

**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**

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

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

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

6 **Chapter 29. Secured Transactions.**

7 **Article 1. General Provisions.**

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

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

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

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

14 (A) means a right to payment of a monetary obligation, whether

1 or not earned by performance,

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

4 (ii) for services rendered or to be rendered;

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

6 (iv) for a secondary obligation incurred or to be  
7 incurred;

8 (v) for energy provided or to be provided;

9 (vi) for the use or hire of a vessel under a charter or  
10 other contract;

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

13 (viii) as winnings in a lottery or other game of chance  
14 operated or sponsored by a state, a governmental unit of a state, or a  
15 person licensed or authorized to operate the game by a state or a  
16 governmental unit of a state;

17 (B) includes health care insurance receivables;

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

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

27 (4) "accounting," except as used in "accounting for," means a record

28 (A) authenticated by a secured party;

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

1 (C) identifying the components of the obligations in reasonable  
2 detail;

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

5 (A) that secures payment or performance of an obligation for  
6 (i) goods or services furnished in connection with a  
7 debtor's farming operation; or

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

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

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

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

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

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

19 (7) "as-extracted collateral" means

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

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

24 (ii) attaches to the minerals as extracted; or

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

28 (8) "authenticate" means to

29 (A) sign; or

30 (B) execute or otherwise adopt a symbol, or to encrypt or  
31 similarly process a record in whole or in part, with the present intent of the

1 authenticating person to identify the person and adopt or accept a record;

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

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

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

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

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

10 (14) "certificate of title" means a certificate of title with respect to  
11 which a statute provides for the security interest in question to be indicated on the  
12 certificate as a condition or result of the security interest's obtaining priority over the  
13 rights of a lien creditor with respect to the collateral;

14 (15) "chattel paper" means a record or records that evidence both a  
15 monetary obligation and a security interest in specific goods, a security interest in  
16 specific goods and software used in the goods, a security interest in specific goods and  
17 license of software used in the goods, a lease of specific goods, or a lease of specific  
18 goods and license of software used in the goods, except that "chattel paper" does not  
19 include charters or other contracts involving the use or hire of a vessel, or records that  
20 evidence a right to payment arising out of the use of a credit or charge card or  
21 information contained on or for use with the card; if a transaction is evidenced by  
22 records that include an instrument or series of instruments, the group of records taken  
23 together constitutes chattel paper; in this paragraph, "monetary obligation" means a  
24 monetary obligation secured by the goods or owed under a lease of the goods, and  
25 includes a monetary obligation with respect to software used in the goods;

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

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

29 (A) proceeds to which a security interest attaches;

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

1 (C) goods that are the subject of a consignment;

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

4 (A) an organization; or

5 (B) an individual and the claim

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

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

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

13 (20) "commodity contract" means a commodity futures contract, an  
14 option on a commodity futures contract, a commodity option, or another contract if the  
15 contract or option is traded on

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

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

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

24 (22) "commodity intermediary" means a person who

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

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

30 (23) "communicate" means

31 (A) to send a written or other tangible record;

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

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

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

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

9 (A) the merchant

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

12 (ii) is not an auctioneer; and

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

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

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

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

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

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

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

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

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

30 (29) "consumer obligor" means an obligor who is an individual and  
31 who incurred the obligation as part of a transaction entered into primarily for personal,

1 family, or household purposes;

2 (30) "consumer transaction" means a transaction, including a consumer  
3 goods transaction, in which

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

6 (B) a security interest secures the obligation; and

7 (C) the collateral is held or acquired primarily for personal,  
8 family, or household purposes;

9 (31) "continuation statement" means an amendment of a financing  
10 statement that

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

13 (B) indicates that it is a continuation statement for, or that it is  
14 filed to continue the effectiveness of, the identified financing statement;

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

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

17 (34) "debtor" means

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

20 (B) a seller of accounts, chattel paper, payment intangibles, or  
21 promissory notes; or

22 (C) a consignee;

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

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

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

30 (38) "encumbrance" means a right, other than an ownership interest, in  
31 real property, including mortgages and other liens on real property;

- 1 (39) "entitlement holder" has the meaning given in AS 45.08.102(a);
- 2 (40) "equipment" means goods other than inventory, farm products, or
- 3 consumer goods;
- 4 (41) "farm products" means goods, other than standing timber, with
- 5 respect to which the debtor is engaged in a farming operation and that are
- 6 (A) crops grown, growing, or to be grown, including
- 7 (i) crops produced on trees, vines, and bushes; and
- 8 (ii) aquatic goods produced in aquacultural operations;
- 9 (B) livestock, born or unborn, including aquatic goods produced
- 10 in aquacultural operations;
- 11 (C) supplies used or produced in a farming operation; or
- 12 (D) products of crops or livestock in their unmanufactured
- 13 states;
- 14 (42) "farming operation" means raising, cultivating, propagating,
- 15 fattening, grazing, or other farming, livestock, or aquacultural operation.
- 16 (43) "file number" means the number assigned to an initial financing
- 17 statement under AS 45.29.519(a);
- 18 (44) "filing office" means an office designated in AS 45.29.501 as the
- 19 place to file a financing statement;
- 20 (45) "filing office regulation" means a regulation adopted under
- 21 AS 44.37.027;
- 22 (46) "financial asset" has the meaning given in AS 45.08.102(a);
- 23 (47) "financing statement" means a record or records composed of an
- 24 initial financing statement and any filed record relating to the initial financing
- 25 statement;
- 26 (48) "fixture filing" means the filing of a financing statement covering
- 27 goods that are or are to become fixtures and satisfying AS 45.29.502(a) and (b),
- 28 including the filing of a financing statement covering goods of a transmitting utility
- 29 that are or are to become fixtures;
- 30 (49) "fixtures" means goods that have become so related to particular
- 31 real property that an interest in them arises under real property law;



1                   (50) "general intangible" means personal property, including payment  
2 intangibles, software, and things in action, other than accounts, chattel paper,  
3 commercial tort claims, deposit accounts, documents, goods, instruments, investment  
4 property, letter-of-credit rights, letters of credit, money, and, before extraction, oil, gas,  
5 or other minerals;

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

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

22                   (53) "governmental unit" means

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

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

29                   (54) "health care insurance receivable" means an interest in or claim  
30 under a policy of insurance that is a right to payment of a monetary obligation for  
31 health-care goods or services provided;

1 (55) "holder in due course" has the meaning given in AS 45.03.302;

2 (56) "instrument" means a negotiable instrument or other writing that  
3 evidences a right to the payment of a monetary obligation and is not itself a security  
4 agreement or lease and is of a type that in ordinary course of business is transferred  
5 by delivery with any necessary endorsement or assignment; the term does not include

6 (A) investment property;

7 (B) letters of credit; or

8 (C) writings that evidence a right to payment arising out of the  
9 use of a credit or charge card or information contained on or for use with the  
10 card;

11 (57) "inventory" means goods, other than farm products, that

12 (A) are leased by a person as lessor;

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

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

16 (D) consist of raw materials, work in process, or materials used  
17 or consumed in a business;

18 (58) "investment property" means a security, whether certificated or  
19 uncertificated, security entitlement, securities account, commodity contract, or  
20 commodity account;

21 (59) "issuer," with respect to a

22 (A) letter of credit or letter-of-credit right, has the meaning  
23 given in AS 45.05.102(a);

24 (B) security, has the meaning given in AS 45.08.201;

25 (60) "jurisdiction of organization," with respect to a registered  
26 organization, means the jurisdiction under whose law the organization is organized;

27 (61) "lease," "lease agreement," "lease contract," "leasehold interest,"  
28 "lessee," "lessee in ordinary course of business," "lessor," and "lessor's residual  
29 interest" have the meanings given in AS 45.12.103(a);

30 (62) "letter of credit" has the meaning given in AS 45.05.102(a);

31 (63) "letter-of-credit right" means a right to payment or performance

1 under a letter of credit whether or not the beneficiary has demanded or is at the time  
 2 entitled to demand payment or performance; the term does not include the right of a  
 3 beneficiary to demand payment or performance under a letter of credit;

4 (64) "lien creditor" means

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

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

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

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

12 (65) "manufactured home" means a structure, transportable in one or  
 13 more sections, that, in the traveling mode, is eight body feet or more in width or 40  
 14 body feet or more in length, or, when erected on site, is 320 or more square feet, and  
 15 that is built on a permanent chassis and designed to be used as a dwelling with or  
 16 without a permanent foundation when connected to the required utilities, and includes  
 17 the plumbing, heating, air-conditioning, and electrical systems contained in the  
 18 structure; the term includes a structure that meets all of the requirements of this  
 19 paragraph except the size requirements and with respect to which the manufacturer  
 20 voluntarily files a certification required by the United States Secretary of Housing and  
 21 Urban Development and complies with the standards established under Title 42, United  
 22 States Code;

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

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

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

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

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

31 (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;

- 1 (B) an organization, means
- 2 (i) a person directly or indirectly controlling, controlled
- 3 by, or under common control with the organization;
- 4 (ii) an officer or director of, or a person performing
- 5 similar functions with respect to, the organization;
- 6 (iii) an officer or director of, or a person performing
- 7 similar functions with respect to, a person described in (i) of this
- 8 subparagraph;
- 9 (iv) the spouse of an individual described in (i), (ii), or
- 10 (iii) of this subparagraph; or
- 11 (v) an individual who is related by blood or marriage to
- 12 an individual described in (i), (ii), (iii), or (iv) of this subparagraph and
- 13 shares the same home with the individual;
- 14 (79) "proceeds," except as used in AS 45.29.609(b), means the
- 15 following property:
- 16 (A) whatever is acquired upon the sale, lease, license, exchange,
- 17 or other disposition of collateral;
- 18 (B) whatever is collected on, or distributed on account of,
- 19 collateral;
- 20 (C) rights arising out of collateral;
- 21 (D) to the extent of the value of collateral, claims arising out
- 22 of the loss, nonconformity, or interference with the use of, defects or
- 23 infringement of rights in, or damage to the collateral; or
- 24 (E) to the extent of the value of collateral and to the extent
- 25 payable to the debtor or the secured party, insurance payable by reason of the
- 26 loss or nonconformity of, defects or infringement of rights in, or damage to, the
- 27 collateral;
- 28 (80) "proceeds of the letter of credit" has the meaning given "proceeds
- 29 of a letter of credit" in AS 45.05.114(a);
- 30 (81) "promissory note" means an instrument that evidences a promise
- 31 to pay a monetary obligation, does not evidence an order to pay, and does not contain

1 an acknowledgment by a bank that the bank has received for deposit a sum of money  
2 or funds;

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

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

7 (84) "pursuant to a commitment," with respect to an advance made or  
8 other value given by a secured party, means in accordance with a secured party's  
9 obligation, whether or not a subsequent event of default or other event not within the  
10 secured party's control has relieved or may relieve the secured party from its  
11 obligation;

12 (85) "record," except as used in "for record," "of record," "record or  
13 legal title," and "record owner," means information that is inscribed on a tangible  
14 medium or that is stored in an electronic or other medium and is retrievable in  
15 perceivable form;

16 (86) "registered organization" means an organization organized solely  
17 under the law of a single state or the United States and as to which the state or the  
18 United States must maintain a public record showing the organization to have been  
19 organized;

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

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

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

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

26 (89) "secured party" means

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

30 (B) a person who holds an agricultural lien;

31 (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 electrically, 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;



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

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

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

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

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

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

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

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

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

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

27 (A) to obligations that are not secured; and

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

31 (f) In a transaction, other than a consumer goods transaction, a purchase

1 money security interest does not lose its status as such even if

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

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

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

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

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

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

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

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

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

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

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

31 (1) a single authoritative copy of the record or records exists that is

1 unique, identifiable, and, except as otherwise provided in (4) - (6) of this section,  
2 unalterable;

3 (2) the authoritative copy identifies the secured party as the assignee  
4 of the record or records;

5 (3) the authoritative copy is communicated to and maintained by the  
6 secured party or its designated custodian;

7 (4) copies or revisions that add or change an identified assignee of the  
8 authoritative copy can be made only with the participation of the secured party;

9 (5) each copy of the authoritative copy and any copy of a copy is  
10 readily identifiable as a copy that is not the authoritative copy; and

11 (6) any revision of the authoritative copy is readily identifiable as an  
12 authorized or unauthorized revision.

