an assigned contract has not been fully earned by performance; or

(2) has been fully earned by performance and the account debtor has not received notification of the assignment under AS 45.29.406(a).

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

(d) This section does not apply to an assignment of a health care insurance receivable.

Sec. 45.29.406. Discharge of account debtor; notification of assignment; identification and proof of assignment; restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective. (a) Subject to (b) - (i) of this section, an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge its obligation by paying the assignor.

(b) Subject to (h) of this section, notification is ineffective under (a) of this section

(1) if it does not reasonably identify the rights assigned;
(2) to the extent that an agreement between an account debtor and a
seller of a payment intangible limits the account debtor's duty to pay a person other
than the seller and the limitation is effective under law other than this chapter; or

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

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

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

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

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

(d) Except as otherwise provided in (e) of this section, AS 45.29.407, and
AS 45.12.303, and subject to (h) of this section, a term in an agreement between an
account debtor and an assignor or in a promissory note is ineffective to the extent that
it

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

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

(e) The provisions of (d) of this section do not apply to the sale of a payment
intangible or promissory note.

(f) Except as otherwise provided in AS 45.12.303 and AS 45.29.407, and

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subject to (h) and (i) of this section, a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, a governmental body or official, or an 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

(1) 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

(2) provides that the assignment, transfer, 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.

(g) Subject to (h) of this section, an account debtor may not waive or vary its option under (b)(3) of this section.

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

(i) This section does not apply to an assignment of a health care insurance receivable.

Sec. 45.29.407. Restrictions on creation or enforcement of security interest in leasehold interest or in lessor's residual interest. (a) Except as otherwise provided in (b) of this section, a term in a lease agreement is ineffective to the extent that it

(1) prohibits, restricts, or requires the consent of a party to the lease to the assignment, transfer, creation, attachment, perfection, or enforcement of a security interest in an interest of a party under the lease contract or in the lessor's residual interest in the goods; or

(2) provides that the assignment, transfer, 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 lease.

(b) Except as otherwise provided in AS 45.12.303(g), a term described in (a)(2) of this section is effective to the extent that there is

(1) a transfer by the lessee of the lessee's right of possession or use of the goods in violation of the term; or

(2) a delegation of a material performance of either party to the lease contract in violation of the term.

(c) The creation, attachment, perfection, or enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is not a transfer that materially impairs the lessee's prospect of obtaining return performance or materially changes the duty of or materially increases the burden or risk imposed on the lessee within the purview of AS 45.12.303(d) unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the lessor.

Sec. 45.29.408. Restrictions on assignment of promissory notes, health-care-insurance receivables, and certain general intangibles ineffective. (a) Except as otherwise provided in (b) of this section, a term in a promissory note or in an agreement between an account debtor and a debtor that relates to a health care insurance receivable or a general intangible, including a contract, permit, license, or franchise, and that 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

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

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

(b) The provisions of (a) of this section apply to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale
of the payment intangible or promissory note.

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

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

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

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

(1) is not enforceable against the person obligated on the promissory note or the account debtor;

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

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

(4) does not entitle the secured party to use or assign the debtor's rights under the promissory note, health care insurance receivable, or general intangible, including related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health care insurance receivable, or general intangible;
(5) does not entitle the secured party to use, assign, possess, or have access to trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and

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

(e) This section prevails over inconsistent provisions of other statutes unless the other statute contains an exemption that refers specifically to this section.

Sec. 45.29.409. Restrictions on assignment of letter-of-credit rights ineffective. (a) A term in a letter of credit or a rule of law, statute, regulation, custom, or practice applicable to the letter of credit that prohibits, restricts, or requires the consent of an applicant, issuer, or nominated person to a beneficiary's assignment of or creation of a security interest in a letter-of-credit right is ineffective to the extent that the term or rule of law, statute, regulation, custom, or practice

(1) would impair the creation, attachment, or perfection of a security interest in the letter-of-credit right; or

(2) provides that the assignment, transfer, creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the letter-of-credit right.

(b) To the extent that a term in a letter of credit is ineffective under (a) of this section but would be effective under law other than this chapter or a custom or practice applicable to the letter of credit, to the transfer of a right to draw or otherwise demand performance under the letter of credit, or to the assignment of a right to proceeds of the letter of credit, the creation, attachment, or perfection of a security interest in the letter-of-credit right

(1) is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

(2) imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

(3) does not require the applicant, issuer, nominated person, or transferee beneficiary to recognize the security interest, pay or render performance to
the secured party, or accept payment or other performance from the secured party.

**Article 5. Filing.**

**Sec. 45.29.501. Filing office.** (a) Except as otherwise provided in (b) of this section, if the law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is

(1) the office designated for the recording of a mortgage on the related real property if

(A) the collateral is as-extracted collateral or timber to be cut; or

(B) the financing statement is filed for record as a fixture filing and the collateral is goods that are or are to become fixtures; or

(2) in all other cases, the central filing office of the Department of Natural Resources established under AS 44.37.027, including a case in which the collateral consists of goods that are or are to become fixtures and the financing statement is not filed for record as a fixture filing.

(b) The office in which to file a financing statement to perfect a security interest in collateral, including fixtures, of a transmitting utility is the central filing office of the Department of Natural Resources established under AS 44.37.027. The financing statement also constitutes a fixture filing as to the collateral indicated in the financing statement that is or is to become fixtures.

**Sec. 45.29.502. Contents of financing statement; mortgage as financing statement; time of filing financing statement.** (a) Subject to (b) of this section, a financing statement is sufficient only if it

(1) provides the name of the debtor;

(2) provides the name of the secured party or a representative of the secured party; and

(3) indicates the collateral covered by the financing statement.

(b) Except as otherwise provided in AS 45.29.501(b), to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or that is filed as a fixture filing and covers goods that are or are to become fixtures, must
(1) satisfy (a) of this section;

(2) indicate that the financing statement covers this type of collateral;

(3) indicate that the financing statement is to be filed for record in the real property records;

(4) provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of this state if the description were contained in the mortgage of the real property; and

(5) if the debtor does not have an interest of record in the real property, provide the name of a record owner.

(c) A mortgage is effective from the date of recording as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if

(1) the mortgage indicates the goods or accounts that it covers;

(2) the goods are or are to become fixtures related to the real property described in the mortgage or the collateral is related to the real property described in the mortgage and is as-extracted collateral or timber to be cut;

(3) the mortgage satisfies the requirements for a financing statement in this section other than an indication that it is to be filed in the real property records; and

(4) the mortgage is recorded.

(d) A financing statement may be filed before a security agreement is made or a security interest otherwise attaches.

Sec. 45.29.503. Name of debtor and secured party. (a) A financing statement sufficiently provides the name of the debtor

(1) if the debtor is a registered organization, only if the financing statement provides the name of the debtor indicated on the public record of the debtor's jurisdiction of organization that shows the debtor to have been organized;

(2) if the debtor is a decedent's estate, only if the financing statement provides the name of the decedent and indicates that the debtor is an estate;

(3) if the debtor is a trust or a trustee acting with respect to property held in trust, only if the financing statement

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

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

(4) in other cases, if the debtor

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

(B) does not have a name, only if the financing statement provides the names of the partners, members, associates, or other persons comprising the debtor.

(b) A financing statement that provides the name of the debtor in accordance with (a) of this section is not rendered ineffective by the absence of

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

(2) unless required under (a)(4)(B) of this section, names of partners, members, associates, or other persons comprising the debtor.

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

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

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

Sec. 45.29.504. Indication of collateral. A financing statement sufficiently indicates the collateral that it covers if the financing statement provides

(1) a description of the collateral pursuant to AS 45.29.108; or

(2) an indication that the financing statement covers all assets or all personal property.

Sec. 45.29.505. Filing and compliance with other statutes and treaties for consignments, leases, other bailments, and other transactions. (a) A consignor,
lessor, or other bailor of goods, a licensor, or a buyer of a payment intangible or promissory note may file a financing statement or may comply with a statute, regulation, or treaty described in AS 45.29.311(a) using the terms "consignor," "consignee," "lessor," "lessee," "bailor," "bailee," "licensor," "licensee," "owner," "registered owner," "buyer," "seller," or words of similar import instead of the terms "secured party" and "debtor."

(b) AS 45.29.501 - 45.29.525 apply to the filing of a financing statement under (a) of this section and, as appropriate, to compliance that is equivalent to filing a financing statement under AS 45.29.311(b), but the filing or compliance is not of itself a factor in determining whether the collateral secures an obligation. If it is determined for another reason that the collateral secures an obligation, a security interest held by the consignor, lessor, bailor, licensor, owner, or buyer that attaches to the collateral is perfected by the filing or compliance.

Sec. 45.29.506. Effect of errors or omissions. (a) A financing statement substantially satisfying the requirements of AS 45.29.501 - 45.29.525 is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading.

(b) Except as otherwise provided in (c) of this section, a financing statement that fails sufficiently to provide the name of the debtor in accordance with AS 45.29.503(a) is seriously misleading.

(c) If a search of the records of the filing office under the debtor's correct name, using the filing office's standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with AS 45.29.503(a), the name provided does not make the financing statement seriously misleading.

(d) For purposes of AS 45.29.508(b), the "debtor's correct name" in (c) of this section means the correct name of the new debtor.

Sec. 45.29.507. Effect of certain events on effectiveness of financing statement. (a) A filed financing statement remains effective with respect to collateral that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest or agricultural lien continues even if the secured party knows of or
consents to the disposition.

(b) Except as otherwise provided in (c) of this section and AS 45.29.508, a financing statement is not rendered ineffective if, after the financing statement is filed, the information provided in the financing statement becomes seriously misleading under AS 45.29.506.

(c) If a debtor changes its name sufficiently to cause a filed financing statement to become seriously misleading under AS 45.29.506, the financing statement is

(1) effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the change; and

(2) not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change unless an amendment to the financing statement that renders the financing statement not seriously misleading is filed within four months after the change.

Sec. 45.29.508. Effectiveness of financing statement if new debtor becomes bound by security agreement. (a) Except as otherwise provided in this section, a filed financing statement naming an original debtor is effective to perfect a security interest in collateral in which a new debtor has or acquires rights to the extent that the financing statement would have been effective had the original debtor acquired rights in the collateral.

(b) If the difference between the name of the original debtor and that of the new debtor causes a filed financing statement that is effective under (a) of this section to be seriously misleading under AS 45.29.506, the financing statement is

(1) effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under AS 45.29.203(d); and

(2) not effective to perfect a security interest in collateral acquired by the new debtor more than four months after the new debtor becomes bound under AS 45.29.203(d) unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

(c) This section does not apply to collateral as to which a filed financing
statement remains effective against the new debtor under AS 45.29.507(a).

Sec. 45.29.509. Persons entitled to file a record. (a) 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

(1) the debtor authorizes the filing in an authenticated record or pursuant to (b) or (c) of this section; or

(2) 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.

(b) By authenticating 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

(1) the collateral described in the security agreement; and

(2) property that becomes collateral under AS 45.29.315(a)(2), whether or not the security agreement expressly covers proceeds.

(c) By acquiring collateral in which a security interest or agricultural lien continues under AS 45.29.315(a)(1), a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under AS 45.29.315(a)(2).

