

SENATE BILL NO. 252

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY SENATOR CLAMAN

Introduced: 2/18/26

Referred: Labor & Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Uniform Commercial Code; relating to secured transactions;
2 relating to controllable accounts, controllable electronic records, and controllable
3 payment intangibles; relating to sales; relating to negotiable instruments; relating to
4 letters of credit; relating to warehouse receipts, bills of lading, and other documents of
5 title; relating to investment securities; relating to leases of goods; and relating to fund
6 transfers."

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

8 * **Section 1.** AS 09.25.060 is amended to read:

9 **Sec. 09.25.060. Fraud presumed from retention of possession.** Every sale or
10 assignment of personal property unless accompanied by the immediate delivery and
11 the actual and continued change of possession of the thing sold or assigned is
12 presumed prima facie to be a fraud against the creditors of the vendor or assignor, and
13 subsequent purchasers in good faith and for a valuable consideration during the time

1 the property remains in the possession of the vendor or assignor, except that retention
 2 of possession in good faith and current course of trade by a merchant seller for a
 3 commercially reasonable time after a sale or identification is not fraudulent, and
 4 nothing contained in this section shall supersede the provisions of AS 45.01 -
 5 AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform
 6 Commercial Code).

7 * **Sec. 2.** AS 09.25.090 is amended to read:

8 **Sec. 09.25.090. Objections to tender.** The person to whom a tender is made
 9 shall at the time specify any objection the person may have to the money, instrument,
 10 or property, or the person waives it. If the objection is to the amount of money, the
 11 terms of the instrument, or the amount or kind of property, the person shall specify the
 12 amount, terms, or kind that the person requires, or is precluded from objecting later.
 13 This section may not be construed to modify or change in any manner corresponding
 14 provisions of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and
 15 AS 45.36 (Uniform Commercial Code).

16 * **Sec. 3.** AS 09.80.190(17) is amended to read:

17 (17) "Uniform Commercial Code" means AS 45.01 - AS 45.08,
 18 AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36.

19 * **Sec. 4.** AS 14.42.220(c) is amended to read:

20 (c) Bonds of the corporation, regardless of form or character, are negotiable
 21 instruments for all the purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND]
 22 AS 45.29, and AS 45.36 (Uniform Commercial Code).

23 * **Sec. 5.** AS 14.42.250 is amended to read:

24 **Sec. 14.42.250. Validity of pledge.** It is the intention of the legislature that a
 25 pledge made in respect to bonds of the corporation shall be valid, perfected, and
 26 binding from the time the pledge is made; that the money or property so pledged and
 27 thereafter received by the corporation shall immediately be subject to the lien of the
 28 pledge without physical delivery or further act; and that the lien of the pledge shall be
 29 valid and binding as against all parties having claims of any kind in tort, contract, or
 30 otherwise against the corporation irrespective of whether the parties have notice.
 31 Neither the resolution, trust agreement, nor other instrument by which a pledge is

1 created need be recorded or filed under the provisions of AS 45.01 - AS 45.08,
 2 AS 45.12, AS 45.14, [AND] AS 45.29, **and AS 45.36** (Uniform Commercial Code) to
 3 be valid, perfected, binding, or effective.

4 * **Sec. 6.** AS 25.27.279 is amended to read:

5 **Sec. 25.27.279. Voiding of fraudulent transfers made to avoid payment of**
 6 **child support.** In addition to the rights provided in AS 09.25.060, if a transfer of
 7 personal or real property is made by an obligor without immediate delivery and the
 8 actual continuing change of possession of the property transferred, the transfer of the
 9 property is presumed prima facie to be fraud against creditors for child support of the
 10 obligor who transferred the property and subsequent purchasers in good faith and for
 11 valuable consideration during the time the property remains in the possession of the
 12 obligor who made the transfer, except that retention of possession in good faith and
 13 current course of trade by a merchant seller for a commercially reasonable time after
 14 the sale or identification is not fraudulent. Nothing contained in this section supersedes
 15 the provisions of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, **and**
 16 **AS 45.36** (Uniform Commercial Code).