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

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

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

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

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

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

31 **Sec. 45.29.108. Sufficiency of description.** (a) Except as otherwise provided

1 in (c) - (e) of this section, a description of personal or real property is sufficient,  
2 whether or not it is specific, if it reasonably identifies what is described.

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

5 (1) specific listing;

6 (2) category;

7 (3) except as otherwise provided in (e) of this section, a type of  
8 collateral defined in the code;

9 (4) quantity;

10 (5) computational or allocational formula or procedure; or

11 (6) except as otherwise provided in (c) of this section, another method  
12 if the identity of the collateral is objectively determinable.

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

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

19 (1) the collateral by those terms or as investment property; or

20 (2) the underlying financial asset or commodity contract.

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

23 (1) a commercial tort claim; or

24 (2) in a consumer transaction, consumer goods, a security entitlement,  
25 a securities account, or a commodity account.

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

28 (1) a transaction, regardless of its form, that creates a security interest  
29 in personal property or fixtures by contract;

30 (2) an agricultural lien;

31 (3) a sale of accounts, chattel paper, payment intangibles, or promissory

1 notes;

2 (4) a consignment;

3 (5) a security interest arising under AS 45.02.401, 45.02.505,  
4 45.02.711(c), or AS 45.12.508(e), as provided in AS 45.29.110; and

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

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

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

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

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

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

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

21 (d) This chapter does not apply to

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

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

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

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

30 (5) an assignment of accounts, chattel paper, payment intangibles, or  
31 promissory notes that is for the purpose of collection only;

1 (6) an assignment of a right to payment under a contract to an assignee  
2 that is also obligated to perform under the contract;

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

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

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

13 (10) a right of recoupment or setoff, but

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

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

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

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

21 (B) fixtures in AS 45.29.334;

22 (C) fixture filings in AS 45.29.501, 45.29.502, 45.29.512,  
23 45.29.516, and 45.29.519; and

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

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

29 (13) an assignment of a deposit account in a consumer transaction, but  
30 AS 45.29.315 and 45.29.322 apply with respect to proceeds and priorities in proceeds;  
31 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

1 a transaction not otherwise subject to it.

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

6 **Sec. 45.29.203. Attachment and enforceability of security interest;**  
7 **proceeds; supporting obligations; formal requisites.** (a) A security interest attaches  
8 to collateral when it becomes enforceable against the debtor with respect to the  
9 collateral unless an agreement expressly postpones the time of attachment.

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

13 (1) value has been given;

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

16 (3) one of the following conditions is met:

17 (A) the debtor has authenticated a security agreement that  
18 provides a description of the collateral and, if the security interest covers  
19 timber to be cut, a description of the land concerned;

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

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

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

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

31 (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.

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

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

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

9                   (2) a commercial tort claim.

10           (c) A security agreement may provide that collateral secures, or that accounts,  
 11 chattel paper, payment intangibles, or promissory notes are sold in connection with,  
 12 future advances or other value, whether or not the advances or value are given  
 13 pursuant to a commitment.

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

16                   (1) the debtor has the right or ability to

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

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

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

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

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

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

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

31                   (1) the person buys a financial asset through the securities intermediary

1 in a transaction in which the person is obligated to pay the purchase price to the  
2 securities intermediary at the time of the purchase; and

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

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

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

10 (1) the security or other financial asset

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

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

15 (2) the agreement calls for delivery against payment.

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

18 **Sec. 45.29.207. Rights and duties of secured party having possession or**  
19 **control of collateral.** (a) Except as otherwise provided in (d) of this section, a  
20 secured party shall use reasonable care in the custody and preservation of collateral in  
21 the secured party's possession. In the case of chattel paper or an instrument,  
22 reasonable care includes taking necessary steps to preserve rights against prior parties  
23 unless otherwise agreed.

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

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

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

31 (3) the secured party shall keep the collateral identifiable, but fungible

1 collateral may be commingled; and

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

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

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

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

8 (c) Except as otherwise provided in (d) of this section, a secured party having  
9 possession of collateral or control of collateral under AS 45.29.104, 45.29.105,  
10 45.29.106, or 45.29.107

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

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

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

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

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

20 (A) to charge back uncollected collateral; or

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

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

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

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

31 (1) having control of a deposit account under AS 45.29.104(a)(2) shall

1 send to the bank with which the deposit account is maintained an authenticated  
2 statement that releases the bank from further obligation to comply with instructions  
3 originated by the secured party;

4 (2) having control of a deposit account under AS 45.29.104(a)(3) shall

5 (A) pay the debtor the balance on deposit in the deposit  
6 account; or

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

9 (3) other than a buyer, having control of electronic chattel paper under  
10 AS 45.29.105 shall

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

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

19 (C) take appropriate action to enable the debtor or its designated  
20 custodian to make copies of or revisions to the authoritative copy that add or  
21 change an identified assignee of the authoritative copy without the consent of  
22 the secured party;

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

29 (5) having control of a letter-of-credit right under AS 45.29.107 shall  
30 send to each person having an unfulfilled obligation to pay or deliver proceeds of the  
31 letter of credit to the secured party an authenticated release from further obligation to

1 pay or deliver proceeds of the letter of credit to the secured party.

2 **Sec. 45.29.209. Duties of secured party if account debtor has been notified**  
 3 **of assignment.** (a) Except as otherwise provided in (c) of this section, this section  
 4 applies to a case in which

5 (1) there is no outstanding secured obligation; and

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

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

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

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

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

18 (2) "request for an accounting" means a record authenticated by a  
 19 debtor requesting that the recipient provide an accounting of the unpaid obligations  
 20 secured by collateral and reasonably identifying the transaction or relationship that is  
 21 the subject of the request;

22 (3) "request regarding a list of collateral" means a record authenticated  
 23 by a debtor requesting that the recipient approve or correct a list of what the debtor  
 24 believes to be the collateral securing an obligation and reasonably identifying the  
 25 transaction or relationship that is the subject of the request;

26 (4) "request regarding a statement of account" means a record  
 27 authenticated by a debtor requesting that the recipient approve or correct a statement  
 28 indicating what the debtor believes to be the aggregate amount of unpaid obligations  
 29 secured by collateral as of a specified date and reasonably identifying the transaction  
 30 or relationship that is the subject of the request.

31 (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.**

1 Except as otherwise provided in AS 45.29.303 - 45.29.306, the following rules  
 2 determine the law governing perfection, the effect of perfection or nonperfection, and  
 3 the priority of a security interest in collateral:

4 (1) except as otherwise provided in this section, while a debtor is  
 5 located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect  
 6 of perfection or nonperfection, and the priority of a security interest in collateral;

7 (2) while collateral is located in a jurisdiction, the local law of that  
 8 jurisdiction governs perfection, the effect of perfection or nonperfection, and the  
 9 priority of a possessory security interest in that collateral;

10 (3) except as otherwise provided in (4) of this section, while negotiable  
 11 documents, goods, instruments, money, or tangible chattel paper is located in a  
 12 jurisdiction, the local law of that jurisdiction governs

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

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

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

18 (4) the local law of the jurisdiction in which the wellhead or minehead  
 19 is located governs perfection, the effect of perfection or nonperfection, and the priority  
 20 of a security interest in as-extracted collateral.

21 **Sec. 45.29.302. Law governing perfection and priority of agricultural liens.**

22 While farm products are located in a jurisdiction, the local law of that jurisdiction  
 23 governs perfection, the effect of perfection or nonperfection, and the priority of an  
 24 agricultural lien on the farm products.

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

29 (b) Goods become covered by a certificate of title when a valid application for  
 30 the certificate of title and the applicable fee are delivered to the appropriate authority.  
 31 Goods cease to be covered by a certificate of title at the earlier of the time



1 (1) the certificate of title ceases to be effective under the law of the  
2 issuing jurisdiction; or

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

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

10 **Sec. 45.29.304. Law governing perfection and priority of security interests**  
11 **in deposit accounts.** (a) The local law of a bank's jurisdiction governs perfection,  
12 the effect of perfection or nonperfection, and the priority of a security interest in a  
13 deposit account maintained with that bank.

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

16 (1) if an agreement between the bank and the debtor governing the  
17 deposit account expressly provides that a particular jurisdiction is the bank's  
18 jurisdiction for purposes of AS 45.29.301 - 45.29.342, this chapter, or the code, that  
19 jurisdiction is the bank's jurisdiction;

20 (2) if (1) of this subsection does not apply and an agreement between  
21 the bank and its customer governing the deposit account expressly provides that the  
22 agreement is governed by the law of a particular jurisdiction, that jurisdiction is the  
23 bank's jurisdiction;

24 (3) if neither (1) nor (2) of this subsection applies and an agreement  
25 between the bank and its customer governing the deposit account expressly provides  
26 that the deposit account is maintained at an office in a particular jurisdiction, that  
27 jurisdiction is the bank's jurisdiction;

28 (4) if (1), (2), or (3) of this subsection does not apply, the bank's  
29 jurisdiction is the jurisdiction in which the office identified in an account statement as  
30 the office serving the customer's account is located;

31 (5) if (1), (2), (3), or (4) of this subsection does not apply, the bank's

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

1 residence;

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

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

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

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

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

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

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

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

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

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

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

31 (2) the dissolution, winding up, or cancellation of the existence of the

1 registered organization.

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

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

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

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

10 **Sec. 45.29.308. When security interest or agricultural lien is perfected;**  
11 **continuity of perfection.** (a) Except as otherwise provided in this section and  
12 AS 45.29.309, a security interest is perfected if it has attached and all of the applicable  
13 requirements for perfection in AS 45.29.310 - 45.29.316 have been satisfied. A  
14 security interest is perfected when it attaches if the applicable requirements are  
15 satisfied before the security interest attaches.

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

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

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

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

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

30 (g) Perfection of a security interest in a commodity account also perfects a  
31 security interest in the commodity contracts carried in the commodity account.

1                   **Sec. 45.29.309. Security interest perfected upon attachment.** The following  
 2 security interests are perfected when they attach:

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

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

9                   (3) a sale of a payment intangible;

10                  (4) a sale of a promissory note;

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

13                  (6) a security interest arising under AS 45.02.401, 45.02.505,  
 14 45.02.711(c), or AS 45.12.508(e), until the debtor obtains possession of the collateral;

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

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

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

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

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

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

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

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

1 and agricultural liens.