(d) 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

(1) the secured party of record authorizes the filing; or

(2) the amendment 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 required under AS 45.29.513(a) or (c), the debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

(e) 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 (d) of this section.

Sec. 45.29.510. Effectiveness of filed record. (a) A filed record is effective
only to the extent that it was filed by a person who may file it under AS 45.29.509.

(b) A record authorized by one secured party of record does not affect the
financing statement with respect to another secured party of record.

(c) A continuation statement that is not filed within the six-month period
prescribed by AS 45.29.515(d) is ineffective.

Sec. 45.29.511. Secured party of record. (a) A secured party of record with
respect to a financing statement is a person whose name is provided as the name of
the secured party or a representative of the secured party in an initial financing
statement that has been filed. If an initial financing statement is filed under
AS 45.29.514(a), the assignee named in the initial financing statement is the secured
party of record with respect to the financing statement.

(b) If an amendment of a financing statement that provides the name of a
person as a secured party or a representative of a secured party is filed, the person
named in the amendment is a secured party of record. If an amendment is filed under
AS 45.29.514(b), the assignee named in the amendment is a secured party of record.

(c) A person remains a secured party of record until the filing of an
amendment of the financing statement that deletes the person.

Sec. 45.29.512. Amendment of financing statement. (a) Subject to
AS 45.29.509, a person may add or delete collateral covered by, continue or terminate
the effectiveness of, or, subject to (e) of this section, otherwise amend the information
provided in, a financing statement by filing an amendment that

(1) identifies by its file number the initial financing statement to which
the amendment relates; and

(2) if the amendment relates to an initial financing statement filed or
recorded in a filing office described in AS 45.29.501(a)(1), provides the date that the
initial financing statement was filed or recorded and the information specified in
AS 45.29.502(b).

(b) Except as otherwise provided in AS 45.29.515, the filing of an amendment
does not extend the period of effectiveness of the financing statement.

(c) A financing statement that is amended by an amendment that adds
collateral is effective as to the added collateral only from the date of the filing of the
amendment.

(d) A financing statement that is amended by an amendment that adds a debtor is effective as to the added debtor only from the date of the filing of the amendment.

(e) An amendment is ineffective to the extent it purports to delete all

(1) debtors and fails to provide the name of a debtor to be covered by the financing statement; or

(2) secured parties of record and fails to provide the name of a new secured party of record.

Sec. 45.29.513. Termination statement. (a) 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

(1) 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

(2) the debtor did not authorize the filing of the initial financing statement.

(b) To comply with (a) of this section, a secured party shall cause the secured party of record to file the termination statement

(1) within one 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

(2) if earlier, within 20 days after the secured party receives an authenticated demand from a debtor.

(c) In cases not governed by (a) of this section, within 20 days after a secured party receives an authenticated 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

(1) 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;

(2) 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;

(3) the financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) the debtor did not authorize the filing of the initial financing statement.

(d) Except as otherwise provided in AS 45.29.510, upon the filing of a termination statement in the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as otherwise provided in AS 45.29.510, for purposes of AS 45.29.519(g), 45.29.522(a), and 45.29.523(c), the filing in the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

Sec. 45.29.514. Assignment of powers of secured party of record. (a) Except as otherwise provided in (c) of this section, an initial financing statement may reflect an assignment of all of the secured party's power to authorize an amendment to the financing statement by providing the name and mailing address of the assignee as the name and address of the secured party.

(b) Except as otherwise provided in (c) of this section, a secured party of record may assign of record all or part of its power to authorize an amendment to a financing statement by filing in the filing office an amendment of the financing statement that

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

(2) provides the name of the assignor; and

(3) provides the name and mailing address of the assignee.

(c) An assignment of record of a security interest in a fixture covered by a mortgage that is effective as a financing statement filed as a fixture filing under AS 45.29.502(c) may be made only by an assignment of record of the mortgage in the
manner provided by law of this state other than the code.

Sec. 45.29.515. Duration and effectiveness of financing statement; effect of lapsed financing statement. (a) Except as otherwise provided in (b) and (e) - (g) of this section, a filed financing statement is effective for a period of five years after the date of filing.

(b) Except as otherwise provided in (e) - (g) of this section, an initial financing statement filed in connection with a manufactured home transaction is effective for a period of 30 years after the date of filing if it indicates that it is filed in connection with a manufactured home transaction.

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

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

(e) Except as otherwise provided in AS 45.29.510, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in (c) of this section unless, before the lapse, another continuation statement is filed under (d) of this section. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

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

(g) A mortgage that is effective as a financing statement filed as a fixture filing under AS 45.29.502(c) remains effective as a financing statement filed as a
fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Sec. 45.29.516. What constitutes filing; effectiveness of filing. (a) Except as otherwise provided in (b) of this section, communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

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

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

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

(3) the filing office is unable to index the record because, in the case of

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

(B) an amendment or correction statement, the record

(i) does not identify the initial financing statement as required by AS 45.29.512 or 45.29.518, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under AS 45.29.515;

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

(D) a record filed in the filing office described in AS 45.29.501(a)(1) that relates to real property, the record does not provide a sufficient description of the real property to which it relates;

(E) a fixture filing or other filing allowed to be filed for record in a filing office described in AS 45.29.501(a)(1), the filing does not provide
the name of the debtor and record owner;

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

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

       (A) provide a mailing address for the debtor;

       (B) indicate whether the debtor is an individual or an
organization; or

       (C) if the financing statement indicates that the debtor is an
organization, provide

           (i) a type of organization for the debtor;

           (ii) a jurisdiction of organization for the debtor; or

           (iii) an organizational identification number for the
debtor or indicate that the debtor does not have an organizational
identification number;

   (6) in the case of an assignment reflected in an initial financing
statement under AS 45.29.514(a) or an amendment filed under AS 45.29.514(b), the
record does not provide a name and mailing address for the assignee; or

   (7) in the case of a continuation statement, the record is not filed within
the six-month period prescribed by AS 45.29.515(d).

   (c) For purposes of (b) of this section, a record

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

       (2) that does not indicate that it is an amendment or identify an initial
financing statement to which it relates as required by AS 45.29.512, 45.29.514, or
45.29.518 is an initial financing statement.

   (d) A record that is communicated to the filing office with tender of the filing
fee, but which the filing office refuses to accept for a reason other than one set out in
(b) of this section, is effective as a filed record except as against a purchaser of the
collateral who gives value in reasonable reliance on the absence of the record from the
files.

Sec. 45.29.517. Effect of indexing errors. The failure of the filing office to
index a record correctly does not affect the effectiveness of the filed record.

Sec. 45.29.518. Claim concerning inaccurate or wrongfully filed record.
(a) A person may file in the filing office a correction statement with respect to a
record indexed there under the person's name if the person believes that the record is
inaccurate or was wrongfully filed.

(b) A correction statement must

(1) identify the record to which it relates by

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

(B) if the correction statement relates to a record filed for
record in a filing office described in AS 45.29.501(a)(1), the date that the
initial financing statement was filed for record and the information specified
in AS 45.29.502(b);

(2) indicate that it is a correction statement; and

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

(c) The filing of a correction statement does not affect the effectiveness of an
initial financing statement or other filed record.

Sec. 45.29.519. Numbering, maintaining, and indexing records;
communicating information provided in records. (a) For each record filed in a
filing office, the filing office shall

(1) assign a unique number to the filed record;

(2) create a record that bears the number assigned to the filed record
and the date and time of filing;

(3) maintain the filed record for public inspection; and

(4) index the filed record in accordance with (c) - (e) of this section.
(b) Except as otherwise provided in (i) of this section, a file number assigned after January 1, 2002, must include a digit that

(1) is mathematically derived from or related to the other digits of the file number; and

(2) aids the filing office in determining whether a number communicated as the file number includes a single digit or transpositional error.

(c) Except as otherwise provided in (d) and (e) of this section, the filing office shall index

(1) an initial financing statement according to the name of the debtor and index all filed records relating to the initial financing statement in a manner that associates with one another an initial financing statement and all filed records relating to the initial financing statement; and

(2) a record that provides a name of a debtor that was not previously provided in the financing statement to which the record relates also according to the name that was not previously provided.

(d) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, it must be filed for record and the filing office shall index it

(1) under the names of the debtor and of each owner of record shown on the financing statement as if they were the mortgagors under a mortgage of the real property described; and

(2) to the extent that the law of this state provides for indexing of mortgages under the name of the mortgagee, under the name of the secured party as if the secured party were the mortgagee thereunder, or, if indexing is by description, as if the financing statement were a mortgage of the real property described.

(e) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, the filing office shall index an assignment filed under AS 45.29.514(a) or an amendment filed under AS 45.29.514(b)

(1) under the name of the assignor as grantor; and

(2) to the extent that the law of this state provides for indexing a record of the assignment of a mortgage under the name of the assignee, under the name of
the assignee.

(f) The filing office shall maintain a capability to

(1) retrieve a record by the name of the debtor and, if the filing office

is described in

(A) AS 45.29.501(a)(1), by the file number assigned to the

initial financing statement to which the record relates and the date that the

record was filed for record; or

(B) AS 45.29.501(a)(2), by the file number assigned to the

initial financing statement to which the record relates; and

(2) associate and retrieve with one another an initial financing statement

and each filed record relating to the initial financing statement.

(g) The filing office may not remove a debtor's name from the index until one

year after the effectiveness of a financing statement naming the debtor lapses under

AS 45.29.515 with respect to all secured parties of record.

(h) Except as otherwise provided in (i) of this section, the filing office shall

perform the acts required by (a) - (e) of this section at the time and in the manner

prescribed by filing office regulations, but not later than two business days after the

filing office receives the record in question.

(i) The requirements of (b) and (h) of this section do not apply to a filing

office described in AS 45.29.501(a)(1).

Sec. 45.29.520. Acceptance and refusal to accept record. (a) A filing office

shall refuse to accept a record for filing for a reason set out in AS 45.29.516(b) and

may refuse to accept a record for filing only for a reason set out in AS 45.29.516(b).

(b) If a filing office refuses to accept a record for filing, the filing office shall

communicate to the person who presented the record the fact of and reason for the

refusal and the date and time the record would have been filed had the filing office

accepted it. The communication must be made at the time and in the manner

prescribed by filing office regulation but, in the case of a filing office described in

AS 45.29.501(a)(2), no more than two business days after the filing office receives the

record.

(c) A filed financing statement satisfying AS 45.29.502(a) and (b) is effective
even if the filing office is required to refuse to accept it for filing under (a) of this section. However, AS 45.29.338 applies to a filed financing statement providing information described in AS 45.29.516(b)(5) that is incorrect at the time the financing statement is filed.

(d) If a record communicated to a filing office provides information that relates to more than one debtor, AS 45.29.501 - 45.29.525 applies as to each debtor separately.