17 * **Sec. 7.** AS 28.10.491(a) is amended to read:

18 (a) Upon conviction, a person is guilty of a felony who

19 (1) alters, forges, or counterfeits a certificate of title or registration, or
 20 a registration plate, decal, tab, or sticker of this or another jurisdiction;

21 (2) alters or forges an assignment of a certificate of title or an
 22 assignment or release of a security interest on a certificate of title of this or another
 23 jurisdiction or on a form the department prescribes;

24 (3) has possession of or uses a certificate of title or registration,
 25 registration plate, decal, tab, or sticker of this or another jurisdiction knowing it to
 26 have been altered, forged, or counterfeited;

27 (4) wilfully removes or falsifies a vehicle identification number;

28 (5) wilfully conceals or misrepresents the identity of a vehicle or
 29 vehicle equipment;

30 (6) buys, receives, possesses, sells, or disposes of a vehicle or vehicle
 31 equipment, knowing that a vehicle identification number or equipment has been

1 unlawfully removed or falsified;

2 (7) removes from the state a vehicle that is the subject of a security
3 interest created under AS 28.01 - 28.35 or under AS 45.01 - 45.08, AS 45.12,
4 AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code) without the
5 written consent of the secured party, and with intent to defraud the secured party or the
6 state;

7 (8) represents a motor vehicle or house trailer to be a new vehicle and
8 who sells or procures the sale of that motor vehicle as a new vehicle without
9 presenting a "manufacturer's statement of origin"; or

10 (9) makes a false statement or otherwise conceals or withholds a
11 material fact in an application for registration or certificate of title or falsely affirms
12 with respect to a matter required to be sworn to, affirmed, or furnished under this
13 chapter or regulations adopted under this chapter; except that a person who with
14 criminal negligence as defined in AS 11.81.900, falsely certifies to the department the
15 existence of a motor vehicle liability insurance policy under AS 28.10.021(a)(2), is
16 guilty of a class A misdemeanor.

17 * **Sec. 8.** AS 29.35.625(e) is amended to read:

18 (e) All bonds issued under this section, regardless of form or character, are
19 negotiable instruments for all of the purposes of AS 45.01 - AS 45.08, AS 45.12,
20 AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code).

21 * **Sec. 9.** AS 29.35.825(e) is amended to read:

22 (e) All bonds issued under this section, regardless of form or character, are
23 negotiable instruments for all the purposes of AS 45.01 - AS 45.08, AS 45.12,
24 AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code).

25 * **Sec. 10.** AS 36.30.860 is amended to read:

26 **Sec. 36.30.860. Supplementary general principles of law applicable.** Unless
27 displaced by the particular provisions of this chapter, the principles of law and equity,
28 including AS 45.01 - AS 45.08, AS 45.12, 45.14, [AND] 45.29, and 45.36 (Uniform
29 Commercial Code), the law merchant, and law relative to capacity to contract, agency,
30 fraud, misrepresentation, duress, coercion, mistake, or bankruptcy shall supplement
31 the provisions of this chapter.

1 * **Sec. 11.** AS 44.83.100(c) is amended to read:

2 (c) All bonds, regardless of form or character, shall be negotiable instruments
3 for all the purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29,
4 and AS 45.36 (Uniform Commercial Code).

5 * **Sec. 12.** AS 44.83.120 is amended to read:

6 **Sec. 44.83.120. Validity of pledge.** It is the intention of the legislature that a
7 pledge made in respect of bonds is considered perfected and is valid and binding from
8 the time the pledge is made; that the money or property so pledged and thereafter
9 received by the authority shall immediately be subject to the lien of the pledge without
10 physical delivery or further act; and that the lien of the pledge shall be valid and
11 binding as against all parties having claims of any kind in tort, contract, or otherwise
12 against the authority irrespective of whether the parties have notice. Neither the
13 resolution, trust agreement, nor any other instrument by which a pledge is created need
14 be recorded or filed under the provisions of AS 45.01 - AS 45.08, AS 45.12,
15 AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code) to be
16 perfected or to be valid, binding, or effective against the parties.

17 * **Sec. 13.** AS 44.85.140 is amended to read:

18 **Sec. 44.85.140. Negotiability of bonds or notes.** Notwithstanding other
19 provisions of law, a bond or note issued under this chapter is fully negotiable for all
20 purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and
21 AS 45.36 (Uniform Commercial Code), and a holder or owner of a bond or note, or of
22 a coupon appurtenant to it, by accepting the bond, note, or coupon is conclusively
23 considered to have agreed that the bond, note, or coupon is fully negotiable for all
24 purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and
25 AS 45.36.