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

4 (1) that is perfected under AS 45.29.308(d), (e), (f), or (g);

5 (2) that is perfected under AS 45.29.309 when it attaches;

6 (3) in property subject to a statute, regulation, or treaty described in  
7 AS 45.29.311(a);

8 (4) in goods in possession of a bailee that is perfected under  
9 AS 45.29.312(d)(1) or (2);

10 (5) in certificated securities, documents, goods, or instruments that is  
11 perfected without filing or possession under AS 45.29.312(e), (f), or (g);

12 (6) in collateral in the secured party's possession under AS 45.29.313;

13 (7) in a certificated security that is perfected by delivery of the security  
14 certificate to the secured party under AS 45.29.313;

15 (8) in deposit accounts, electronic chattel paper, investment property,  
16 or letter-of-credit rights that is perfected by control under AS 45.29.314;

17 (9) in proceeds that is perfected under AS 45.29.315; or

18 (10) that is perfected under AS 45.29.316.

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

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

26 (1) a statute, regulation, or treaty of the United States whose  
27 requirements for a security interest's obtaining priority over the rights of a lien creditor  
28 with respect to the property preempt AS 45.29.310(a);

29 (2) AS 28.10; however, during a period in which collateral is inventory  
30 held for sale by a person who is in the business of selling goods of that kind, the filing  
31 provisions of AS 45.29.501 - 45.29.527 apply to a security interest in that collateral

1 created by that person as debtor; or

2 (3) a certificate-of-title statute of another jurisdiction that provides for  
3 a security interest to be indicated on the certificate as a condition or result of the  
4 security interest's obtaining priority over the rights of a lien creditor with respect to the  
5 property.

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

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

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

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

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

31 (1) a security interest in a deposit account may be perfected only by



1 control under AS 45.29.314;

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

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

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

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

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

13 (d) While goods are in the possession of a bailee that has issued a  
14 nonnegotiable document covering the goods, a security interest in the goods may be  
15 perfected by

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

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

18 (3) filing as to the goods.

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

23 (f) A perfected security interest in a negotiable document or goods in  
24 possession of a bailee, other than one that has issued a negotiable document for the  
25 goods, remains perfected for 20 days without filing if the secured party makes  
26 available to the debtor the goods or documents representing the goods for the purpose  
27 of

28 (1) ultimate sale or exchange; or

29 (2) loading, unloading, storing, shipping, transshipping, manufacturing,  
30 processing, or otherwise dealing with the goods or documents representing the goods  
31 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

1 certificate.

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

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

6 (1) the acknowledgment is effective under (c) of this section or  
7 AS 45.08.301(a), even if the acknowledgment violates the rights of a debtor; and

8 (2) unless the person otherwise agrees or law other than this chapter  
9 otherwise provides, the person does not owe a duty to the secured party and is not  
10 required to confirm the acknowledgment to another person.

11 (h) A secured party having possession of collateral does not relinquish  
12 possession by delivering the collateral to a person other than the debtor or a lessee of  
13 the collateral from the debtor in the ordinary course of the debtor's business if the  
14 person was instructed before the delivery or is instructed contemporaneously with the  
15 delivery to

16 (1) hold possession of the collateral for the secured party's benefit; or

17 (2) redeliver the collateral to the secured party.

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

23 **Sec. 45.29.314. Perfection by control.** (a) A security interest in deposit  
24 accounts, electronic chattel paper, investment property, or letter-of-credit rights, or may  
25 be perfected by control of the collateral under AS 45.29.104, 45.29.105, 45.29.106, or  
26 45.29.107.

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

31 (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;

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

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

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

7 (d) Except as otherwise provided in (e) of this section, a security interest in  
8 goods covered by a certificate of title that is perfected by a method under the law of  
9 another jurisdiction when the goods become covered by a certificate of title from this  
10 state remains perfected until the security interest would have become unperfected under  
11 the law of the other jurisdiction had the goods not become so covered.

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

17 (1) the time the security interest would have become unperfected under  
18 the law of the other jurisdiction had the goods not become covered by a certificate of  
19 title from this state; or

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

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

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

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

31 (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.



1 (c) To the extent that it affects the priority of a security interest over a buyer  
 2 of goods under (b) of this section, the period of effectiveness of a filing made in the  
 3 jurisdiction in which the seller is located is governed by AS 45.29.316(a) and (b).

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

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

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

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

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

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

29 (1) conflicting perfected security interests and agricultural liens rank  
 30 according to priority in time of filing or perfection; priority dates from the earlier of  
 31 the time a filing covering the collateral is first made or the security interest or

1 agricultural lien is first perfected if there is no period thereafter when there is neither  
2 filing nor perfection;

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

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

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

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

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

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

18 (1) supporting obligation for the collateral; and

19 (2) proceeds of the collateral if

20 (A) the security interest in proceeds is perfected;

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

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

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

31 (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.

1 (c) The provisions of (a) and (b) of this section do not apply to a security  
2 interest held by a secured party that is a buyer of accounts, chattel paper, payment  
3 intangibles, or promissory notes or a consignor.

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

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

9 (2) 45 days after the purchase.

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

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

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

17 (2) 45 days after the lease contract becomes enforceable.

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

21 **Sec. 45.29.324. Priority of purchase money security interests.** (a) Except  
22 as otherwise provided in (g) of this section, a perfected purchase money security  
23 interest in goods other than inventory or livestock has priority over a conflicting  
24 security interest in the same goods, and, except as otherwise provided in AS 45.29.327,  
25 a perfected security interest in its identifiable proceeds also has priority if the purchase  
26 money security interest is perfected when the debtor receives possession of the  
27 collateral or within 20 days thereafter.

28 (b) Subject to (c) of this section and except as otherwise provided in (g) of this  
29 section, a perfected purchase money security interest in inventory has priority over a  
30 conflicting security interest in the same inventory, has priority over a conflicting  
31 security interest in chattel paper or an instrument constituting proceeds of the inventory

1 and in proceeds of the chattel paper if so provided in AS 45.29.330, and, except as  
 2 otherwise provided in AS 45.29.327, also has priority in identifiable cash proceeds of  
 3 the inventory to the extent the identifiable cash proceeds are received on or before the  
 4 delivery of the inventory to a buyer if

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

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

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

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

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

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

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

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

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

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

31 (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

1 interest held by the bank with which the deposit account is maintained has priority  
2 over a conflicting security interest held by another secured party;

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

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

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

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

15 (A) a security, of obtaining control;

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

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

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

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

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

31 (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.

1 (d) Except as otherwise provided in (h) of this section, a perfected security  
 2 interest in fixtures has priority over a conflicting interest of an encumbrancer or owner  
 3 of the real property if the debtor has an interest of record in or is in possession of the  
 4 real property and

5 (1) the security interest is a purchase money security interest;

6 (2) the interest of the encumbrancer or owner arises before the goods  
 7 become fixtures; and

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

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

12 (1) the debtor has an interest of record in the real property or is in  
 13 possession of the real property and the security interest

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

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

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

20 (A) factory or office machines;

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

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

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

28 (4) the security interest is

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

31 (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.



1 (b) An agreement between the debtor and secured party that prohibits a  
2 transfer of the debtor's rights in collateral or makes the transfer a default does not  
3 prevent the transfer from taking effect.

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

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

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

15 (1) for value;

16 (2) in good faith;

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

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

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

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

30 (1) the record has the same effect as if the record included the a  
31 statement; and

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

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

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

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

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

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

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

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

25 (d) In a consumer transaction, if a record evidences the account debtor's  
26 obligation, law other than this chapter requires that the record include a statement to  
27 the effect that the account debtor's recovery against an assignee with respect to claims  
28 and defenses against the assignor may not exceed amounts paid by the account debtor  
29 under the record, and the record does not include the statement, the extent to which  
30 a claim of an account debtor against the assignor may be asserted against an assignee  
31 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;

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

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

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

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

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

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

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

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

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

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

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

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

1 the lease.

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

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

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

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

15 **Sec. 45.29.408. Restrictions on assignment of promissory notes, health-**  
16 **care-insurance receivables, and certain general intangibles ineffective.** (a) Except  
17 as otherwise provided in (b) of this section, a term in a promissory note or in an  
18 agreement between an account debtor and a debtor that relates to a health care  
19 insurance receivable or a general intangible, including a contract, permit, license, or  
20 franchise, and that prohibits, restricts, or requires the consent of the person obligated  
21 on the promissory note or the account debtor to the assignment or transfer of, or  
22 creation, attachment, or perfection of a security interest in the promissory note, health  
23 care insurance receivable, or general intangible is ineffective to the extent that the term

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

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

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

1 of the payment intangible or promissory note.

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

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

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

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

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

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

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

27 (4) does not entitle the secured party to use or assign the debtor's rights  
28 under the promissory note, health care insurance receivable, or general intangible,  
29 including related information or materials furnished to the debtor in the transaction  
30 giving rise to the promissory note, health care insurance receivable, or general  
31 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 (1) satisfy (a) of this section;
- 2 (2) indicate that the financing statement covers this type of collateral;
- 3 (3) indicate that the financing statement is to be filed for record in the
- 4 real property records;
- 5 (4) provide a description of the real property to which the collateral is
- 6 related sufficient to give constructive notice of a mortgage under the law of this state
- 7 if the description were contained in the mortgage of the real property; and
- 8 (5) if the debtor does not have an interest of record in the real property,
- 9 provide the name of a record owner.

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

- 13 (1) the mortgage indicates the goods or accounts that it covers;
- 14 (2) the goods are or are to become fixtures related to the real property
- 15 described in the mortgage or the collateral is related to the real property described in
- 16 the mortgage and is as-extracted collateral or timber to be cut;
- 17 (3) the mortgage satisfies the requirements for a financing statement
- 18 in this section other than an indication that it is to be filed in the real property records;
- 19 and
- 20 (4) the mortgage is recorded.

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

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

- 25 (1) if the debtor is a registered organization, only if the financing
- 26 statement provides the name of the debtor indicated on the public record of the debtor's
- 27 jurisdiction of organization that shows the debtor to have been organized;
- 28 (2) if the debtor is a decedent's estate, only if the financing statement
- 29 provides the name of the decedent and indicates that the debtor is an estate;
- 30 (3) if the debtor is a trust or a trustee acting with respect to property
- 31 held in trust, only if the financing statement

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

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

(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

1 consents to the disposition.

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

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

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

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

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

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

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

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

31 (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

1 amendment.

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

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

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

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

9 **Sec. 45.29.513. Termination statement.** (a) A secured party shall cause the  
10 secured party of record for a financing statement to file a termination statement for the  
11 financing statement if the financing statement covers consumer goods and

12 (1) there is no obligation secured by the collateral covered by the  
13 financing statement and no commitment to make an advance, incur an obligation, or  
14 otherwise give value; or

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

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

19 (1) within one month after there is no obligation secured by the  
20 collateral covered by the financing statement and no commitment to make an advance,  
21 incur an obligation, or otherwise give value; or

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

24 (c) In cases not governed by (a) of this section, within 20 days after a secured  
25 party receives an authenticated demand from a debtor, the secured party shall cause  
26 the secured party of record for a financing statement to send to the debtor a  
27 termination statement for the financing statement or file the termination statement in  
28 the filing office if

29 (1) except in the case of a financing statement covering accounts or  
30 chattel paper that has been sold or goods that are the subject of a consignment, there  
31 is no obligation secured by the collateral covered by the financing statement and no



1 commitment to make an advance, incur an obligation, or otherwise give value;

2 (2) the financing statement covers accounts or chattel paper that has  
3 been sold but as to which the account debtor or other person obligated has discharged  
4 its obligation;

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

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

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

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

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

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

27 (2) provides the name of the assignor; and

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

29 (c) An assignment of record of a security interest in a fixture covered by a  
30 mortgage that is effective as a financing statement filed as a fixture filing under  
31 AS 45.29.502(c) may be made only by an assignment of record of the mortgage in the

1 manner provided by law of this state other than the code.