Sec. 45.29.521. Uniform form of written financing statement and amendment. (a) A filing office that accepts written records may not refuse to accept a written initial financing statement in the following form and format except for a reason set out in AS 45.29.516(b):
### UCC Financing Statement

**1. Debtor**

- **Name:** [ ]
- **Organizational Name:** [ ]
- **Address:** [ ]

**2. Tax ID Number:** [ ]

**3. Type of Organization:** [ ]

**4. Type of Financing:** [ ]

**5. Type of Collateral:** [ ]

**6. State of Delivery:** [ ]

**7. Mailing Address:** [ ]

**8. Additional Debtor:** [ ]

**9. Additional Tax ID:** [ ]

**10. Additional Type of Organization:** [ ]

**11. Additional Type of Collateral:** [ ]

**12. Additional State of Delivery:** [ ]

**13. Additional Mailing Address:** [ ]

**14. Additional Name:** [ ]

**15. Additional Organization:** [ ]

**16. Additional Tax ID:** [ ]

**17. Additional Type of Organization:** [ ]

**18. Additional State of Delivery:** [ ]

**19. Additional Mailing Address:** [ ]

**20. Additional Name:** [ ]

**21. Additional Organization:** [ ]

**22. Additional Tax ID:** [ ]

**23. Additional Type of Organization:** [ ]

**24. Additional State of Delivery:** [ ]

**25. Additional Mailing Address:** [ ]

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**New Text Underlined:** [DELETED TEXT BRACKETED]
(b) 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 out in AS 45.29.516(b):
Sec. 45.29.522. Maintenance and destruction of records. (a) The filing office shall maintain a record of the information provided in a filed financing statement for at least one year after the effectiveness of the financing statement has lapsed under AS 45.29.515 with respect to all secured parties of record. The record must be
retrievable by using the name of the debtor and,

(1) if the record was filed for record in the filing office described in AS 45.29.501(a)(1), by using the file number assigned to the initial financing statement to which the record relates and the date that the record was filed for record; or

(2) if the record was filed in the filing office described in AS 45.29.501(a)(2), by using the file number assigned to the initial financing statement to which the record relates.

(b) Except to the extent that a statute governing disposition of public records provides otherwise, the filing office immediately may destroy a written record evidencing a financing statement. However, if the filing office destroys a written record, it shall maintain another record of the financing statement that complies with (a) of this section.

Sec. 45.29.523. Information from filing office; sale or license of records.

(a) If a person who files a written record requests an acknowledgment of the filing, the filing office shall send to the person an image of the record showing the number assigned to the record under AS 45.29.519(a)(1) and the date and time of the filing of the record. However, if the person furnishes a copy of the record to the filing office, the filing office may instead

(1) note on the copy the number assigned to the record under AS 45.29.519(a)(1) and the date and time of the filing of the record; and

(2) send the copy to the person.

(b) If a person files a record other than a written record, the filing office shall communicate to the person an acknowledgment that provides

(1) the information in the record;

(2) the number assigned to the record under AS 45.29.519(a)(1); and

(3) the date and time of the filing of the record.

(c) The filing office shall communicate or otherwise make available in a record the following information to a person who requests it:

(1) whether there is on file on a date and time specified by the filing office, but not a date earlier than three business days before the filing office receives the request, a financing statement that
(A) designates a particular debtor;

(B) has not lapsed under AS 45.29.515 with respect to all secured parties of record; and

(C) if the request so states, has lapsed under AS 45.29.515 and a record of which is maintained by the filing office under AS 45.29.522(a);

(2) the date and time of filing of each financing statement; and

(3) the information provided in each financing statement.

(d) In complying with its duty under (c) of this section, the filing office may communicate information in any medium. However, if requested, the filing office shall communicate information by issuing its written certificate.

(e) The filing office shall perform the acts required by (a) - (d) of this section at the time and in the manner prescribed by filing office regulations but, in the case of a filing office described in AS 45.29.501(a)(2), not later than two business days after the filing office receives the request.

(f) At least bi-weekly, the filing office described in AS 45.29.501(a)(2) shall offer to sell or license to the public on a nonexclusive basis, in bulk, copies of all records filed in it under AS 45.29.501 - 45.29.525, in every medium from time to time available to the filing office.

Sec. 45.29.524. Delay by filing office. Delay by the filing office beyond a time limit prescribed by AS 45.29.501 - 45.29.525 is excused if

(1) the delay is caused by interruption of communication or computer facilities, war, emergency conditions, failure of equipment, or other circumstances beyond control of the filing office; and

(2) the filing office exercises reasonable diligence under the circumstances.

Sec. 45.29.525. Fees. The Department of Natural Resources shall adopt regulations that set the fees for

(1) recording or filing and indexing a document under AS 45.29.501 - 45.29.525; and

(2) responding to a request for information or copies from the filing office, including for communicating whether there is on file a financing statement.
naming a particular debtor.

Article 6. Default.

Sec. 45.29.601. Rights after default; judicial enforcement; consignor or buyer of accounts, chattel paper, payment intangibles, or promissory notes. (a) After default, a secured party has the rights provided in AS 45.29.601 - 45.29.628 and, except as otherwise provided in AS 45.29.602, those provided by agreement of the parties. A secured party

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by available judicial procedures; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods the documents cover.

(b) A secured party in possession of collateral or control of collateral under AS 45.29.104, 45.29.105, 45.29.106, or 45.29.107 has the rights and duties provided in AS 45.29.207.

(c) The rights under (a) and (b) of this section are cumulative and may be exercised simultaneously.

(d) Except as otherwise provided in (g) of this section and AS 45.29.605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) If a secured party has reduced its claim to judgment, the lien of a levy that may be made upon the collateral by virtue of an execution based on the judgment relates back to the earliest of the date

(1) of perfection of the security interest or agricultural lien in the collateral;

(2) of filing a financing statement covering the collateral; or

(3) specified in a statute under which the agricultural lien was created.

(f) 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 chapter.

(g) Except as otherwise provided in AS 45.29.607(c), 45.29.601 - 45.29.628
imposes no duties on a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

Sec. 45.29.602. Waiver and variance of rights and duties. Except as otherwise provided in AS 45.29.624, to the extent that they give rights to a debtor or obligor and impose duties on a secured party, the debtor or obligor may not waive or vary the rules stated in the following sections:

(1) AS 45.29.207(b)(4)(C), which deals with use and operation of the collateral by the secured party;

(2) AS 45.29.210, which deals with requests for an accounting and requests concerning a list of collateral and statement of account;

(3) AS 45.29.607(c), which deals with collection and enforcement of collateral;

(4) AS 45.29.608(a) and 45.29.615(c) to the extent that they deal with application or payment of noncash proceeds of collection, enforcement, or disposition;

(5) AS 45.29.608(a) and 45.29.615(d) to the extent that they require accounting for or payment of surplus proceeds of collateral;

(6) AS 45.29.609 to the extent that it imposes on a secured party that takes possession of collateral without judicial process the duty to do so without breach of the peace;

(7) AS 45.29.610(b), 45.29.611, 45.29.613, and 45.29.614, which deal with disposition of collateral;

(8) AS 45.29.615(f), which deals with calculation of a deficiency or surplus when a disposition is made to the secured party, a person related to the secured party, or a secondary obligor;

(9) AS 45.29.616, which deals with explanation of the calculation of a surplus or deficiency;

(10) AS 45.29.620 - 45.29.622, which deal with acceptance of collateral in satisfaction of obligation;

(11) AS 45.29.623, which deals with redemption of collateral;

(12) AS 45.29.624, which deals with permissible waivers; and

(13) AS 45.29.625 and 45.29.626, which deal with the secured party's
liability for failure to comply with this chapter.

Sec. 45.29.603. Agreement on standards concerning rights and duties. (a)

The parties may determine by agreement the standards measuring the fulfillment of the rights of a debtor or obligor and the duties of a secured party under a rule stated in AS 45.29.602 if the standards are not manifestly unreasonable.

(b) The provisions of (a) of this section do not apply to the duty under AS 45.29.609 to refrain from breaching the peace.

Sec. 45.29.604. Procedure if security agreement covers real property or fixtures. (a) If a security agreement covers both personal and real property, a secured party may proceed

(1) under AS 45.29.601 - 45.29.628 as to the personal property without prejudicing any rights with respect to the real property; or

(2) as to both the personal property and the real property in accordance with the rights with respect to the real property, in which case the other provisions of AS 45.29.601 - 45.29.628 do not apply.

(b) Subject to (c) of this section, if a security agreement covers goods that are or become fixtures, a secured party may proceed

(1) under AS 45.29.601 - 45.29.628; or

(2) in accordance with the rights with respect to real property, in which case the other provisions of AS 45.29.601 - 45.29.628 do not apply.

(c) Subject to the other provisions of AS 45.29.601 - 45.29.628, if a secured party holding a security interest in fixtures has priority over all owners and encumbrancers of the real property, the secured party, after default, may remove the collateral from the real property.

(d) A secured party that removes collateral shall promptly reimburse an encumbrancer or owner of the real property, other than the debtor, for the cost of repair of physical injury caused by the removal. The secured party need not reimburse the encumbrancer or owner for diminution in value of the real property caused by the absence of the goods removed or by the necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.
Sec. 45.29.605. Unknown debtor or secondary obligor. A secured party does not owe a duty based on its status as secured party to

(1) a person who is a debtor or obligor unless the secured party knows
   (A) that the person is a debtor or obligor;
   (B) the identity of the person; and
   (C) how to communicate with the person; or

(2) a secured party or lienholder that has filed a financing statement against a person unless the secured party knows
   (A) that the person is a debtor; and
   (B) the identity of the person.

Sec. 45.29.606. Time of default for agricultural lien. For purposes of AS 45.29.601 - 45.29.628, a default occurs in connection with an agricultural lien at the time the secured party becomes entitled to enforce the lien in accordance with the statute under which it was created.

Sec. 45.29.607. Collection and enforcement by secured party. (a) If so agreed and, in any event, after default, a secured party

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

(2) may take proceeds to which the secured party is entitled under AS 45.29.315;

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

(4) if it holds a security interest in a deposit account perfected by control under AS 45.29.104(a)(1), may apply the balance of the deposit account to the obligation secured by the deposit account; and

(5) if it holds a security interest in a deposit account perfected by
control under AS 45.29.104(a)(2) or (3), may instruct the bank to pay the balance of
the deposit account to or for the benefit of the secured party.

(b) If necessary to enable a secured party to exercise under (a)(3) of this
section the right of a debtor to enforce a mortgage nonjudicially, the secured party may
record in the office in which the mortgage is recorded

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

(2) the secured party's sworn affidavit in recordable form stating that
(A) a default has occurred; and
(B) the secured party is entitled to enforce the mortgage
nonjudicially.

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

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

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

(d) A secured party may deduct from the collections made under (c) of this
section reasonable expenses of collection and enforcement, including reasonable
attorney fees and legal expenses incurred by the secured party.

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

Sec. 45.29.608. Application of proceeds of collection or enforcement;
liability for deficiency and right to surplus. (a) If a security interest or agricultural
lien secures payment or performance of an obligation, the following rules apply:

(1) a secured party shall apply or pay over for application the cash
proceeds of collection or enforcement under AS 45.29.607 in the following order to
(A) the reasonable expenses of collection and enforcement and,
to the extent provided for by agreement and not prohibited by law, reasonable
attorney 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 collection or enforcement is made; and

(C) the satisfaction of obligations secured by a 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 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 complies, the secured party need not comply with the holder's demand under (1)(C) of this subsection;

(3) a secured party need not apply or pay over for application noncash proceeds of collection and enforcement under AS 45.29.607 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) a secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

(b) 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. 45.29.609. Secured party's right to take possession after default. (a) After default, a secured party

(1) may take possession of the collateral; and

(2) without removal, may render equipment unusable and dispose of collateral on a debtor's premises under AS 45.29.610.