26 * **Sec. 14.** AS 44.88.090(c) is amended to read:

27 (c) All bonds, regardless of form or character, shall be negotiable instruments
28 for all the purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29,
29 and AS 45.36 (Uniform Commercial Code).

30 * **Sec. 15.** AS 45.01.111(a) is amended to read:

31 (a) AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and

1 **AS 45.36** may be cited as the Uniform Commercial Code.

2 * **Sec. 16.** AS 45.01.211(b)(10) is amended to read:

3 (10) "code" means AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND]

4 **AS 45.29, and AS 45.36;**

5 * **Sec. 17.** AS 45.01.211(b)(11) is amended to read:

6 (11) "conspicuous," with reference to a term, means written, displayed,
7 or presented in a way that, **based on the totality of the circumstances,** a reasonable
8 person against whom it is to operate ought to have noticed it; whether a term is
9 "conspicuous" or not is a decision for the court; [CONSPICUOUS TERMS INCLUDE

10 (A) A HEADING IN CAPITALS EQUAL TO OR GREATER
11 IN SIZE THAN THE SURROUNDING TEXT, OR IN CONTRASTING
12 TYPE, FONT, OR COLOR TO THE SURROUNDING TEXT OF THE
13 SAME OR LESSER SIZE; AND

14 (B) LANGUAGE IN THE BODY OF A RECORD OR
15 DISPLAY IN LARGER TYPE THAN THE SURROUNDING TEXT, OR IN
16 CONTRASTING TYPE, FONT, OR COLOR TO THE SURROUNDING
17 TEXT OF THE SAME SIZE, OR SET OFF FROM SURROUNDING TEXT
18 OF THE SAME SIZE BY SYMBOLS OR OTHER MARKS THAT CALL
19 ATTENTION TO THE LANGUAGE;]

20 * **Sec. 18.** AS 45.01.211(b)(16) is amended to read:

21 (16) "delivery," with respect to an electronic document of title, means
22 voluntary transfer of control and, with respect to an instrument, a tangible document of
23 title, or **an authoritative tangible copy of a record evidencing** chattel paper, means
24 voluntary transfer of possession;

25 * **Sec. 19.** AS 45.01.211(b)(23) is amended to read:

26 (23) "holder" means the person in

27 (A) possession of a negotiable instrument that is payable either
28 to bearer or to an identified person who is the person in possession;

29 (B) possession of a negotiable tangible document of title if the
30 goods are deliverable either to bearer or to the order of the person in
31 possession; or

1 (C) control, other than under AS 45.07.116(g), of a
 2 negotiable electronic document of title;

3 * **Sec. 20.** AS 45.01.211(b)(26) is amended to read:

4 (26) "money" means a medium of exchange that is currently
 5 authorized or adopted by a domestic or foreign government; "money" [, AND]
 6 includes a monetary unit of account established by an intergovernmental organization
 7 or by agreement between two or more countries; "money" does not include an
 8 electronic record that is a medium of exchange recorded and transferable in a
 9 system that existed and operated for the medium of exchange before the medium
 10 of exchange was authorized or adopted by the government;

11 * **Sec. 21.** AS 45.01.211(b)(30) is amended to read:

12 (30) "person" means an individual, corporation, business trust, estate,
 13 trust, partnership, limited liability company, association, joint venture, government,
 14 governmental subdivision, agency, or instrumentality [, PUBLIC CORPORATION,]
 15 or another legal or commercial entity; "person" includes a protected series,
 16 however denominated, of an entity if the protected series is established under law
 17 other than the code that limits, or limits if conditions specified under the law are
 18 satisfied, the ability of a creditor of the entity or of another protected series of the
 19 entity to satisfy a claim from assets of the protected series;

20 * **Sec. 22.** AS 45.01.211(b)(39) is amended to read:

21 (39) "send," in connection with a [WRITING,] record [,] or
 22 notification [NOTICE], means

23 (A) to deposit in the mail, [OR] deliver for transmission, or
 24 transmit by a usual means of communication, with postage or cost of
 25 transmission provided for [AND PROPERLY ADDRESSED AND, IN THE
 26 CASE OF AN INSTRUMENT, TO AN ADDRESS SPECIFIED ON THE
 27 INSTRUMENT OR OTHERWISE AGREED ON, OR, IF AN ADDRESS IS
 28 NOT SPECIFIED ON THE INSTRUMENT OR OTHERWISE AGREED
 29 ON], addressed to an address reasonable under the circumstances; or