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

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

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

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

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

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

30 (g) A mortgage that is effective as a financing statement filed as a fixture  
31 filing under AS 45.29.502(c) remains effective as a financing statement filed as a

1 fixture filing until the mortgage is released or satisfied of record or its effectiveness  
2 otherwise terminates as to the real property.

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

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

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

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

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

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

17 (B) an amendment or correction statement, the record

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

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

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

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

30 (E) a fixture filing or other filing allowed to be filed for record  
31 in a filing office described in AS 45.29.501(a)(1), the filing does not provide

1 the name of the debtor and record owner;

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

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

8 (A) provide a mailing address for the debtor;

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

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

13 (i) a type of organization for the debtor;

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

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

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

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

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

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

26 (2) that does not indicate that it is an amendment or identify an initial  
27 financing statement to which it relates as required by AS 45.29.512, 45.29.514, or  
28 45.29.518 is an initial financing statement.

29 (d) A record that is communicated to the filing office with tender of the filing  
30 fee, but which the filing office refuses to accept for a reason other than one set out in  
31 (b) of this section, is effective as a filed record except as against a purchaser of the

1 collateral who gives value in reasonable reliance on the absence of the record from the  
2 files.

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

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

9 (b) A correction statement must

10 (1) identify the record to which it relates by

11 (A) the file number assigned to the initial financing statement  
12 to which the record relates; and

13 (B) if the correction statement relates to a record filed for  
14 record in a filing office described in AS 45.29.501(a)(1), the date that the  
15 initial financing statement was filed for record and the information specified  
16 in AS 45.29.502(b);

17 (2) indicate that it is a correction statement; and

18 (3) provide the basis for the person's belief that the record is inaccurate  
19 and indicate the manner in which the person believes the record should be amended  
20 to cure the inaccuracy or provide the basis for the person's belief that the record was  
21 wrongfully filed.

22 (c) The filing of a correction statement does not affect the effectiveness of an  
23 initial financing statement or other filed record.

24 **Sec. 45.29.519. Numbering, maintaining, and indexing records;**  
25 **communicating information provided in records.** (a) For each record filed in a  
26 filing office, the filing office shall

27 (1) assign a unique number to the filed record;

28 (2) create a record that bears the number assigned to the filed record  
29 and the date and time of filing;

30 (3) maintain the filed record for public inspection; and

31 (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

1 the assignee.

2 (f) The filing office shall maintain a capability to

3 (1) retrieve a record by the name of the debtor and, if the filing office  
4 is described in

5 (A) AS 45.29.501(a)(1), by the file number assigned to the  
6 initial financing statement to which the record relates and the date that the  
7 record was filed for record; or

8 (B) AS 45.29.501(a)(2), by the file number assigned to the  
9 initial financing statement to which the record relates; and

10 (2) associate and retrieve with one another an initial financing statement  
11 and each filed record relating to the initial financing statement.

12 (g) The filing office may not remove a debtor's name from the index until one  
13 year after the effectiveness of a financing statement naming the debtor lapses under  
14 AS 45.29.515 with respect to all secured parties of record.

15 (h) Except as otherwise provided in (i) of this section, the filing office shall  
16 perform the acts required by (a) - (e) of this section at the time and in the manner  
17 prescribed by filing office regulations, but not later than two business days after the  
18 filing office receives the record in question.

19 (i) The requirements of (b) and (h) of this section do not apply to a filing  
20 office described in AS 45.29.501(a)(1).

21 **Sec. 45.29.520. Acceptance and refusal to accept record.** (a) A filing office  
22 shall refuse to accept a record for filing for a reason set out in AS 45.29.516(b) and  
23 may refuse to accept a record for filing only for a reason set out in AS 45.29.516(b).

24 (b) If a filing office refuses to accept a record for filing, the filing office shall  
25 communicate to the person who presented the record the fact of and reason for the  
26 refusal and the date and time the record would have been filed had the filing office  
27 accepted it. The communication must be made at the time and in the manner  
28 prescribed by filing office regulation but, in the case of a filing office described in  
29 AS 45.29.501(a)(2), no more than two business days after the filing office receives the  
30 record.

31 (c) A filed financing statement satisfying AS 45.29.502(a) and (b) is effective

1 even if the filing office is required to refuse to accept it for filing under (a) of this  
2 section. However, AS 45.29.338 applies to a filed financing statement providing  
3 information described in AS 45.29.516(b)(5) that is incorrect at the time the financing  
4 statement is filed.

5 (d) If a record communicated to a filing office provides information that relates  
6 to more than one debtor, AS 45.29.501 - 45.29.525 applies as to each debtor  
7 separately.

8 **Sec. 45.29.521. Uniform form of written financing statement and**  
9 **amendment.** (a) A filing office that accepts written records may not refuse to accept  
10 a written initial financing statement in the following form and format except for a  
11 reason set out in AS 45.29.516(b):



**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

1d. TAX ID #: SSN OR EIN

ADD'L INFO RE  
ORGANIZATION  
DEBTOR

1e. TYPE OF ORGANIZATION

1f. JURISDICTION OF ORGANIZATION

1g. ORGANIZATIONAL ID #, if any

☐ NONE2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE  
ORGANIZATION  
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE or ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable)	LESSOR/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAIOR	SELLER/BUYER	AG. LIEN	NON-UCFILING
6. THIS FINANCING STATEMENT is to be filed (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (OPTIONAL FEE)		All Debtors Debtor 1 Debtor 2			

8. OPTIONAL FILER REFERENCE DATA

NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/23/98)

and back) CAREFULLY			
1a or 1b) ON RELATED FINANCING STATEMENT			
	FIRST NAME	MIDDLE NAME, SUFFIX	
THE ABOVE SPACE IS FOR FILING OFFICE			
EXACT FULL LEGAL NAME - Insert only <u>one</u> name (11a or 11b) - do not abbreviate or combine names			
	FIRST NAME	MIDDLE NAME	
	CITY	STATE	POSTAL CODE
11. INFO RE ANIZATION FOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any
D PARTY'S or <input type="checkbox"/> ASSIGNOR S/P'S NAME - insert only <u>one</u> name (12a or 12b)			
	FIRST NAME	MIDDLE NAME	
	CITY	STATE	POSTAL CODE
overs <input type="checkbox"/> timber to be cut or <input type="checkbox"/> as-extracted are filing.	16. Additional collateral description:		

(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):

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS.

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

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

4. ☐ ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects ☐ Debtor ☐ Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in item 6 and/or 7.

☐ CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c. ☐ DELETE name: Give record name to be deleted in item 6a or 6b. ☐ ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. TAX ID #: SSN OR EIN ☐ 7e. TYPE OF ORGANIZATION ☐ 7f. JURISDICTION OF ORGANIZATION ☐ 7g. ORGANIZATIONAL ID #, if any ☐ NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral ☐ deleted or ☐ added, or give entire ☐ restated collateral description, or describe collateral ☐ assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

OR 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA

NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 07/29/93)

UCC FINANCING STATEMENT AMENDMENT ADDENDUM			
FOLLOW INSTRUCTIONS (front and back) CAREFULLY			
11. INITIAL FINANCING STATEMENT FILE # (same as Item 1a on Amendment form)			
12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as Item 9 on Amendment form)			
12a. ORGANIZATION'S NAME			
OR			
12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX	
13. Use this space for additional information			
THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY			
NATIONAL UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC3Ad) (REV. 07/29/98)			

**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

- 1 (A) designates a particular debtor;
- 2 (B) has not lapsed under AS 45.29.515 with respect to all
- 3 secured parties of record; and
- 4 (C) if the request so states, has lapsed under AS 45.29.515 and
- 5 a record of which is maintained by the filing office under AS 45.29.522(a);
- 6 (2) the date and time of filing of each financing statement; and
- 7 (3) the information provided in each financing statement.

8 (d) In complying with its duty under (c) of this section, the filing office may

9 communicate information in any medium. However, if requested, the filing office

10 shall communicate information by issuing its written certificate.

11 (e) The filing office shall perform the acts required by (a) - (d) of this section

12 at the time and in the manner prescribed by filing office regulations but, in the case

13 of a filing office described in AS 45.29.501(a)(2), not later than two business days

14 after the filing office receives the request.

15 (f) At least bi-weekly, the filing office described in AS 45.29.501(a)(2) shall

16 offer to sell or license to the public on a nonexclusive basis, in bulk, copies of all

17 records filed in it under AS 45.29.501 - 45.29.525, in every medium from time to time

18 available to the filing office.

19 **Sec. 45.29.524. Delay by filing office.** Delay by the filing office beyond a

20 time limit prescribed by AS 45.29.501 - 45.29.525 is excused if

21 (1) the delay is caused by interruption of communication or computer

22 facilities, war, emergency conditions, failure of equipment, or other circumstances

23 beyond control of the filing office; and

24 (2) the filing office exercises reasonable diligence under the

25 circumstances.

26 **Sec. 45.29.525. Fees.** The Department of Natural Resources shall adopt

27 regulations that set the fees for

28 (1) recording or filing and indexing a document under AS 45.29.501 -

29 45.29.525; and

30 (2) responding to a request for information or copies from the filing

31 office, including for communicating whether there is on file a financing statement

1 naming a particular debtor.

2 **Article 6. Default.**

3 **Sec. 45.29.601. Rights after default; judicial enforcement; consignor or**  
 4 **buyer of accounts, chattel paper, payment intangibles, or promissory notes.** (a)  
 5 After default, a secured party has the rights provided in AS 45.29.601 - 45.29.628 and,  
 6 except as otherwise provided in AS 45.29.602, those provided by agreement of the  
 7 parties. A secured party

8 (1) may reduce a claim to judgment, foreclose, or otherwise enforce the  
 9 claim, security interest, or agricultural lien by available judicial procedures; and

10 (2) if the collateral is documents, may proceed either as to the  
 11 documents or as to the goods the documents cover.

12 (b) A secured party in possession of collateral or control of collateral under  
 13 AS 45.29.104, 45.29.105, 45.29.106, or 45.29.107 has the rights and duties provided  
 14 in AS 45.29.207.

15 (c) The rights under (a) and (b) of this section are cumulative and may be  
 16 exercised simultaneously.

17 (d) Except as otherwise provided in (g) of this section and AS 45.29.605, after  
 18 default, a debtor and an obligor have the rights provided in this part and by agreement  
 19 of the parties.

20 (e) If a secured party has reduced its claim to judgment, the lien of a levy that  
 21 may be made upon the collateral by virtue of an execution based on the judgment  
 22 relates back to the earliest of the date

23 (1) of perfection of the security interest or agricultural lien in the  
 24 collateral;

25 (2) of filing a financing statement covering the collateral; or

26 (3) specified in a statute under which the agricultural lien was created.