(b) A secured party may proceed under subsection (a) of this section

(1) in accordance with judicial process; or

(2) without judicial process if it proceeds without breach of the peace.

(c) If so agreed and, in any event, after default, a secured party may require the debtor to assemble the collateral and make it available to the secured party at a place to be designated by the secured party that is reasonably convenient to both
parties.

**Sec. 45.29.610. Disposition of collateral after default.** (a) After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following commercially reasonable preparation or processing.

(b) Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(c) A secured party may purchase collateral

(1) at a public disposition; or

(2) at a private disposition only if the collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations.

(d) A contract for sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like that by operation of law accompany a voluntary disposition of property of the kind subject to the contract.

(e) A secured party may disclaim or modify warranties under (d) of this section

(1) in a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition; or

(2) by communicating to the purchaser a record evidencing the contract for disposition and including an express disclaimer or modification of the warranties.

(f) A record is sufficient to disclaim warranties under (e) of this section if it indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

**Sec. 45.29.611. Notification before disposition of collateral.** (a) In this section, "notification date" means the earlier of the date on which
(1) a secured party sends to the debtor and any secondary obligor an
authenticated notification of disposition; or

(2) the debtor and any secondary obligor waive the right to notification.

(b) Except as otherwise provided in (d) of this section, a secured party that
disposes of collateral under AS 45.29.610 shall send to the persons specified in (c) of
this section a reasonable authenticated notification of disposition.

(c) To comply with (b) of this section, the secured party shall send an
authenticated notification of disposition to

(1) the debtor;

(2) any secondary obligor; and

(3) if the collateral is other than consumer goods,

   (A) any other person from which the secured party has received,
   before the notification date, an authenticated notification of a claim of an
   interest in the collateral;

   (B) 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

   (C) 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 AS 45.29.311(a).

(d) The provisions of (b) of this section do 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.

(e) A secured party complies with the requirement for notification prescribed
by (c)(3)(B) of this section if

(1) 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 (c)(3)(B) of this section; and

(2) before the notification date, the secured party

(A) did not receive a response to the request for information;

or

(B) received a response to the request for information and sent

an authenticated notification of disposition to each secured party or other

lienholder named in that response whose financing statement covered the
collateral.

Sec. 45.29.612. Timeliness of notification before disposition of collateral.

(a) Except as otherwise provided in (b) of this section, whether a notification is sent

within a reasonable time is a question of fact.

(b) In a transaction other than a consumer transaction, a notification of

disposition sent after default and 10 days or more before the earliest time of

disposition set out in the notification is sent within a reasonable time before the
disposition.

Sec. 45.29.613. General notification before disposition of collateral. Except

in a consumer goods transaction, the following rules apply:

(1) the contents of a notification of disposition are sufficient if the

notification

(A) describes the debtor and the secured party;

(B) describes the collateral that is the subject of the intended

disposition;

(C) states the method of intended disposition;

(D) states that the debtor is entitled to an accounting of the

unpaid indebtedness and states the charge, if any, for an accounting; and

(E) states the time and place of a public disposition or the time

after which any other disposition is to be made;

(2) whether the contents of a notification that lacks any of the

information specified in (1) of this section are nevertheless sufficient is a question of
fact;

(3) the contents of a notification providing substantially the information specified in (1) of this section are sufficient even if the notification includes

(A) information not specified by that paragraph; or

(B) minor errors that are not seriously misleading;

(4) a particular phrasing of the notification is not required;

(5) the following form of notification and the form appearing in AS 45.29.614(3), when completed, 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)

Name of Debtor(s): (Include only if debtor(s) are not an addressee)

(For a public disposition:)

We will sell (or lease or license, as applicable) the (describe collateral) (to the highest qualified bidder) in public as follows:

Day and Date: 

Time: 

Place: 

(For a private disposition:)

We will sell (or lease or license, as applicable) the (describe collateral) privately sometime after (day and date). 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 request an accounting by calling us at (telephone number).

Sec. 45.29.614. Notification before disposition of collateral in consumer goods transaction. In a consumer goods transaction, the following rules apply:

(1) a notification of disposition must provide the following information:

(A) the information specified in AS 45.29.613(1);
(B) a description of any liability for a deficiency of the person to which the notification is sent;

(C) a telephone number from which the amount that must be paid to the secured party to redeem the collateral under AS 45.29.623 is available; and

(D) a telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

(2) a particular phrasing of the notification is not required;

(3) the following form of notification, when completed, 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 Transaction)____

We have your ____ (describe collateral) ____ , because you broke promises in our agreement.

(For a public disposition:)

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:)

We will sell ____ (describe collateral) ____ at private sale sometime after ____ (date) ____. A sale could include a lease or license.

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.

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).

If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us at (telephone number) (or write us at (secured party's address)) and request a written explanation. (We will charge you $ for the explanation if we sent you another written explanation of the amount you owe us within the last six months.)

If you need more information about the sale call us at (telephone number) (or write us at (secured party's address)).

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) A notification in the form of (3) of this section is sufficient even if additional information appears at the end of the form;

(5) A notification in the form of (3) of this section is sufficient even if it includes errors in information not required by (1) of this section unless the error is misleading with respect to rights arising under this chapter;

(6) If a notification under this section is not in the form set out in (3) of this section, law other than this chapter determines the effect of including information not required by (1) of this section.

Sec. 45.29.615. Application of proceeds of disposition; liability for deficiency and right to surplus. (a) A secured party shall apply or pay over for application the cash proceeds of disposition under AS 45.29.610 in the following order:

(1) 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 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 disposition is made;

(3) the satisfaction of obligations secured by any subordinate security
interest in or other subordinate lien on the collateral if

(A) the secured party receives from the holder of the
subordinate security interest or other lien an authenticated demand for proceeds
before distribution of the proceeds is completed; and

(B) 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

(4) a secured party that is a consignor of the collateral if the secured
party receives from the consignor an authenticated 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 does so, the secured party need not comply with the holder's
demand under (a)(3) of this section.

(c) A secured party need not apply or pay over for application noncash
proceeds of disposition under AS 45.29.610 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) 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 (a) of this section and permitted by (c) of this section,

(1) unless (a)(4) of this section 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

(2) the obligor is liable for any deficiency.

(e) If the underlying transaction is a sale of accounts, chattel paper, payment
intangibles, or promissory notes,

1  (1) the debtor is not entitled to any surplus; and
2  (2) the obligor is not liable for any deficiency.

(f) The surplus or deficiency after a disposition is calculated based on the
amount of proceeds that would have been realized in a disposition complying with
AS 45.29.601 - 45.29.628 to a transferee other than the secured party, a person related
to the secured party, or a secondary obligor if

1  (1) the transferee in the disposition is the secured party, a person
related to the secured party, or a secondary obligor; and

2  (2) 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.

(g) A secured party who 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

1  (1) takes the cash proceeds free of the security interest or other lien;
2  (2) is not obligated to apply the proceeds of the disposition to the
satisfaction of obligations secured by the security interest or other lien; and

3  (3) is not obligated to account to or pay the holder of the security
interest or other lien for any surplus.

Sec. 45.29.616. Explanation of calculation of surplus or deficiency. (a) In
this section,

1  (1) "explanation" means a writing that
2    (A) states the amount of the surplus or deficiency;
3    (B) provides an explanation in accordance with (c) of this
4    section of how the secured party calculated the surplus or deficiency;
5    (C) states, if applicable, that future debits, credits, charges,
6      including additional credit service charges or interest, rebates, and expenses
7      may affect the amount of the surplus or deficiency; and
(D) provides a telephone number or mailing address from which additional information concerning the transaction is available;

(2) "request" means a record

(A) authenticated by a debtor or consumer obligor;

(B) requesting that the recipient provide an explanation; and

(C) sent after disposition of the collateral under AS 45.29.610.

(b) In a consumer goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under AS 45.29.615, the secured party shall

(1) send an explanation to the debtor or consumer obligor, as applicable, after the disposition and

(A) before or when the secured party accounts to the debtor and pays any surplus or first makes written demand on the consumer obligor after the disposition for payment of the deficiency; and

(B) within 14 days after receipt of a request; or

(2) in the case of a consumer obligor who is liable for a deficiency, within 14 days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

c) To comply with (a)(1)(B) of this section, a writing must provide the following information in the following order:

(1) the aggregate amount of obligations secured by the security interest under which the disposition was made, and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date

(A) if the secured party takes or receives possession of the collateral after default, not more than 35 days before the secured party takes or receives possession; or

(B) if the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than 35 days before the disposition;

(2) the amount of proceeds of the disposition;
(3) the aggregate amount of the obligations after deducting the amount of proceeds;

(4) the amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition, processing, and disposing of the collateral, and attorney fees secured by the collateral that are known to the secured party and relate to the current disposition;

(5) the amount, in the aggregate or by type, and types of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and that are not reflected in the amount in (1) of this subsection; and

(6) the amount of the surplus or deficiency.

(d) A particular phrasing of the explanation is not required. An explanation complying substantially with the requirements of (a) of this section is sufficient even if it includes minor errors that are not seriously misleading.

(e) A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in which the secured party did not send to the debtor or consumer obligor an explanation under (b)(1) of this section. The secured party may require payment of a charge not exceeding $25 for each additional response.

Sec. 45.29.617. Rights of transferee of collateral. (a) A secured party's disposition of collateral after default

(1) transfers to a transferee for value all of the debtor's rights in the collateral;

(2) discharges the security interest under which the disposition is made; and

(3) discharges any subordinate security interest or other subordinate lien.

(b) A transferee who acts in good faith takes free of the rights and interests described in (a) of this section even if the secured party fails to comply with this chapter or the requirements of a judicial proceeding.

(c) If a transferee does not take free of the rights and interests described in (a) of this section, the transferee takes the collateral subject to
(1) the debtor's rights in the collateral;
(2) the security interest or agricultural lien under which the disposition
is made; and
(3) any other security interest or other lien.

Sec. 45.29.618. Rights and duties of certain secondary obligors. (a) A
secondary obligor acquires the rights and becomes obligated to perform the duties of
the secured party after the secondary obligor
(1) receives an assignment of a secured obligation from the secured
party;
(2) receives a transfer of collateral from the secured party and agrees
to accept the rights and assume the duties of the secured party; or
(3) is subrogated to the rights of a secured party with respect to
collateral.

(b) An assignment, transfer, or subrogation described in (a) of this section
(1) is not a disposition of collateral under AS 45.29.610; and
(2) relieves the secured party of further duties under this chapter.

Sec. 45.29.619. Transfer of record or legal title. (a) In this section,
"transfer statement" means a record authenticated by a secured party stating
(1) that the debtor has defaulted in connection with an obligation
secured by specified collateral;
(2) that the secured party has exercised its post-default remedies with
respect to the collateral;
(3) that, by reason of the exercise, a transferee has acquired the rights
of the debtor in the collateral; and
(4) the name and mailing address of the secured party, debtor, and
transferee.

(b) 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 an 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
(1) accept the transfer statement;
(2) promptly amend its records to reflect the transfer; and
(3) if applicable, issue a new appropriate certificate of title in the name of the transferee.