27 (f) A sale pursuant to an execution is a foreclosure of the security interest or  
 28 agricultural lien by judicial procedure within the meaning of this section. A secured  
 29 party may purchase at the sale and thereafter hold the collateral free of any other  
 30 requirements of this chapter.

31 (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

1 interest or agricultural lien under which the collection or enforcement is made;  
2 and

3 (C) the satisfaction of obligations secured by a subordinate  
4 security interest in or other lien on the collateral subject to the security interest  
5 or agricultural lien under which the collection or enforcement is made if the  
6 secured party receives an authenticated demand for proceeds before distribution  
7 of the proceeds is completed;

8 (2) if requested by a secured party, a holder of a subordinate security  
9 interest or other lien shall furnish reasonable proof of the interest or lien within a  
10 reasonable time; unless the holder complies, the secured party need not comply with  
11 the holder's demand under (1)(C) of this subsection;

12 (3) a secured party need not apply or pay over for application noncash  
13 proceeds of collection and enforcement under AS 45.29.607 unless the failure to do  
14 so would be commercially unreasonable; a secured party that applies or pays over for  
15 application noncash proceeds shall do so in a commercially reasonable manner;

16 (4) a secured party shall account to and pay a debtor for any surplus,  
17 and the obligor is liable for any deficiency.

18 (b) If the underlying transaction is a sale of accounts, chattel paper, payment  
19 intangibles, or promissory notes, the debtor is not entitled to any surplus, and the  
20 obligor is not liable for any deficiency.

21 **Sec. 45.29.609. Secured party's right to take possession after default.** (a)

22 After default, a secured party

23 (1) may take possession of the collateral; and

24 (2) without removal, may render equipment unusable and dispose of  
25 collateral on a debtor's premises under AS 45.29.610.

26 (b) A secured party may proceed under subsection (a) of this section

27 (1) in accordance with judicial process; or

28 (2) without judicial process if it proceeds without breach of the peace.

29 (c) If so agreed and, in any event, after default, a secured party may require  
30 the debtor to assemble the collateral and make it available to the secured party at a  
31 place to be designated by the secured party that is reasonably convenient to both

1 parties.

2 **Sec. 45.29.610. Disposition of collateral after default.** (a) After default, a  
3 secured party may sell, lease, license, or otherwise dispose of any or all of the  
4 collateral in its present condition or following commercially reasonable preparation or  
5 processing.

6 (b) Every aspect of a disposition of collateral, including the method, manner,  
7 time, place, and other terms, must be commercially reasonable. If commercially  
8 reasonable, a secured party may dispose of collateral by public or private proceedings,  
9 by one or more contracts, as a unit or in parcels, and at any time and place and on any  
10 terms.

11 (c) A secured party may purchase collateral

12 (1) at a public disposition; or

13 (2) at a private disposition only if the collateral is of a kind that is  
14 customarily sold on a recognized market or the subject of widely distributed standard  
15 price quotations.

16 (d) A contract for sale, lease, license, or other disposition includes the  
17 warranties relating to title, possession, quiet enjoyment, and the like that by operation  
18 of law accompany a voluntary disposition of property of the kind subject to the  
19 contract.

20 (e) A secured party may disclaim or modify warranties under (d) of this  
21 section

22 (1) in a manner that would be effective to disclaim or modify the  
23 warranties in a voluntary disposition of property of the kind subject to the contract of  
24 disposition; or

25 (2) by communicating to the purchaser a record evidencing the contract  
26 for disposition and including an express disclaimer or modification of the warranties.

27 (f) A record is sufficient to disclaim warranties under (e) of this section if it  
28 indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like  
29 in this disposition" or uses words of similar import.

30 **Sec. 45.29.611. Notification before disposition of collateral.** (a) In this  
31 section, "notification date" means the earlier of the date on which

1 (1) a secured party sends to the debtor and any secondary obligor an  
 2 authenticated notification of disposition; or

3 (2) the debtor and any secondary obligor waive the right to notification.

4 (b) Except as otherwise provided in (d) of this section, a secured party that  
 5 disposes of collateral under AS 45.29.610 shall send to the persons specified in (c) of  
 6 this section a reasonable authenticated notification of disposition.

7 (c) To comply with (b) of this section, the secured party shall send an  
 8 authenticated notification of disposition to

9 (1) the debtor;

10 (2) any secondary obligor; and

11 (3) if the collateral is other than consumer goods,

12 (A) any other person from which the secured party has received,  
 13 before the notification date, an authenticated notification of a claim of an  
 14 interest in the collateral;

15 (B) any other secured party or lienholder that, 10 days before  
 16 the notification date, held a security interest in or other lien on the collateral  
 17 perfected by the filing of a financing statement that

18 (i) identified the collateral;

19 (ii) was indexed under the debtor's name as of that date;

20 and

21 (iii) was filed in the office in which to file a financing  
 22 statement against the debtor covering the collateral as of that date; and

23 (C) any other secured party that, 10 days before the notification  
 24 date, held a security interest in the collateral perfected by compliance with a  
 25 statute, regulation, or treaty described in AS 45.29.311(a).

26 (d) The provisions of (b) of this section do not apply if the collateral is  
 27 perishable or threatens to decline speedily in value or is of a type customarily sold on  
 28 a recognized market.

29 (e) A secured party complies with the requirement for notification prescribed  
 30 by (c)(3)(B) of this section if

31 (1) not later than 20 days or earlier than 30 days before the notification

1 date, the secured party requests, in a commercially reasonable manner, information  
 2 concerning financing statements indexed under the debtor's name in the office indicated  
 3 in (c)(3)(B) of this section; and

4 (2) before the notification date, the secured party

5 (A) did not receive a response to the request for information;

6 or

7 (B) received a response to the request for information and sent  
 8 an authenticated notification of disposition to each secured party or other  
 9 lienholder named in that response whose financing statement covered the  
 10 collateral.

11 **Sec. 45.29.612. Timeliness of notification before disposition of collateral.**

12 (a) Except as otherwise provided in (b) of this section, whether a notification is sent  
 13 within a reasonable time is a question of fact.

14 (b) In a transaction other than a consumer transaction, a notification of  
 15 disposition sent after default and 10 days or more before the earliest time of  
 16 disposition set out in the notification is sent within a reasonable time before the  
 17 disposition.

18 **Sec. 45.29.613. General notification before disposition of collateral.** Except  
 19 in a consumer goods transaction, the following rules apply:

20 (1) the contents of a notification of disposition are sufficient if the  
 21 notification

22 (A) describes the debtor and the secured party;

23 (B) describes the collateral that is the subject of the intended  
 24 disposition;

25 (C) states the method of intended disposition;

26 (D) states that the debtor is entitled to an accounting of the  
 27 unpaid indebtedness and states the charge, if any, for an accounting; and

28 (E) states the time and place of a public disposition or the time  
 29 after which any other disposition is to be made;

30 (2) whether the contents of a notification that lacks any of the  
 31 information specified in (1) of this section are nevertheless sufficient is a question of

1 fact;

2 (3) the contents of a notification providing substantially the information  
3 specified in (1) of this section are sufficient even if the notification includes

4 (A) information not specified by that paragraph; or

5 (B) minor errors that are not seriously misleading;

6 (4) a particular phrasing of the notification is not required;

7 (5) the following form of notification and the form appearing in  
8 AS 45.29.614(3), when completed, each provides sufficient information:

9 NOTIFICATION OF DISPOSITION OF COLLATERAL

10 To: (Name of debtor, obligor, or other person to which the  
11 notification is sent)

12 From: (Name, address, and telephone number of secured party)

13 Name of Debtor(s): (Include only if debtor(s) are not an  
14 addressee)

15 (For a public disposition:)

16 We will sell (or lease or license, as applicable) the (describe  
17 collateral) (to the highest qualified bidder) in public as follows:

18 Day and Date: \_\_\_\_\_

19 Time: \_\_\_\_\_

20 Place: \_\_\_\_\_

21 (For a private disposition:)

22 We will sell (or lease or license, as applicable) the (describe  
23 collateral) privately sometime after (day and date).

24 You are entitled to an accounting of the unpaid indebtedness secured by  
25 the property that we intend to sell (or lease or license, as applicable)  
26 (for a charge of \$ \_\_\_\_\_). You may request an accounting by  
27 calling us at (telephone number).

28 **Sec. 45.29.614. Notification before disposition of collateral in consumer**  
29 **goods transaction.** In a consumer goods transaction, the following rules apply:

30 (1) a notification of disposition must provide the following information:

31 (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

1 more money than you owe, you will get the extra money, unless we  
2 must pay it to someone else.

3 You can get the property back at any time before we sell it by paying  
4 us the full amount you owe (not just the past due payments), including  
5 our expenses. To learn the exact amount you must pay, call us at  
6 \_\_\_\_\_ (telephone number) \_\_\_\_\_.

7 If you want us to explain to you in writing how we have figured the  
8 amount that you owe us, you may call us at \_\_\_\_\_ (telephone number) \_\_\_\_\_  
9 (or write us at \_\_\_\_\_ (secured party's address) \_\_\_\_\_) and request a written  
10 explanation. (We will charge you \$ \_\_\_\_\_ for the explanation if we  
11 sent you another written explanation of the amount you owe us within  
12 the last six months.)

13 If you need more information about the sale call us at \_\_\_\_\_ (telephone  
14 number) \_\_\_\_\_ (or write us at \_\_\_\_\_ (secured party's address) \_\_\_\_\_).

15 We are sending this notice to the following other people who have an  
16 interest in \_\_\_\_\_ (describe collateral) \_\_\_\_\_ or who owe money under your  
17 agreement:

18 \_\_\_\_\_ (Names of all other debtors and obligors, if any) \_\_\_\_\_.

19 (4) a notification in the form of (3) of this section is sufficient even if  
20 additional information appears at the end of the form;

21 (5) a notification in the form of (3) of this section is sufficient even if  
22 it includes errors in information not required by (1) of this section unless the error is  
23 misleading with respect to rights arising under this chapter;

24 (6) if a notification under this section is not in the form set out in (3)  
25 of this section, law other than this chapter determines the effect of including  
26 information not required by (1) of this section.

27 **Sec. 45.29.615. Application of proceeds of disposition; liability for**  
28 **deficiency and right to surplus.** (a) A secured party shall apply or pay over for  
29 application the cash proceeds of disposition under AS 45.29.610 in the following order:

30 (1) the reasonable expenses of retaking, holding, preparing for  
31 disposition, processing, and disposing and, to the extent provided for by agreement and

1 not prohibited by law, reasonable attorney fees and legal expenses incurred by the  
2 secured party;

3 (2) the satisfaction of obligations secured by the security interest or  
4 agricultural lien under which the disposition is made;

5 (3) the satisfaction of obligations secured by any subordinate security  
6 interest in or other subordinate lien on the collateral if

7 (A) the secured party receives from the holder of the  
8 subordinate security interest or other lien an authenticated demand for proceeds  
9 before distribution of the proceeds is completed; and

10 (B) in a case in which a consignor has an interest in the  
11 collateral, the subordinate security interest or other lien is senior to the interest  
12 of the consignor; and

13 (4) a secured party that is a consignor of the collateral if the secured  
14 party receives from the consignor an authenticated demand for proceeds before  
15 distribution of the proceeds is completed.