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

Sec. 45.29.620. Acceptance of collateral in full or partial satisfaction of obligation; compulsory disposition of collateral. (a) Except as otherwise provided in (g) of this section, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if

(1) the debtor consents to the acceptance under (c) of this section;
(2) the secured party does not receive, within the time set out in (d) of this section, a notification of objection to the proposal authenticated by

(A) a person to which the secured party was required to send a proposal under AS 45.29.621; or
(B) 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;
(3) if the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and
(4) the provisions of (e) of this section do not require the secured party to dispose of the collateral or the debtor waives the requirement under AS 45.29.624.

(b) A purported or apparent acceptance of collateral under this section is ineffective unless

(1) the secured party consents to the acceptance in an authenticated record or sends a proposal to the debtor; and
(2) the conditions of (a) of this section are met.
(c) For purposes of this section, a debtor consents to an acceptance of collateral

(1) in partial satisfaction of the obligation it secures only if the debtor
agrees to the terms of the acceptance in a record authenticated after default; and

(2) in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default or the secured party

(A) 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;

(B) in the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(C) does not receive a notification of objection authenticated by the debtor within 20 days after the proposal is sent.

(d) To be effective under (a)(2) of this section, a notification of objection must be received by the secured party

(1) in the case of a person to which the proposal was sent under AS 45.29.621, within 20 days after notification was sent to that person; and

(2) in other cases,

(A) within 20 days after the last notification was sent under AS 45.29.621; or

(B) if a notification was not sent, before the debtor consents to the acceptance under (c) of this section.

(e) A secured party that has taken possession of collateral shall dispose of the collateral under AS 45.29.610 within the time specified in (f) of this section if

(1) 60 percent of the cash price has been paid in the case of a purchase money security interest in consumer goods; or

(2) 60 percent of the principal amount of the obligation secured has been paid in the case of a nonpurchase money security interest in consumer goods.

(f) To comply with (e) of this section, the secured party shall dispose of the collateral within

(1) 90 days after taking possession; or

(2) any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and authenticated after default.
(g) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

Sec. 45.29.621. Notification of proposal to accept collateral. (a) A secured party who desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to

(1) any person from which the secured party has received, before the debtor consented to the acceptance, an authenticated notification of a claim of an interest in the collateral;

(2) any other secured party or lienholder who, 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

(A) identified the collateral;

(B) was indexed under the debtor's name as of that date; and

(C) 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

(3) any other secured party who, 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 AS 45.29.311(a).

(b) A secured party who 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 (a) of this section.

Sec. 45.29.622. Effect of acceptance of collateral. (a) A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures

(1) discharges the obligation to the extent consented to by the debtor;

(2) transfers to the secured party all of a debtor's rights in the collateral;

(3) discharges the security interest or agricultural lien that is the subject of the debtor's consent and any subordinate security interest or other subordinate lien; and

(4) terminates any other subordinate interest.

(b) A subordinate interest is discharged or terminated under (a) of this section,
even if the secured party fails to comply with this chapter.

**Sec. 45.29.623. Right to redeem collateral.** (a) A debtor, a secondary obligor, or other secured party or lienholder may redeem collateral.

(b) To redeem collateral, a person shall tender

(1) fulfillment of all obligations secured by the collateral; and

(2) the reasonable expenses and attorney fees described in AS 45.29.615(a)(1).

(c) A redemption may occur at any time before a secured party has

(1) collected collateral under AS 45.29.607;

(2) disposed of collateral or entered into a contract for its disposition under AS 45.29.610; or

(3) accepted collateral in full or partial satisfaction of the obligation it secures under AS 45.29.622.

**Sec. 45.29.624. Waiver.** (a) A debtor or secondary obligor may waive the right to notification of disposition of collateral under AS 45.29.611 only by an agreement to that effect entered into and authenticated after default.

(b) A debtor may waive the right to require disposition of collateral under AS 45.29.620(e) only by an agreement to that effect entered into and authenticated after default.

(c) Except in a consumer goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under AS 45.29.623 only by an agreement to that effect entered into and authenticated after default.

**Sec. 45.29.625. Remedies for secured party's failure to comply with chapter.** (a) If it is established that a secured party is not proceeding in accordance with this chapter, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions.

(b) Subject to (c), (d), and (f) of this section, a person is liable for damages in the amount of any loss caused by a failure to comply with this chapter. Loss caused by a failure to comply may include loss resulting from the debtor's inability to obtain, or increased costs of, alternative financing.

(c) Except as otherwise provided in AS 45.29.628,
(1) a person who, at the time of the failure, was a debtor or an obligor or held a security interest in or other lien on the collateral may recover damages under (b) of this section for its loss; and

(2) if the collateral is consumer goods, a person who was a debtor or secondary obligor at the time a secured party failed to comply with AS 45.29.601 - 45.29.628 may recover for that failure in any event an amount not less than the credit service charge plus 10 percent of the principal amount of the obligation or the time-price differential plus 10 percent of the cash price.

(d) A debtor whose deficiency is eliminated under AS 45.29.626 may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under AS 45.29.626 may not otherwise recover under (b) of this section for noncompliance with the provisions of AS 45.29.601 - 45.29.628 relating to collection, enforcement, disposition, or acceptance.

(e) In addition to damages recoverable under (b) of this section, the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover $500 in each case from a person that

(1) fails to comply with AS 45.29.208;

(2) fails to comply with AS 45.29.209;

(3) files a record that the person is not entitled to file under AS 45.29.509(a);

(4) fails to cause the secured party of record to file or send a termination statement as required by AS 45.29.513(a) or (c);

(5) fails to comply with AS 45.29.616(b)(1) and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or

(6) fails to comply with AS 45.29.616(b)(2).

(f) A debtor or consumer obligor may recover damages under (b) of this section and, in addition, $500 in each case from a person who, without reasonable cause, fails to comply with a request under AS 45.29.210. A recipient of a request under AS 45.29.210 who never claimed an interest in the collateral or obligations that are the subject of a request under that section has a reasonable excuse for failure to comply with the request within the meaning of this subsection.
(g) If a secured party fails to comply with a request regarding a list of collateral or a statement of account under AS 45.29.210, the secured party may claim a security interest only as shown on the list or statement included in the request as against a person who is reasonably misled by the failure.

Sec. 45.29.626. Action in which deficiency or surplus is in issue. (a) In an action arising from a transaction, other than a consumer transaction, in which the amount of a deficiency or surplus is in issue, the following rules apply:

(1) a secured party need not prove compliance with the provisions of AS 45.29.601 - 45.29.628 relating to collection, enforcement, disposition, or acceptance unless the debtor or secondary obligor places the secured party's compliance in issue;

(2) if the secured party's compliance is placed in issue, the secured party has the burden of establishing that the collection, enforcement, disposition, or acceptance was conducted in compliance with the provisions of AS 45.29.601 - 45.29.628;

(3) except as otherwise provided in AS 45.29.628, if a secured party fails to prove that the collection, enforcement, disposition, or acceptance was conducted in compliance with the provisions of AS 45.29.601 - 45.29.628 relating to collection, enforcement, disposition, or acceptance, the liability of a debtor or secondary obligor for a deficiency is limited to an amount by which the sum of the secured obligation, expenses, and attorney fees exceeds the greater of

(A) the proceeds of the collection, enforcement, disposition, or acceptance; or

(B) the amount of proceeds that would have been realized had the noncomplying secured party proceeded in compliance with the provisions of AS 45.29.601 - 45.29.628 relating to collection, enforcement, disposition, or acceptance;

(4) for purposes of (3)(B) of this subsection, the amount of proceeds that would have been realized is equal to the sum of the secured obligation, expenses, and attorney fees unless the secured party proves that the amount is less than that sum;

(5) if a deficiency or surplus is calculated under AS 45.29.615(f), the debtor or obligor has the burden of establishing that the amount of proceeds of the
disposition is significantly below the range of prices 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.

(b) The limitation of the rules in (a) of this section to transactions other than
consumer transactions is intended to leave to the court the determination of the proper
rules in consumer transactions. The court may not infer from that limitation the nature
of the proper rule in consumer transactions and may continue to apply established
approaches.

Sec. 45.29.627. Determination of whether conduct was commercially
reasonable. (a) The fact that a greater amount could have been obtained by a
collection, enforcement, disposition, or acceptance at a different time or in a different
method from that selected by the secured party is not of itself sufficient to preclude
the secured party from establishing that the collection, enforcement, disposition, or
acceptance was made in a commercially reasonable manner.

(b) A disposition of collateral is made in a commercially reasonable manner
if the disposition is made

(1) in the usual manner on any recognized market;
(2) at the price current in any recognized market at the time of the
disposition; or
(3) otherwise in conformity with reasonable commercial practices
among dealers in the type of property that was the subject of the disposition.

(c) A collection, enforcement, disposition, or acceptance is commercially
reasonable if it has been approved

(1) in a judicial proceeding;
(2) by a bona fide creditors' committee;
(3) by a representative of creditors; or
(4) by an assignee for the benefit of creditors.

(d) Approval under (c) of this section need not be obtained, and lack of
approval does not mean that the collection, enforcement, disposition, or acceptance is
not commercially reasonable.

Sec. 45.29.628. Nonliability and limitation on liability of secured party;
liability of secondary obligor. (a) Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person,

   (1) the secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this chapter; and

   (2) the secured party's failure to comply with this chapter does not affect the liability of the person for a deficiency.

(b) A secured party is not liable because of its status as secured party

   (1) to a person who is a debtor or obligor unless the secured party knows

       (A) that the person is a debtor or obligor;

       (B) the identity of the person; and

       (C) how to communicate with the person; or

   (2) to a secured party or lienholder that has filed a financing statement against a person unless the secured party knows

       (A) that the person is a debtor; and

       (B) the identity of the person.

(c) A secured party is not liable to a person, and a person's liability for a deficiency is not affected, because of an 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

   (1) a debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or

   (2) an obligor's representation concerning the purpose for which a secured obligation was incurred.

(d) A secured party is not liable to a person under AS 45.29.625(c)(2) for its failure to comply with AS 45.29.616.

(e) A secured party is not liable under AS 45.29.625(c)(2) more than once with respect to any one secured obligation.

Sec. 45.29.702. Savings clause. (a) Except as otherwise provided in AS 45.29.702 - 45.29.709, this chapter applies to a transaction or lien within the scope of this chapter, even if the transaction or lien was entered into or created before July 1, 2001.

(b) Except as otherwise provided in (c) of this section and AS 45.29.703 - 45.29.709,

(1) transactions and liens that were not governed by former AS 45.09, were validly entered into or created before July 1, 2001, and would be subject to this chapter if they had been entered into or created on or after July 1, 2001, and the rights, duties, and interests flowing from those transactions and liens remain valid on and after July 1, 2001; and

(2) the transactions and liens may be terminated, completed, consummated, and enforced as required or permitted under this chapter or by the law that otherwise would apply if this chapter had not taken effect.

Sec. 45.29.703. Security interest perfected before effective date. (a) A security interest that is enforceable June 30, 2001, and would have priority over the rights of a person who becomes a lien creditor June 30, 2001, is a perfected security interest under this chapter if, on July 1, 2001, the applicable requirements for enforceability and perfection under this chapter are satisfied without further action.

(b) Except as otherwise provided in AS 45.29.705, if, on June 30, 2001, a security interest is enforceable and would have priority over the rights of a person who becomes a lien creditor June 30, 2001, but the applicable requirements for enforceability or perfection under this chapter are not satisfied on July 1, 2001, the security interest

(1) is a perfected security interest until July 1, 2002;

(2) remains enforceable on and after July 1, 2002, only if the security interest becomes enforceable under AS 45.29.203 before July 1, 2002; and

(3) remains perfected on and after July 1, 2002, only if the applicable requirements for perfection under this chapter are satisfied before July 1, 2002.

Sec. 45.29.704. Security interest unperfected before effective date. A
security interest that is enforceable June 30, 2001, but that would be subordinate to the
rights of a person who becomes a lien creditor June 30, 2001,

(1) remains an enforceable security interest until July 1, 2002;
(2) remains enforceable on and after July 1, 2002, if the security
interest becomes enforceable under AS 45.29.203 on July 1, 2001, or before July 1,
2002; and
(3) becomes perfected

(A) without further action on July 1, 2001, if the applicable
requirements for perfection under this chapter are satisfied before July 1, 2001;
or
(B) when the applicable requirements for perfection are satisfied
if the requirements are satisfied on or after July 1, 2001.

Sec. 45.29.705. Effectiveness of action taken before effective date. (a) If
action, other than the filing of a financing statement, is taken before July 1, 2001, and
the action would have resulted in priority of a security interest over the rights of a
person who becomes a lien creditor had the security interest become enforceable before
July 1, 2001, the action is effective to perfect a security interest that attaches under this
chapter before July 1, 2002. An attached security interest becomes unperfected on
July 1, 2002, unless the security interest becomes a perfected security interest under
this chapter before July 1, 2002.

(b) The filing of a financing statement before July 1, 2001, is effective to
perfect a security interest to the extent the filing would satisfy the applicable
requirements for perfection under this chapter.

(c) This chapter does not render ineffective an effective financing statement
that, before July 1, 2001, is filed and satisfies the applicable requirements for
perfection under the law of the jurisdiction governing perfection as provided in former
AS 45.09.103. However, except as otherwise provided in (d) and (e) of this section
and AS 45.29.706, the financing statement ceases to be effective at the earlier of
(1) the time the financing statement would have ceased to be effective
under the law of the jurisdiction in which it is filed; or
(2) June 30, 2006.
(d) The filing of a continuation statement on or after July 1, 2001, does not continue the effectiveness of the financing statement filed before July 1, 2001. However, upon the timely filing of a continuation statement on or after July 1, 2001, and in accordance with the law of the jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.342, the effectiveness of a financing statement filed in the same office in that jurisdiction before July 1, 2001, continues for the period provided by the law of that jurisdiction.

(e) The provisions of (c)(2) of this section apply to a financing statement that, before July 1, 2001, is filed against a transmitting utility and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in former AS 45.09.103 only to the extent that AS 45.29.301 - 45.29.342 provides that the law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs perfection of a security interest in collateral covered by the financing statement.

(f) A financing statement that includes a financing statement filed before July 1, 2001, and a continuation statement filed on or after July 1, 2001, is effective only to the extent that it satisfies the requirements of AS 45.29.501 - 45.29.525 for an initial financing statement.

Sec. 45.29.706. When initial financing statement suffices to continue effectiveness of continuation statement. (a) The filing of an initial financing statement in the office specified in AS 45.29.501 continues the effectiveness of a financing statement filed before July 1, 2001, if

(1) the filing of an initial financing statement in that office would be effective to perfect a security interest under this chapter;

(2) the pre-effective date financing statement was filed in an office in another state or another office in this state; and

(3) the initial financing statement satisfies (b) of this section.

(b) The filing of an initial financing statement under (a) of this section continues the effectiveness of the pre-effective date financing statement if the initial financing statement is filed

(1) before July 1, 2001, for the period provided in former AS 45.09.403
with respect to a financing statement; and

(2) on or after July 1, 2001, for the period provided in AS 45.29.515

with respect to an initial financing statement.

(c) To be effective for purposes of (a) of this section, an initial financing
statement must

(1) satisfy the requirements of AS 45.29.501 - 45.29.524 for an initial
financing statement;

(2) identify the pre-effective date financing statement by indicating the
office in which the financing statement was filed and providing the dates of filing and
file numbers, if any, of the financing statement and of the most recent continuation
statement filed with respect to the financing statement; and

(3) indicate that the pre-effective date financing statement remains
effective.

Sec. 45.29.707. Amendment of pre-effective date financing statement. (a)
On or after July 1, 2001, a person may add or delete collateral covered by, continue
or terminate the effectiveness of, or otherwise amend the information provided in, a
pre-effective date financing statement only in accordance with the law of the
jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.342. However,
the effectiveness of a pre-effective date financing statement also may be terminated in
accordance with the law of the jurisdiction in which the financing statement is filed.

(b) Except as otherwise provided in (c) of this section, if the law of this state
governs perfection of a security interest, the information in a pre-effective date
financing statement may be amended on or after July 1, 2001, only if

(1) the pre-effective date financing statement and an amendment are
filed in the office specified in AS 45.29.501;

(2) an amendment is filed in the office specified in AS 45.29.501
concurrently with, or after the filing in that office of, an initial financing statement that
satisfies AS 45.29.706(c); or

(3) an initial financing statement that provides the information as
amended and satisfies AS 45.29.706(c) is filed in the office specified in AS 45.29.501.

(c) If the law of this state governs perfection of a security interest, the
effectiveness of a pre-effective date financing statement may be continued only under
AS 45.29.705(d) and (f) or 45.29.706.

(d) Whether or not the law of this state governs perfection of a security
interest, the effectiveness of a pre-effective date financing statement filed in this state
may be terminated on or after July 1, 2001, by filing a termination statement in the
office in which the pre-effective date financing statement is filed, unless an initial
financing statement that satisfies AS 45.29.706(c) has been filed in the office specified
by the law of the jurisdiction governing perfection as provided in AS 45.29.301 -
45.29.342 as the office in which to file a financing statement.

(e) In this section, "pre-effective date financing statement" means a financing
statement filed before July 1, 2001.

Sec. 45.29.708. Persons entitled to file initial financing statement or
continuation statement. A person may file an initial financing statement or a
continuation statement under AS 45.29.702 - 45.29.709 if

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

(2) the filing is necessary under AS 45.29.702 - 45.29.709 to

(A) continue the effectiveness of a financing statement filed
before July 1, 2001; or

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

Sec. 45.29.709. Priority. (a) This chapter determines the priority of
conflicting claims to collateral. However, if the relative priorities of the claims were
established before July 1, 2001, former AS 45.09 determines priority.

(b) For purposes of AS 45.29.322(a), the priority of a security interest that
becomes enforceable under AS 45.29.203 dates from July 1, 2001, if the security
interest is perfected under this chapter by the filing of a financing statement before
July 1, 2001, that would not have been effective to perfect the security interest under
former AS 45.09. This subsection does not apply to conflicting security interests each
of which is perfected by the filing of such a financing statement.

* Sec. 2. AS 44.37.027 is amended by adding new subsections to read:

(d) To keep the filing office regulations and practices of the filing office in
harmony with the regulations and practices of filing offices in other jurisdictions that
enact laws that are substantially similar to AS 45.29.501 - 45.29.525, and to keep the technology used by the filing office compatible with the technology used by filing offices in those other jurisdictions, the Department of Natural Resources, so far as is consistent with the purposes, policies, and provisions of this chapter, in adopting, amending, and repealing filing office regulations, shall

(1) consult with filing offices in other jurisdictions that enact laws that are substantially similar to AS 45.29.501 - 45.29.525; and

(2) consult the most recent version of the Model Rules promulgated by the International Association of Corporate Administrators or any successor organization; and

(3) take into consideration the regulations and practices of, and the technology used by, filing offices in other jurisdictions that enact laws that are substantially similar to AS 45.29.501 - 45.29.525.

(e) The Department of Natural Resources shall report annually on or before January 15 to the governor on the operation of the filing office described in AS 45.29.501(a)(2). The report must contain a statement of the extent to which the filing office regulations are not in harmony with

(1) the regulations of filing offices in other jurisdictions that enact laws that are substantially similar to AS 45.29.501 - 45.29.525 and the reasons for these variations; and

(2) the most recent version of the Model Rules promulgated by the International Association of Corporate Administrators, or any successor organization, and the reasons for these variations.

* Sec. 3. AS 45.01.105(b) is amended to read:

(b) Where one of the following provisions of the code specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law, including the conflict of laws rules, so specified:

(1) AS 45.02.402 (rights of creditors against sold goods);

(2) AS 45.04.102 (applicability of the chapter on bank deposits and collections);

(3) AS 45.05.116 (applicability of the chapter on letters of credit);
(4) AS 45.08.110 (applicability of the chapter on investment securities);

(5) [AS 45.09.103 (PERFECTION PROVISIONS OF THE CHAPTER ON SECURED TRANSACTIONS);

(6)] AS 45.12.105 and 45.12.106 (applicability of the chapter on leases);

(6) [(7)] AS 45.14 (funds transfers); and

(7) AS 45.29.301 - 45.29.307 (law governing the effect of perfection or nonperfection and the priority of security interests and agricultural liens).

* Sec. 4. AS 45.01.201(9) is repealed and reenacted to read:

(9) "buyer in ordinary course of business" means a person who 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 who 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 AS 45.02 may be a buyer in ordinary course of business; a person who acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt is not a buyer in ordinary course of business;

* Sec. 5. AS 45.01.201(33) is amended to read:

(33) "purchase" includes taking by sale, discount, negotiation, mortgage, pledge, lien, security interest, issue or re-issue, gift, or any other voluntary transaction creating an interest in property;

* Sec. 6. AS 45.01.201(38) is amended to read:

(38) "security interest" means an interest in personal property or fixtures that secures payment or performance of an obligation; [THE RETENTION OR
RESERVATION OF TITLE BY A SELLER OF GOODS NOTWITHSTANDING
SHIPMENT OR DELIVERY TO THE BUYER (AS 45.02.401) IS LIMITED IN
EFFECT TO A RESERVATION OF A "SECURITY INTEREST";] the term also
includes an interest of a consignor and a buyer of accounts, [OR] chattel paper, a
payment intangible, or a promissory note in a transaction that is subject to
AS 45.29 [AS 45.09]; the special property interest of a buyer of goods on
identification of the goods to a contract for sale under AS 45.02.401 is not a "security
interest," but a buyer may also acquire a "security interest" by complying with
AS 45.29 [AS 45.09]; except as otherwise provided in AS 45.02.505, the right of
a seller or lessor of goods under AS 45.02 or AS 45.12 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 AS 45.29; the retention or
reservation of title by a seller of goods notwithstanding shipment or delivery to
the buyer (AS 45.02.401) is limited in effect to a reservation of a "security
interest" [UNLESS A CONSIGNMENT IS INTENDED AS SECURITY,
RESERVATION OF TITLE UNDER THE CONSIGNMENT IS NOT A "SECURITY
INTEREST," BUT A CONSIGNMENT IS IN ANY EVENT SUBJECT TO THE
PROVISIONS ON CONSIGNMENT SALES (AS 45.02.326)]; whether a transaction
creates a lease or security interest is determined by the facts of each case; however,