16 (b) If requested by a secured party, a holder of a subordinate security interest  
17 or other lien shall furnish reasonable proof of the interest or lien within a reasonable  
18 time. Unless the holder does so, the secured party need not comply with the holder's  
19 demand under (a)(3) of this section.

20 (c) A secured party need not apply or pay over for application noncash  
21 proceeds of disposition under AS 45.29.610 unless the failure to do so would be  
22 commercially unreasonable. A secured party that applies or pays over for application  
23 noncash proceeds shall do so in a commercially reasonable manner.

24 (d) If the security interest under which a disposition is made secures payment  
25 or performance of an obligation, after making the payments and applications required  
26 by (a) of this section and permitted by (c) of this section,

27 (1) unless (a)(4) of this section requires the secured party to apply or  
28 pay over cash proceeds to a consignor, the secured party shall account to and pay a  
29 debtor for any surplus; and

30 (2) the obligor is liable for any deficiency.

31 (e) If the underlying transaction is a sale of accounts, chattel paper, payment

1 intangibles, or promissory notes,

2 (1) the debtor is not entitled to any surplus; and

3 (2) the obligor is not liable for any deficiency.

4 (f) The surplus or deficiency after a disposition is calculated based on the  
5 amount of proceeds that would have been realized in a disposition complying with  
6 AS 45.29.601 - 45.29.628 to a transferee other than the secured party, a person related  
7 to the secured party, or a secondary obligor if

8 (1) the transferee in the disposition is the secured party, a person  
9 related to the secured party, or a secondary obligor; and

10 (2) the amount of proceeds of the disposition is significantly below the  
11 range of proceeds that a complying disposition to a person other than the secured  
12 party, a person related to the secured party, or a secondary obligor would have  
13 brought.

14 (g) A secured party who receives cash proceeds of a disposition in good faith  
15 and without knowledge that the receipt violates the rights of the holder of a security  
16 interest or other lien that is not subordinate to the security interest or agricultural lien  
17 under which the disposition is made

18 (1) takes the cash proceeds free of the security interest or other lien;

19 (2) is not obligated to apply the proceeds of the disposition to the  
20 satisfaction of obligations secured by the security interest or other lien; and

21 (3) is not obligated to account to or pay the holder of the security  
22 interest or other lien for any surplus.

23 **Sec. 45.29.616. Explanation of calculation of surplus or deficiency.** (a) In  
24 this section,

25 (1) "explanation" means a writing that

26 (A) states the amount of the surplus or deficiency;

27 (B) provides an explanation in accordance with (c) of this  
28 section of how the secured party calculated the surplus or deficiency;

29 (C) states, if applicable, that future debits, credits, charges,  
30 including additional credit service charges or interest, rebates, and expenses  
31 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 (1) the debtor's rights in the collateral;
- 2 (2) the security interest or agricultural lien under which the disposition
- 3 is made; and
- 4 (3) any other security interest or other lien.

5 **Sec. 45.29.618. Rights and duties of certain secondary obligors.** (a) A

6 secondary obligor acquires the rights and becomes obligated to perform the duties of

7 the secured party after the secondary obligor

- 8 (1) receives an assignment of a secured obligation from the secured
- 9 party;
- 10 (2) receives a transfer of collateral from the secured party and agrees
- 11 to accept the rights and assume the duties of the secured party; or
- 12 (3) is subrogated to the rights of a secured party with respect to
- 13 collateral.

14 (b) An assignment, transfer, or subrogation described in (a) of this section

- 15 (1) is not a disposition of collateral under AS 45.29.610; and
- 16 (2) relieves the secured party of further duties under this chapter.

17 **Sec. 45.29.619. Transfer of record or legal title.** (a) In this section,

18 "transfer statement" means a record authenticated by a secured party stating

- 19 (1) that the debtor has defaulted in connection with an obligation
- 20 secured by specified collateral;
- 21 (2) that the secured party has exercised its post-default remedies with
- 22 respect to the collateral;
- 23 (3) that, by reason of the exercise, a transferee has acquired the rights
- 24 of the debtor in the collateral; and
- 25 (4) the name and mailing address of the secured party, debtor, and
- 26 transferee.

27 (b) A transfer statement entitles the transferee to the transfer of record of all

28 rights of the debtor in the collateral specified in the statement in an official filing,

29 recording, registration, or certificate-of-title system covering the collateral. If a

30 transfer statement is presented with the applicable fee and request form to the official

31 or office responsible for maintaining the system, the official or office shall

- 1 (1) accept the transfer statement;
- 2 (2) promptly amend its records to reflect the transfer; and
- 3 (3) if applicable, issue a new appropriate certificate of title in the name
- 4 of the transferee.

5 (c) A transfer of the record or legal title to collateral to a secured party under  
 6 (b) of this section or otherwise is not of itself a disposition of collateral under this  
 7 chapter and does not of itself relieve the secured party of its duties under this chapter.

8 **Sec. 45.29.620. Acceptance of collateral in full or partial satisfaction of**  
 9 **obligation; compulsory disposition of collateral.** (a) Except as otherwise provided  
 10 in (g) of this section, a secured party may accept collateral in full or partial satisfaction  
 11 of the obligation it secures only if

- 12 (1) the debtor consents to the acceptance under (c) of this section;
- 13 (2) the secured party does not receive, within the time set out in (d) of  
 14 this section, a notification of objection to the proposal authenticated by

15 (A) a person to which the secured party was required to send  
 16 a proposal under AS 45.29.621; or

17 (B) any other person, other than the debtor, holding an interest  
 18 in the collateral subordinate to the security interest that is the subject of the  
 19 proposal;

- 20 (3) if the collateral is consumer goods, the collateral is not in the  
 21 possession of the debtor when the debtor consents to the acceptance; and

22 (4) the provisions of (e) of this section do not require the secured party  
 23 to dispose of the collateral or the debtor waives the requirement under AS 45.29.624.

24 (b) A purported or apparent acceptance of collateral under this section is  
 25 ineffective unless

- 26 (1) the secured party consents to the acceptance in an authenticated  
 27 record or sends a proposal to the debtor; and

28 (2) the conditions of (a) of this section are met.

29 (c) For purposes of this section, a debtor consents to an acceptance of  
 30 collateral

- 31 (1) in partial satisfaction of the obligation it secures only if the debtor



1 agrees to the terms of the acceptance in a record authenticated after default; and

2 (2) in full satisfaction of the obligation it secures only if the debtor  
3 agrees to the terms of the acceptance in a record authenticated after default or the  
4 secured party

5 (A) sends to the debtor after default a proposal that is  
6 unconditional or subject only to a condition that collateral not in the possession  
7 of the secured party be preserved or maintained;

8 (B) in the proposal, proposes to accept collateral in full  
9 satisfaction of the obligation it secures; and

10 (C) does not receive a notification of objection authenticated by  
11 the debtor within 20 days after the proposal is sent.

12 (d) To be effective under (a)(2) of this section, a notification of objection must  
13 be received by the secured party

14 (1) in the case of a person to which the proposal was sent under  
15 AS 45.29.621, within 20 days after notification was sent to that person; and

16 (2) in other cases,

17 (A) within 20 days after the last notification was sent under  
18 AS 45.29.621; or

19 (B) if a notification was not sent, before the debtor consents to  
20 the acceptance under (c) of this section.

21 (e) A secured party that has taken possession of collateral shall dispose of the  
22 collateral under AS 45.29.610 within the time specified in (f) of this section if

23 (1) 60 percent of the cash price has been paid in the case of a purchase  
24 money security interest in consumer goods; or

25 (2) 60 percent of the principal amount of the obligation secured has  
26 been paid in the case of a nonpurchase money security interest in consumer goods.

27 (f) To comply with (e) of this section, the secured party shall dispose of the  
28 collateral within

29 (1) 90 days after taking possession; or

30 (2) any longer period to which the debtor and all secondary obligors  
31 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 (1) a person who, at the time of the failure, was a debtor or an obligor  
 2 or held a security interest in or other lien on the collateral may recover damages under  
 3 (b) of this section for its loss; and

4 (2) if the collateral is consumer goods, a person who was a debtor or  
 5 secondary obligor at the time a secured party failed to comply with AS 45.29.601 -  
 6 45.29.628 may recover for that failure in any event an amount not less than the credit  
 7 service charge plus 10 percent of the principal amount of the obligation or the time-  
 8 price differential plus 10 percent of the cash price.

9 (d) A debtor whose deficiency is eliminated under AS 45.29.626 may recover  
 10 damages for the loss of any surplus. However, a debtor or secondary obligor whose  
 11 deficiency is eliminated or reduced under AS 45.29.626 may not otherwise recover  
 12 under (b) of this section for noncompliance with the provisions of AS 45.29.601 -  
 13 45.29.628 relating to collection, enforcement, disposition, or acceptance.

14 (e) In addition to damages recoverable under (b) of this section, the debtor,  
 15 consumer obligor, or person named as a debtor in a filed record, as applicable, may  
 16 recover \$500 in each case from a person that

17 (1) fails to comply with AS 45.29.208;

18 (2) fails to comply with AS 45.29.209;

19 (3) files a record that the person is not entitled to file under  
 20 AS 45.29.509(a);

21 (4) fails to cause the secured party of record to file or send a  
 22 termination statement as required by AS 45.29.513(a) or (c);

23 (5) fails to comply with AS 45.29.616(b)(1) and whose failure is part  
 24 of a pattern, or consistent with a practice, of noncompliance; or

25 (6) fails to comply with AS 45.29.616(b)(2).

26 (f) A debtor or consumer obligor may recover damages under (b) of this  
 27 section and, in addition, \$500 in each case from a person who, without reasonable  
 28 cause, fails to comply with a request under AS 45.29.210. A recipient of a request  
 29 under AS 45.29.210 who never claimed an interest in the collateral or obligations that  
 30 are the subject of a request under that section has a reasonable excuse for failure to  
 31 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

1 disposition is significantly below the range of prices that a complying disposition to  
 2 a person other than the secured party, a person related to the secured party, or a  
 3 secondary obligor would have brought.

4 (b) The limitation of the rules in (a) of this section to transactions other than  
 5 consumer transactions is intended to leave to the court the determination of the proper  
 6 rules in consumer transactions. The court may not infer from that limitation the nature  
 7 of the proper rule in consumer transactions and may continue to apply established  
 8 approaches.

9 **Sec. 45.29.627. Determination of whether conduct was commercially**  
 10 **reasonable.** (a) The fact that a greater amount could have been obtained by a  
 11 collection, enforcement, disposition, or acceptance at a different time or in a different  
 12 method from that selected by the secured party is not of itself sufficient to preclude  
 13 the secured party from establishing that the collection, enforcement, disposition, or  
 14 acceptance was made in a commercially reasonable manner.

15 (b) A disposition of collateral is made in a commercially reasonable manner  
 16 if the disposition is made

17 (1) in the usual manner on any recognized market;

18 (2) at the price current in any recognized market at the time of the  
 19 disposition; or

20 (3) otherwise in conformity with reasonable commercial practices  
 21 among dealers in the type of property that was the subject of the disposition.

22 (c) A collection, enforcement, disposition, or acceptance is commercially  
 23 reasonable if it has been approved

24 (1) in a judicial proceeding;

25 (2) by a bona fide creditors' committee;

26 (3) by a representative of creditors; or

27 (4) by an assignee for the benefit of creditors.

28 (d) Approval under (c) of this section need not be obtained, and lack of  
 29 approval does not mean that the collection, enforcement, disposition, or acceptance is  
 30 not commercially reasonable.

31 **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.

**Article 7. Transitional Provisions.**

**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



1 security interest that is enforceable June 30, 2001, but that would be subordinate to the  
2 rights of a person who becomes a lien creditor June 30, 2001,

3 (1) remains an enforceable security interest until July 1, 2002;

4 (2) remains enforceable on and after July 1, 2002, if the security  
5 interest becomes enforceable under AS 45.29.203 on July 1, 2001, or before July 1,  
6 2002; and

7 (3) becomes perfected

8 (A) without further action on July 1, 2001, if the applicable  
9 requirements for perfection under this chapter are satisfied before July 1, 2001;  
10 or

11 (B) when the applicable requirements for perfection are satisfied  
12 if the requirements are satisfied on or after July 1, 2001.

13 **Sec. 45.29.705. Effectiveness of action taken before effective date.** (a) If  
14 action, other than the filing of a financing statement, is taken before July 1, 2001, and  
15 the action would have resulted in priority of a security interest over the rights of a  
16 person who becomes a lien creditor had the security interest become enforceable before  
17 July 1, 2001, the action is effective to perfect a security interest that attaches under this  
18 chapter before July 1, 2002. An attached security interest becomes unperfected on  
19 July 1, 2002, unless the security interest becomes a perfected security interest under  
20 this chapter before July 1, 2002.

21 (b) The filing of a financing statement before July 1, 2001, is effective to  
22 perfect a security interest to the extent the filing would satisfy the applicable  
23 requirements for perfection under this chapter.

24 (c) This chapter does not render ineffective an effective financing statement  
25 that, before July 1, 2001, is filed and satisfies the applicable requirements for  
26 perfection under the law of the jurisdiction governing perfection as provided in former  
27 AS 45.09.103. However, except as otherwise provided in (d) and (e) of this section  
28 and AS 45.29.706, the financing statement ceases to be effective at the earlier of

29 (1) the time the financing statement would have ceased to be effective  
30 under the law of the jurisdiction in which it is filed; or

31 (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

1 with respect to a financing statement; and

2 (2) on or after July 1, 2001, for the period provided in AS 45.29.515  
3 with respect to an initial financing statement.

4 (c) To be effective for purposes of (a) of this section, an initial financing  
5 statement must

6 (1) satisfy the requirements of AS 45.29.501 - 45.29.524 for an initial  
7 financing statement;

8 (2) identify the pre-effective date financing statement by indicating the  
9 office in which the financing statement was filed and providing the dates of filing and  
10 file numbers, if any, of the financing statement and of the most recent continuation  
11 statement filed with respect to the financing statement; and

12 (3) indicate that the pre-effective date financing statement remains  
13 effective.

14 **Sec. 45.29.707. Amendment of pre-effective date financing statement.** (a)

15 On or after July 1, 2001, a person may add or delete collateral covered by, continue  
16 or terminate the effectiveness of, or otherwise amend the information provided in, a  
17 pre-effective date financing statement only in accordance with the law of the  
18 jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.342. However,  
19 the effectiveness of a pre-effective date financing statement also may be terminated in  
20 accordance with the law of the jurisdiction in which the financing statement is filed.

21 (b) Except as otherwise provided in (c) of this section, if the law of this state  
22 governs perfection of a security interest, the information in a pre-effective date  
23 financing statement may be amended on or after July 1, 2001, only if

24 (1) the pre-effective date financing statement and an amendment are  
25 filed in the office specified in AS 45.29.501;

26 (2) an amendment is filed in the office specified in AS 45.29.501  
27 concurrently with, or after the filing in that office of, an initial financing statement that  
28 satisfies AS 45.29.706(c); or

29 (3) an initial financing statement that provides the information as  
30 amended and satisfies AS 45.29.706(c) is filed in the office specified in AS 45.29.501.

31 (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

1 enact laws that are substantially similar to AS 45.29.501 - 45.29.525, and to keep the  
 2 technology used by the filing office compatible with the technology used by filing  
 3 offices in those other jurisdictions, the Department of Natural Resources, so far as is  
 4 consistent with the purposes, policies, and provisions of this chapter, in adopting,  
 5 amending, and repealing filing office regulations, shall

6 (1) consult with filing offices in other jurisdictions that enact laws that  
 7 are substantially similar to AS 45.29.501 - 45.29.525; and

8 (2) consult the most recent version of the Model Rules promulgated by  
 9 the International Association of Corporate Administrators or any successor  
 10 organization; and

11 (3) take into consideration the regulations and practices of, and the  
 12 technology used by, filing offices in other jurisdictions that enact laws that are  
 13 substantially similar to AS 45.29.501 - 45.29.525.

14 (e) The Department of Natural Resources shall report annually on or before  
 15 January 15 to the governor on the operation of the filing office described in  
 16 AS 45.29.501(a)(2). The report must contain a statement of the extent to which the  
 17 filing office regulations are not in harmony with

18 (1) the regulations of filing offices in other jurisdictions that enact laws  
 19 that are substantially similar to AS 45.29.501 - 45.29.525 and the reasons for these  
 20 variations; and

21 (2) the most recent version of the Model Rules promulgated by the  
 22 International Association of Corporate Administrators, or any successor organization,  
 23 and the reasons for these variations.

24 \* **Sec. 3.** AS 45.01.105(b) is amended to read:

25 (b) Where one of the following provisions of the code specifies the applicable  
 26 law, that provision governs and a contrary agreement is effective only to the extent  
 27 permitted by the law, including the conflict of laws rules, so specified:

- 28 (1) AS 45.02.402 (rights of creditors against sold goods);  
 29 (2) AS 45.04.102 (applicability of the chapter on bank deposits and  
 30 collections);  
 31 (3) AS 45.05.116 (applicability of the chapter on letters of credit);

1 (4) AS 45.08.110 (applicability of the chapter on investment securities);  
 2 (5) [AS 45.09.103 (PERFECTION PROVISIONS OF THE CHAPTER  
 3 ON SECURED TRANSACTIONS);

4 (6)] AS 45.12.105 and 45.12.106 (applicability of the chapter on  
 5 leases);

6 (6) [(7)] AS 45.14 (funds transfers); and

7 (7) AS 45.29.301 - 45.29.307 (law governing the effect of perfection  
 8 or nonperfection and the priority of security interests and agricultural liens).

9 \* **Sec. 4.** AS 45.01.201(9) is repealed and reenacted to read:

10 (9) "buyer in ordinary course of business" means a person who buys  
 11 goods in good faith, without knowledge that the sale violates the rights of another  
 12 person in the goods, and in the ordinary course from a person, other than a  
 13 pawnbroker, in the business of selling goods of that kind; a person buys goods in the  
 14 ordinary course if the sale to the person comports with the usual or customary  
 15 practices in the kind of business in which the seller is engaged or with the seller's own  
 16 usual or customary practices; a person who sells oil, gas, or other minerals at the  
 17 wellhead or minehead is a person in the business of selling goods of that kind; a buyer  
 18 in ordinary course of business may buy for cash, by exchange of other property, or on  
 19 secured or unsecured credit, and may acquire goods or documents of title under a  
 20 preexisting contract for sale; only a buyer that takes possession of the goods or has a  
 21 right to recover the goods from the seller under AS 45.02 may be a buyer in ordinary  
 22 course of business; a person who acquires goods in a transfer in bulk or as security for  
 23 or in total or partial satisfaction of a money debt is not a buyer in ordinary course of  
 24 business;

25 \* **Sec. 5.** AS 45.01.201(33) is amended to read:

26 (33) "purchase" includes taking by sale, discount, negotiation,  
 27 mortgage, pledge, lien, security interest, issue or re-issue, gift, or any other voluntary  
 28 transaction creating an interest in property;

29 \* **Sec. 6.** AS 45.01.201(38) is amended to read:

30 (38) "security interest" means an interest in personal property or  
 31 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

1 agreement; or

2 (iv) the lessee has an option to become the owner of the  
3 goods for no additional consideration or nominal additional  
4 consideration upon compliance with the lease agreement;

5 (B) a transaction does not create a security interest merely  
6 because it provides that

7 (i) the present value of the consideration the lessee is  
8 obligated to pay the lessor for the right to possession and use of the  
9 goods is substantially equal to or is greater than the fair market value  
10 of the goods at the time the lease is entered into;

11 (ii) the lessee assumes risk of loss of the goods, or  
12 agrees to pay taxes, insurance, filing, recording, or registration fees, or  
13 service or maintenance costs with respect to the goods;

14 (iii) the lessee has an option to renew the lease or to  
15 become the owner of the goods;

16 (iv) the lessee has an option to renew the lease for a  
17 fixed rent that is equal to or greater than the reasonably predictable fair  
18 market rent for the use of the goods for the term of the renewal at the  
19 time the option is to be performed; or

20 (v) the lessee has an option to become the owner of the  
21 goods for a fixed price that is equal to or greater than the reasonably  
22 predictable fair market value of the goods at the time the option is to  
23 be performed;

24 (C) in this paragraph, additional consideration is nominal if it  
25 is less than the lessee's reasonably predictable cost of performing under the  
26 lease agreement if the option is not exercised; additional consideration is not  
27 nominal if

28 (i) when the option to renew the lease is granted to the  
29 lessee, the rent is stated to be the fair market rent for the use of the  
30 goods for the term of the renewal determined at the time the option is  
31 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,

1 increase materially the burden or risk imposed on the other party by the contract, or  
 2 impair materially the chance of obtaining return performance. A right to damages for  
 3 breach of the whole contract or a right arising out of the assignor's due performance  
 4 of the entire obligation can be assigned despite agreement otherwise.

5 (c) The creation, attachment, perfection, or enforcement of a security interest  
 6 in the seller's interest under a contract is not a transfer that materially changes the duty  
 7 of or increases materially the burden or risk imposed on the buyer or impairs  
 8 materially the buyer's chance of obtaining return performance within the purview of  
 9 (b) of this section unless, and then only to the extent that, enforcement actually results  
 10 in a delegation of material performance of the seller; even in that event, the creation,  
 11 attachment, perfection, and enforcement of the security interest remain effective, but

12 (1) the seller is liable to the buyer for damages caused by the  
 13 delegation to the extent that the damages could not reasonably be prevented by the  
 14 buyer; and

15 (2) a court having jurisdiction may grant other appropriate relief,  
 16 including cancellation of the contract for sale or an injunction against enforcement of  
 17 the security interest or consummation of the enforcement.

18 (d) Unless the circumstances indicate the contrary, a prohibition of assignment  
 19 of "the contract" is to be construed as barring only the delegation to the assignee of  
 20 the assignor's performance.

21 (e) An assignment of "the contract" or "all my rights under the contract" or an  
 22 assignment in similar general terms is an assignment of rights and, unless the language  
 23 or the circumstances (as in an assignment for security) indicate the contrary, it is a  
 24 delegation of performance of the duties of the assignor and its acceptance by the  
 25 assignee constitutes a promise by the assignee to perform those duties. This promise  
 26 is enforceable by either the assignor or the other party to the original contract.