(A) a transaction creates a security interest if the consideration
the lessee is to pay the lessor for the right to possession and use of the goods
is an obligation for the term of the lease not subject to termination by the
lessee; and

(i) the original term of the lease is equal to or greater
than the remaining economic life of the goods;

(ii) the lessee is bound to renew the lease for the
remaining economic life of the goods or is bound to become the owner
of the goods;

(iii) the lessee has an option to renew the lease for the
remaining economic life of the goods for no additional consideration or
nominal additional consideration upon compliance with the lease
agreement; or

(iv) the lessee has an option to become the owner of the goods for no additional consideration or nominal additional consideration upon compliance with the lease agreement;

(B) a transaction does not create a security interest merely because it provides that

(i) the present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into;

(ii) the lessee assumes risk of loss of the goods, or agrees to pay taxes, insurance, filing, recording, or registration fees, or service or maintenance costs with respect to the goods;

(iii) the lessee has an option to renew the lease or to become the owner of the goods;

(iv) the lessee has an option to renew the lease for a fixed rent that is equal to or greater than the reasonably predictable fair market rent for the use of the goods for the term of the renewal at the time the option is to be performed; or

(v) the lessee has an option to become the owner of the goods for a fixed price that is equal to or greater than the reasonably predictable fair market value of the goods at the time the option is to be performed;

(C) in this paragraph, additional consideration is nominal if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised; additional consideration is not nominal if

(i) when the option to renew the lease is granted to the lessee, the rent is stated to be the fair market rent for the use of the goods for the term of the renewal determined at the time the option is to be performed; or
(ii) when the option to become the owner of the goods
is granted to the lessee, the price is stated to be the fair market value
of the goods determined at the time the option is to be performed;

(D) in this paragraph,

(i) "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 is not manifestly unreasonable at the time the
transaction is 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;
and

(ii) "reasonably predictable" and "remaining economic
life of the goods" are to be determined with reference to the facts and
circumstances at the time the transaction is entered into;

* Sec. 7. AS 45.02.103(c) is amended to read:

(c) The following definitions in other chapters apply to this chapter:

(1) "check" (AS 45.03.104);
(2) "consignee" (AS 45.07.102);
(3) "consignor" (AS 45.07.102);
(4) "consumer goods" (AS 45.29.102 [AS 45.09.109]);
(5) "dishonor" (AS 45.03.502);
(6) "draft" (AS 45.03.104).

* Sec. 8. AS 45.02.210 is repealed and reenacted to read:

Sec. 45.02.210. Delegation of performance; assignment of rights. (a) A
party may perform the party’s duty through a delegate unless otherwise agreed or
unless the other party has a substantial interest in having the original promisor perform
or control the acts required by the contract. No delegation of performance relieves the
party delegating of a duty to perform or a liability for breach.

(b) Unless otherwise agreed, all rights of either seller or buyer can be assigned
except where the assignment would materially change the duty of the other party,
increase materially the burden or risk imposed on the other party by the contract, or impair materially the chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the assignor’s due performance of the entire obligation can be assigned despite agreement otherwise.

(c) The creation, attachment, perfection, or enforcement of a security interest in the seller’s interest under a contract is not a transfer that materially changes the duty of or increases materially the burden or risk imposed on the buyer or impairs materially the buyer’s chance of obtaining return performance within the purview of (b) of this section unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the seller; even in that event, the creation, attachment, perfection, and enforcement of the security interest remain effective, but

(1) the seller is liable to the buyer for damages caused by the delegation to the extent that the damages could not reasonably be prevented by the buyer; and

(2) a court having jurisdiction may grant other appropriate relief, including cancellation of the contract for sale or an injunction against enforcement of the security interest or consummation of the enforcement.

(d) Unless the circumstances indicate the contrary, a prohibition of assignment of "the contract" is to be construed as barring only the delegation to the assignee of the assignor’s performance.

(e) An assignment of "the contract" or "all my rights under the contract" or an assignment in similar general terms is an assignment of rights and, unless the language or the circumstances (as in an assignment for security) indicate the contrary, it is a delegation of performance of the duties of the assignor and its acceptance by the assignee constitutes a promise by the assignee to perform those duties. This promise is enforceable by either the assignor or the other party to the original contract.

(f) The other party may treat an assignment which delegates performance as creating reasonable grounds for insecurity and may, without prejudice to the party’s rights against the assignor, demand assurances from the assignee (AS 45.02.609).

* Sec. 9. AS 45.02.326 is repealed and reenacted to read:

Sec. 45.02.326. Sale on approval and sale or return; rights of creditors.
(a) Unless otherwise agreed, if delivered goods may be returned by the buyer even though they conform to the contract, the transaction is

   (1) a "sale on approval" if the goods are delivered primarily for use; and

   (2) a "sale or return" if the goods are delivered primarily for resale.

(b) Goods held on approval are not subject to the claims of the buyer’s creditors until acceptance; goods held on sale or return are subject to such claims while in the buyer’s possession.

(c) An "or return" term of a contract for sale is to be treated as a separate contract for sale within the statute of frauds section (AS 45.02.201), and as contradicting the sale aspect of the contract within the provisions on parol or extrinsic evidence (AS 45.02.202).

(d) Whenever an artist delivers or causes to be delivered a work of fine art of the artist’s creation to an art dealer for the purpose of sale, or exhibition and sale to the public on a commission or fee or other basis of compensation, the work of fine art is not subject to the claims of the art dealer’s creditors. For the purposes of this subsection,

   (1) "art dealer” means a person other than a public auctioneer engaged in the business of selling works of fine art;

   (2) "artist" means the creator of a work of fine art;

   (3) "fine art" includes a painting, sculpture, drawing, photograph, or work of graphic art.

* Sec. 10. AS 45.02.502 is repealed and reenacted to read:

Sec. 45.02.502. Buyer’s right to goods on seller’s repudiation, failure to deliver, or insolvency. (a) Subject to (b) and (c) of this section and even though the goods have not been shipped, a buyer who has paid a part or all of the price of goods in which the buyer has a special property under the provisions of AS 45.02.501 may, on making and keeping good a tender of an unpaid portion of their price, recover them from the seller if

   (1) in the case of goods bought for personal, family, or household purposes, the seller repudiates or fails to deliver as required by the contract; or
in all cases, the seller becomes insolvent within 10 days after receipt of the first installment on their price.

(b) The buyer’s right to recover the goods under (a)(1) of this section vests upon acquisition of a special property even if the seller had not then repudiated or failed to deliver.

(c) If the identification creating the buyer’s special property has been made by the buyer, the buyer acquires the right to recover the goods only if they conform to the contract for sale.

* Sec. 11. AS 45.02.716(c) is amended to read:

(c) The buyer has a right of replevin for goods identified to the contract if after reasonable effort the buyer is unable to effect cover for the goods or the circumstances reasonably indicate that such effort will be unavailing or if the goods have been shipped under reservation and satisfaction of the security interest in them has been made or tendered. In the case of goods bought for personal, family, or household purposes, the buyer's right of replevin vests upon acquisition of a special property even if the seller had not then repudiated or failed to deliver.

* Sec. 12. AS 45.04.210(c) is amended to read:

(c) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to AS 45.29 [AS 45.09], but

(1) a security agreement is not necessary to make the security interest enforceable (AS 45.29.203(b)(3)(A) [AS 45.09.203(a)]);

(2) filing is not required to perfect the security interest; and

(3) the security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

* Sec. 13. AS 45.05 is amended by adding a new section to read:

Sec. 45.05.118. Security interest of issuer or nominated person. (a) An issuer or nominated person has a security interest in a document presented under a letter of credit to the extent that the issuer or nominated person honors or gives value
for the presentation.

(b) So long as and to the extent that an issuer or nominated person has not been reimbursed or has not otherwise recovered the value given with respect to a security interest in a document under (a) of this section, the security interest continues and is subject to AS 45.29, but

(1) a security agreement is not necessary to make the security interest enforceable under AS 45.29.203(b)(3);

(2) if the document is presented in a medium other than a written or other tangible medium, the security interest is perfected; and

(3) if the document is presented in a written or other tangible medium and is not a certificated security, chattel paper, a document of title, an instrument, or a letter of credit, the security interest is perfected and has priority over a conflicting security interest in the document so long as the debtor does not have possession of the document.

* Sec. 14. AS 45.07.503(a) is amended to read:

(a) A document of title confers no right in goods against a person who, before issuance of the document, had a legal interest or a perfected security interest in them and who neither

(1) delivered or entrusted them or a document of title covering them to the bailor or the bailor's nominee with actual or apparent authority to ship, store, or sell or with power to obtain delivery under AS 45.07.403 or with power of disposition under AS 45.02.403 and AS 45.29.320 [AS 45.09.307] or other statute or rule of law;

nor

(2) acquiesced in the procurement by the bailor or the bailor's nominee of a document of title.

* Sec. 15. AS 45.08.103(f) is amended to read:

(f) A commodity contract, as defined in AS 45.29.102(a) [AS 45.09.115], is not a security or a financial asset.

* Sec. 16. AS 45.08.106(d) is amended to read:

(d) A purchaser has control of a security entitlement if

(1) the purchaser becomes the entitlement holder; or
(2) the securities intermediary has agreed that the securities intermediary will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; or

(3) another person has control of the security entitlement on behalf of the purchaser or, having previously acquired control of the security entitlement, acknowledges that it has control on behalf of the purchaser.

* Sec. 17. AS 45.08.106(f) is amended to read:

(f) A purchaser who has satisfied the requirements of (c) or (d) [(c)(2) OR (d)(2)] of this section has control even if the registered owner in the case of (c) [(c)(2)] of this section or the entitlement holder in the case of (d) [(d)(2)] of this section retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

* Sec. 18. AS 45.08.110(d) is amended to read:

(d) The following rules determine a securities intermediary's jurisdiction for purposes of this section:

(1) if an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that a particular jurisdiction is the securities intermediary's jurisdiction for purposes of AS 45.08.101 - 45.08.116, this chapter, or this code [SPECIFIES THAT IT IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION], that jurisdiction is the securities intermediary's jurisdiction;

(2) if (1) of this subsection 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;

(3) if neither (1) nor (2) of this subsection applies and an agreement between the securities intermediary and its entitlement holder governing the securities account [DOES NOT SPECIFY THE GOVERNING LAW AS PROVIDED IN (1) OF
THIS SUBSECTION, BUT] expressly provides specifies that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction;

(4) [(3)] if none of the preceding paragraphs of this subsection applies [AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER DOES NOT SPECIFY A JURISDICTION AS PROVIDED IN (1) OR (2) OF THIS SUBSECTION], the securities intermediary's jurisdiction is the jurisdiction in which [IS LOCATED] the office identified in an account statement as the office serving the entitlement holder's account is located;

(5) [(4)] if none of the preceding paragraphs of this subsection applies [AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER DOES NOT SPECIFY A JURISDICTION AS PROVIDED IN (1) OR (2) OF THIS SUBSECTION AND AN ACCOUNT STATEMENT DOES NOT IDENTIFY AN OFFICE SERVING THE ENTITLEMENT HOLDER'S ACCOUNT AS PROVIDED IN (3) OF THIS SUBSECTION], the securities intermediary's jurisdiction is the jurisdiction in which [IS LOCATED] the chief executive office of the securities intermediary is located.