27 (f) The other party may treat an assignment which delegates performance as  
 28 creating reasonable grounds for insecurity and may, without prejudice to the party's  
 29 rights against the assignor, demand assurances from the assignee (AS 45.02.609).

30 \* **Sec. 9.** AS 45.02.326 is repealed and reenacted to read:

31 **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

(2) 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

1 for the presentation.

2 (b) So long as and to the extent that an issuer or nominated person has not  
3 been reimbursed or has not otherwise recovered the value given with respect to a  
4 security interest in a document under (a) of this section, the security interest continues  
5 and is subject to AS 45.29, but

6 (1) a security agreement is not necessary to make the security interest  
7 enforceable under AS 45.29.203(b)(3);

8 (2) if the document is presented in a medium other than a written or  
9 other tangible medium, the security interest is perfected; and

10 (3) if the document is presented in a written or other tangible medium  
11 and is not a certificated security, chattel paper, a document of title, an instrument, or  
12 a letter of credit, the security interest is perfected and has priority over a conflicting  
13 security interest in the document so long as the debtor does not have possession of the  
14 document.

15 \* **Sec. 14.** AS 45.07.503(a) is amended to read:

16 (a) A document of title confers no right in goods against a person who, before  
17 issuance of the document, had a legal interest or a perfected security interest in them  
18 and who neither

19 (1) delivered or entrusted them or a document of title covering them  
20 to the bailor or the bailor's nominee with actual or apparent authority to ship, store, or  
21 sell or with power to obtain delivery under AS 45.07.403 or with power of disposition  
22 under AS 45.02.403 and AS 45.29.320 [AS 45.09.307] or other statute or rule of law;  
23 nor

24 (2) acquiesced in the procurement by the bailor or the bailor's nominee  
25 of a document of title.

26 \* **Sec. 15.** AS 45.08.103(f) is amended to read:

27 (f) A commodity contract, as defined in AS 45.29.102(a) [AS 45.09.115], is  
28 not a security or a financial asset.

29 \* **Sec. 16.** AS 45.08.106(d) is amended to read:

30 (d) A purchaser has control of a security entitlement if

31 (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.**

1     \* **Sec. 20.** AS 45.08.302(a) is amended to read:

2             (a) Except as otherwise provided in (b) and (c) of this section, **a purchaser**  
 3             [UPON DELIVERY] of a certificated or uncertificated security [TO A PURCHASER,  
 4             THE PURCHASER] acquires all rights in the security that the transferor had or had  
 5             power to transfer.

6     \* **Sec. 21.** AS 45.08.510(a) is amended to read:

7             (a) **In a case not covered by the priority rules in AS 45.29 or the rules**  
 8             **stated in (c) of this section, an** [AN] action based on an adverse claim to a financial  
 9             asset or security entitlement, whether framed in conversion, replevin, constructive trust,  
 10            equitable lien, or other theory, may not be asserted against a person who purchases a  
 11            security entitlement, or an interest in a security entitlement, from an entitlement holder  
 12            if the purchaser gives value, does not have notice of the adverse claim, and obtains  
 13            control.

14    \* **Sec. 22.** AS 45.08.510(c) is amended to read:

15            (c) In a case not covered by the priority rules in **AS 45.29** [AS 45.09], a  
 16            purchaser for value of a security entitlement, or an interest in a security entitlement,  
 17            who obtains control has priority over a purchaser of a security entitlement, or an  
 18            interest in a security entitlement, who does not obtain control. **Except as otherwise**  
 19            **provided in (d) of this section, purchasers** [PURCHASERS] who have control rank  
 20            **according to priority in time of**

21                       **(1) the purchaser's becoming the person for whom the securities**  
 22                       **account, in which the security entitlement is carried is maintained, if the**  
 23                       **purchaser obtained control under AS 45.08.106(d)(1);**

24                       **(2) the securities intermediary's agreement to comply with the**  
 25                       **purchaser's entitlement orders with respect to security entitlements carried or to**  
 26                       **be carried in the securities account in which the security entitlement is carried if**  
 27                       **the purchaser obtained control under AS 45.08.106(d)(2); or**

28                       **(3) if the purchaser obtained control through another person under**  
 29                       **AS 45.08.106(d)(3), the time on which priority would be based under this**  
 30                       **subsection if the other person were the secured party** [EQUALLY, EXCEPT THAT  
 31            A SECURITIES INTERMEDIARY AS PURCHASER HAS PRIORITY OVER A



1 CONFLICTING PURCHASER WHO HAS CONTROL UNLESS OTHERWISE  
2 AGREED BY THE SECURITIES INTERMEDIARY].

3 \* **Sec. 23.** AS 45.08.510 is amended by adding a new subsection to read:

4 (d) A securities intermediary as purchaser has priority over a conflicting  
5 purchaser who has control unless otherwise agreed by the securities intermediary.

6 \* **Sec. 24.** AS 45.12.103(c) is amended to read:

7 (c) The following definitions in AS 45.02 and **AS 45.29** [AS 45.09] apply to  
8 this chapter:

- 9 (1) "account" (**AS 45.29.102(a)** [AS 45.09.106]);
- 10 (2) "between merchants" (AS 45.02.104(c));
- 11 (3) "buyer" (AS 45.02.103(a)(1));
- 12 (4) "chattel paper" (**AS 45.29.102(a)** [AS 45.09.105(a)(2)]);
- 13 (5) "consumer goods" (**AS 45.29.102(a)** [AS 45.09.109(1)]);
- 14 (6) "document" (**AS 45.29.102(a)** [AS 45.09.105(a)(6)]);
- 15 (7) "entrusting" (AS 45.02.403(c));
- 16 (8) "general **intangible**" (**AS 45.29.102(a)** [INTANGIBLES"  
17 (AS 45.09.106)]);
- 18 (9) "good faith" (AS 45.02.103(a)(2));
- 19 (10) "instrument" (**AS 45.29.102(a)** [AS 45.09.105(a)(9)]);
- 20 (11) "merchant" (AS 45.02.104(a));
- 21 (12) "mortgage" (**AS 45.29.102(a)** [AS 45.09.105(a)(10)]);
- 22 (13) "pursuant to a commitment" (**AS 45.29.102(a)**  
23 [AS 45.09.105(a)(11)]);
- 24 (14) "receipt" (AS 45.02.103(a)(3));
- 25 (15) "sale" (AS 45.02.106(a));
- 26 (16) "sale on approval" (AS 45.02.326);
- 27 (17) "sale or return" (AS 45.02.326);
- 28 (18) "seller" (AS 45.02.103(a)(4)).

29 \* **Sec. 25.** AS 45.12.303(a) is amended to read:

30 (a) Except as provided in (**d**) [(b) - (d)] of this section **and AS 45.29.407**, a  
31 provision in a lease agreement that does either 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

1 unless

2 (1) the creditor holds a lien that attached to the goods before the lease  
3 contract became enforceable[;

4 (2) THE CREDITOR HOLDS A SECURITY INTEREST IN THE  
5 GOODS AND THE LESSEE GAVE VALUE AND RECEIVED DELIVERY OF THE  
6 GOODS WITH KNOWLEDGE OF THE SECURITY INTEREST; OR

7 (3) THE CREDITOR HOLDS IN THE GOODS A SECURITY  
8 INTEREST THAT WAS PERFECTED UNDER AS 45.29.303 BEFORE THE LEASE  
9 CONTRACT BECAME ENFORCEABLE].

10 \* **Sec. 29.** AS 45.12.307(c) is repealed and reenacted to read:

11 (c) Except as otherwise provided in AS 45.29.317, 45.29.321, and 45.29.323,  
12 a lessee takes a leasehold interest subject to a security interest held by a creditor of the  
13 lessor.

14 \* **Sec. 30.** AS 45.12.309(j)(2) is amended to read:

15 (2) a "fixture filing" is the recording, in the office where a mortgage  
16 on the real estate would be recorded, of a financing statement covering goods that are  
17 or are to become fixtures and conforming to the requirements of **AS 45.29.502(a) and**  
18 **(b)** [AS 45.09.402(f)];

19 \* **Sec. 31.** AS 45.09.101, 45.09.102, 45.09.103, 45.09.104, 45.09.105, 45.09.106, 45.09.107,  
20 45.09.108, 45.09.109, 45.09.110, 45.09.112, 45.09.113, 45.09.114, 45.09.115, 45.09.116,  
21 45.09.201, 45.09.202, 45.09.203, 45.09.204, 45.09.205, 45.09.206, 45.09.207, 45.09.208,  
22 45.09.301, 45.09.302, 45.09.303, 45.09.304, 45.09.305, 45.09.306, 45.09.307, 45.09.308,  
23 45.09.309, 45.09.310, 45.09.311, 45.09.312, 45.09.313, 45.09.314, 45.09.315, 45.09.316,  
24 45.09.317, 45.09.318, 45.09.401, 45.09.402, 45.09.403, 45.09.404, 45.09.405, 45.09.406,  
25 45.09.407, 45.09.408, 45.09.501, 45.09.502, 45.09.503, 45.09.504, 45.09.505, 45.09.506,  
26 45.09.507; AS 45.12.303(b), 45.12.303(c), and 45.12.307(d) are repealed.

27 \* **Sec. 32.** The uncoded law of the State of Alaska is amended by adding a new section  
28 to read:

29 COURT RULE CHANGE. To the extent that they may allow the recovery of expenses  
30 in a court action that are not allowed under Rule 79, Alaska Rules of Civil procedure, the  
31 following sections have the effect of amending Rule 79, Alaska Rules of Civil procedure:

1 AS 45.29.607(d), 45.29.608(a)(1)(A), 45.29.615(a)(1), and 45.29.626(a)(3) and (4).

2 \* **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section  
3 to read:

4 REGULATIONS. The Department of Natural Resources may proceed to adopt  
5 regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative  
6 Procedure Act) but not before July 1, 2001.

7 \* **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 APPLICABILITY. This Act does not apply to an action, case, or proceeding  
10 commenced before July 1, 2001.

11 \* **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section  
12 to read:

13 REVISOR'S INSTRUCTION. In the following statute sections, the revisor shall  
14 change

15 (1) the references to "AS 45.09" to read "AS 45.29": AS 06.40.170;  
16 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),  
17 45.02.403(d); AS 45.03.102(b), 45.03.605(f); AS 45.05.114(f); AS 45.07.209(b);  
18 AS 45.08.105(e); AS 45.12.309(i);

19 (2) the references to "AS 45.01 - AS 45.09, AS 45.12, and AS 45.14 (Uniform  
20 Commercial Code)" and "AS 45.01 - 45.09, AS 45.12, and AS 45.14" to "AS 45.01 - 45.08,  
21 AS 45.12, AS 45.14, and AS 45.29 (Uniform Commercial Code)": AS 09.25.060, 09.25.090;  
22 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),  
23 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);

24 (3) the references to "AS 45.01 - AS 45.09, AS 45.12, and AS 45.14" to  
25 "AS 45.01 - 45.08, AS 45.12, AS 45.14, and AS 45.29": AS 28.10.491(a); AS 44.85.140;  
26 AS 45.01.101, 45.01.201(10); AS 45.05.116(d).

27 \* **Sec. 36.** Except as provided in sec. 37 of this Act, this Act takes effect July 1, 2001.

28 \* **Sec. 37.** Section 33 of this Act takes effect immediately under AS 01.10.070(c).