* Sec. 19. AS 45.08.301(a) is amended to read:

(a) Delivery of a certificated security to a purchaser occurs when

(1) the purchaser acquires possession of the security certificate;

(2) another person, other than a securities intermediary, either acquires possession of the security certificate on behalf of the purchaser or, having previously acquired possession of the certificate, acknowledges that it holds for the purchaser; or

(3) a securities intermediary acting on behalf of the purchaser acquires possession of the security certificate, only if the certificate is in registered form and is

(A) registered in the name of the purchaser;

(B) payable to the order of the purchaser; or

(C) [HAS BEEN] specially endorsed to the purchaser by an effective endorsement and has not been endorsed to the securities intermediary or in blank.
* Sec. 20. AS 45.08.302(a) is amended to read:

(a) Except as otherwise provided in (b) and (c) of this section, a purchaser [UPON DELIVERY] of a certificated or uncertificated security [TO A PURCHASER, THE PURCHASER] acquires all rights in the security that the transferor had or had power to transfer.

* Sec. 21. AS 45.08.510(a) is amended to read:

(a) In a case not covered by the priority rules in AS 45.29 or the rules stated in (c) of this section, an [AN] action based on an adverse claim to a financial asset or security entitlement, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a person who purchases a security entitlement, or an interest in a security entitlement, from an entitlement holder if the purchaser gives value, does not have notice of the adverse claim, and obtains control.

* Sec. 22. AS 45.08.510(c) is amended to read:

(c) In a case not covered by the priority rules in AS 45.29 [AS 45.09], a purchaser for value of a security entitlement, or an interest in a security entitlement, who obtains control has priority over a purchaser of a security entitlement, or an interest in a security entitlement, who does not obtain control. Except as otherwise provided in (d) of this section, purchasers [PURCHASERS] who have control rank according to priority in time of

(1) the purchaser’s becoming the person for whom the securities account, in which the security entitlement is carried is maintained, if the purchaser obtained control under AS 45.08.106(d)(1);

(2) the securities intermediary’s agreement to comply with the purchaser’s entitlement orders with respect to security entitlements carried or to be carried in the securities account in which the security entitlement is carried if the purchaser obtained control under AS 45.08.106(d)(2); or

(3) if the purchaser obtained control through another person under AS 45.08.106(d)(3), the time on which priority would be based under this subsection if the other person were the secured party [EQUALLY, EXCEPT THAT A SECURITIES INTERMEDIARY AS PURCHASER HAS PRIORITY OVER A
CONFLICTING PURCHASER WHO HAS CONTROL UNLESS OTHERWISE AGREED BY THE SECURITIES INTERMEDIARY].

* Sec. 23. AS 45.08.510 is amended by adding a new subsection to read:

   (d) A securities intermediary as purchaser has priority over a conflicting purchaser who has control unless otherwise agreed by the securities intermediary.

* Sec. 24. AS 45.12.103(c) is amended to read:

(c) The following definitions in AS 45.02 and AS 45.29 [AS 45.09] apply to this chapter:

   (1) "account" (AS 45.29.102(a) [AS 45.09.106]);
   (2) "between merchants" (AS 45.02.104(c));
   (3) "buyer" (AS 45.02.103(a)(1));
   (4) "chattel paper" (AS 45.29.102(a) [AS 45.09.105(a)(2)]);
   (5) "consumer goods" (AS 45.29.102(a) [AS 45.09.109(1)]);
   (6) "document" (AS 45.29.102(a) [AS 45.09.105(a)(6)]);
   (7) "entrusting" (AS 45.02.403(c));
   (8) "general intangible" (AS 45.29.102(a) [INTANGIBLES]
   (AS 45.09.106));
   (9) "good faith" (AS 45.02.103(a)(2));
   (10) "instrument" (AS 45.29.102(a) [AS 45.09.105(a)(9)]);
   (11) "merchant" (AS 45.02.104(a));
   (12) "mortgage" (AS 45.29.102(a) [AS 45.09.105(a)(10)]);
   (13) "pursuant to a commitment" (AS 45.29.102(a)
   [AS 45.09.105(a)(11)]);
   (14) "receipt" (AS 45.02.103(a)(3));
   (15) "sale" (AS 45.02.106(a));
   (16) "sale on approval" (AS 45.02.326);
   (17) "sale or return" (AS 45.02.326);
   (18) "seller" (AS 45.02.103(a)(4)).

* Sec. 25. AS 45.12.303(a) is amended to read:

(a) Except as provided in (d) [(b) - (d)] of this section and AS 45.29.407, a provision in a lease agreement that defines any of the following gives rise to the rights...
and remedies provided in (e) of this section, but a transfer that is prohibited or is an

event of default under the lease agreement is otherwise effective:

(1) prohibits the voluntary or involuntary transfer, including a transfer

by sale, sublease, creation or enforcement of a security interest, or attachment, levy,

or other judicial process, of

(A) an interest of a party under the lease contract; or

(B) the lessor's residual interest in the goods; or

(2) makes a transfer under (1) of this subsection an event of default.

* Sec. 26. AS 45.12.303(e) is amended to read:

(e) Subject to (d) [(b) - (d)] of this section and AS 45.29.407,

(1) if a transfer is made that is made an event of default under a lease

agreement, the party to the lease contract not making the transfer, unless that party

waives the default or otherwise agrees, has the rights and remedies under

AS 45.12.501(b);

(2) if (1) of this subsection is not applicable and if a transfer is made

that is prohibited under a lease agreement or that materially impairs the prospect of

obtaining return performance by, materially changes the duty of, or materially increases

the burden or risk imposed on, the other party to the lease contract, unless the party

not making the transfer agrees at any time to the transfer in the lease contract or

otherwise, then, except as limited by contract, the transferor is liable to the party not

making the transfer for damages caused by the transfer to the extent that the damages

could not reasonably be prevented by the party not making the transfer, and a court

having jurisdiction may grant other appropriate relief, including cancellation of the

lease contract or an injunction against the transfer.

* Sec. 27. AS 45.12.303(i) is amended to read:

(i) In this section, "creation of a security interest" includes the sale of a lease

contract that is subject to AS 45.29 [AS 45.09], on secured transactions, by reason of

AS 45.29.109(a)(3) [AS 45.09.102(a)(2)].

* Sec. 28. AS 45.12.307(b) is amended to read:

(b) Except as otherwise provided in (c) [AND (d)] of this section and in

AS 45.12.306 and 45.12.308, a creditor of a lessor takes subject to the lease contract
unless

(1) the creditor holds a lien that attached to the goods before the lease contract became enforceable;

(2) THE CREDITOR HOLDS A SECURITY INTEREST IN THE GOODS AND THE LESSEE GAVE VALUE AND RECEIVED DELIVERY OF THE GOODS WITH KNOWLEDGE OF THE SECURITY INTEREST; OR

(3) THE CREDITOR HOLDS IN THE GOODS A SECURITY INTEREST THAT WAS PERFECTED UNDER AS 45.29.303 BEFORE THE LEASE CONTRACT BECAME ENFORCEABLE].

* Sec. 29. AS 45.12.307(c) is repealed and reenacted to read:

(c) Except as otherwise provided in AS 45.29.317, 45.29.321, and 45.29.323, a lessee takes a leasehold interest subject to a security interest held by a creditor of the lessor.

* Sec. 30. AS 45.12.309(j)(2) is amended to read:

(2) a "fixture filing" is the recording, in the office where a mortgage on the real estate would be recorded, of a financing statement covering goods that are or are to become fixtures and conforming to the requirements of AS 45.29.502(a) and

(b) [AS 45.09.402(f)];

* Sec. 31. AS 45.09.101, 45.09.102, 45.09.103, 45.09.104, 45.09.105, 45.09.106, 45.09.107, 45.09.108, 45.09.109, 45.09.110, 45.09.112, 45.09.113, 45.09.114, 45.09.115, 45.09.116, 45.09.201, 45.09.202, 45.09.203, 45.09.204, 45.09.205, 45.09.206, 45.09.207, 45.09.208, 45.09.301, 45.09.302, 45.09.303, 45.09.304, 45.09.305, 45.09.306, 45.09.307, 45.09.308, 45.09.309, 45.09.310, 45.09.311, 45.09.312, 45.09.313, 45.09.314, 45.09.315, 45.09.316, 45.09.317, 45.09.318, 45.09.401, 45.09.402, 45.09.403, 45.09.404, 45.09.405, 45.09.406, 45.09.407, 45.09.408, 45.09.501, 45.09.502, 45.09.503, 45.09.504, 45.09.505, 45.09.506, 45.09.507; AS 45.12.303(b), 45.12.303(c), and 45.12.307(d) are repealed.

* Sec. 32. The uncodified law of the State of Alaska is amended by adding a new section to read:

COURT RULE CHANGE. To the extent that they may allow the recovery of expenses in a court action that are not allowed under Rule 79, Alaska Rules of Civil procedure, the following sections have the effect of amending Rule 79, Alaska Rules of Civil procedure:
AS 45.29.607(d), 45.29.608(a)(1)(A), 45.29.615(a)(1), and 45.29.626(a)(3) and (4).

* Sec. 33. The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS. The Department of Natural Resources may proceed to adopt regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act) but not before July 1, 2001.

* Sec. 34. The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act does not apply to an action, case, or proceeding commenced before July 1, 2001.

* Sec. 35. The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR’S INSTRUCTION. In the following statute sections, the revisor shall change

1. the references to "AS 45.09" to read "AS 45.29": AS 06.40.170;
2. AS 16.10.320(b); AS 34.80.470(j), 34.08.050; AS 44.37.027(a), 44.37.027(b); AS 45.02.402(c),
3. 45.02.403(d); AS 45.03.102(b), 45.03.605(f); AS 45.05.114(f); AS 45.07.209(b);
4. AS 45.08.105(e); AS 45.12.309(i);

   (2) the references to "AS 45.01 - 45.09, AS 45.12, and AS 45.14 (Uniform Commercial Code)" and "AS 45.01 - 45.09, AS 45.12, and AS 45.14" to "AS 45.01 - 45.08, AS 45.12, AS 45.14, and AS 45.29 (Uniform Commercial Code)": AS 09.25.060, 09.25.090;
   AS 14.42.220(c), 14.42.250; AS 25.27.279; AS 29.35.625(e); AS 36.30.860; AS 44.83.100(c),
   44.83.120; AS 44.85.140; AS 44.88.090(c); AS 45.50.541(a); AS 45.63.030(a), 45.63.030(c);

   (3) the references to "AS 45.01 - 45.09, AS 45.12, and AS 45.14" to
   "AS 45.01 - 45.08, AS 45.12, AS 45.14, and AS 45.29": AS 28.10.491(a); AS 44.85.140;
   AS 45.01.101, 45.01.201(10); AS 45.05.116(d).

* Sec. 36. Except as provided in sec. 37 of this Act, this Act takes effect July 1, 2001.

* Sec. 37. Section 33 of this Act takes effect immediately under AS 01.10.070(c).