30 (B) to cause the record or notification to be received within
 31 the time the record or notification would have been received if properly

1 **sent under (A) of this paragraph** [IN ANOTHER WAY TO CAUSE TO BE
2 RECEIVED A RECORD OR NOTICE WITHIN THE TIME IT WOULD
3 HAVE ARRIVED IF PROPERLY SENT];

4 * **Sec. 23.** AS 45.01.211(b)(40) is amended to read:

5 (40) "signed," "**signing,**" and "**signature**" have corresponding
6 **meanings to "sign"** [INCLUDES USING A SYMBOL EXECUTED OR ADOPTED
7 WITH PRESENT INTENTION TO ADOPT OR ACCEPT A WRITING];

8 * **Sec. 24.** AS 45.01.211(b) is amended by adding new paragraphs to read:

9 (48) "electronic" means relating to technology having electrical,
10 digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;

11 (49) "sign" means, with present intent to authenticate or adopt a
12 record, to

13 (A) execute or adopt a tangible symbol; or

14 (B) attach to or logically associate with the record an electronic
15 symbol, sound, or process.

16 * **Sec. 25.** AS 45.01.214 is amended to read:

17 **Sec. 45.01.214. Value.** Except as otherwise provided in AS 45.03, AS 45.04,
18 [AND] AS 45.05, **and AS 45.36**, a person gives value for rights if the person acquires
19 them

20 (1) in return for a binding commitment to extend credit or for the
21 extension of immediately available credit, whether or not drawn **on** [UPON] and
22 whether or not a charge-back is provided for in the event of difficulties in collection;

23 (2) as security for, or in total or partial satisfaction of, a preexisting
24 claim;

25 (3) by accepting delivery under a preexisting contract for purchase; or

26 (4) in return for consideration sufficient to support a simple contract.

27 * **Sec. 26.** AS 45.01.301(c) is amended to read:

28 (c) If one of the following provisions of the code specifies the applicable law,
29 that provision governs, and a contrary agreement is effective only to the extent
30 permitted by the applicable law specified by that provision:

31 (1) AS 45.02.402;

- 1 (2) AS 45.04.102;
 2 (3) AS 45.05.116;
 3 (4) AS 45.08.110;
 4 (5) AS 45.12.105 and 45.12.106;
 5 (6) AS 45.14.507;
 6 (7) AS 45.29.301 - 45.29.307;
 7 **(8) AS 45.36.107.**

8 * **Sec. 27.** AS 45.01.306 is amended to read:

9 **Sec. 45.01.306. Waiver or renunciation of claim or right after breach.** A
 10 claim or right arising out of an alleged breach may be discharged in whole or in part
 11 without consideration by agreement of the aggrieved party in **a signed** [AN
 12 AUTHENTICATED] record.

13 * **Sec. 28.** AS 45.02.102 is amended to read:

14 **Sec. 45.02.102. Scope; certain security and other transactions excluded.**
 15 Unless the context otherwise requires, **and except as provided in (c) of this section,**
 16 this chapter applies to transactions in goods **and, in the case of a hybrid transaction,**
 17 **applies to the extent provided in (b) of this section** [; IT DOES NOT APPLY TO A
 18 TRANSACTION THAT, ALTHOUGH IN THE FORM OF AN UNCONDITIONAL
 19 CONTRACT TO SELL OR PRESENT SALE, IS INTENDED TO OPERATE ONLY
 20 AS A SECURITY TRANSACTION, NOR DOES THIS CHAPTER IMPAIR OR
 21 REPEAL ANY STATUTE REGULATING SALES TO CONSUMERS, FARMERS,
 22 OR OTHER SPECIFIED CLASS OF BUYERS].

23 * **Sec. 29.** AS 45.02.102 is amended by adding new subsections to read:

24 (b) In a hybrid transaction,

25 (1) if the sale-of-goods aspects do not predominate, only the provisions
 26 of this chapter that relate primarily to the sale-of-goods aspects of the transaction
 27 apply, and the provisions that relate primarily to the transaction as a whole do not
 28 apply;

29 (2) if the sale-of-goods aspects predominate, this chapter applies to the
 30 transaction but does not preclude application in appropriate circumstances of other law
 31 to aspects of the transaction that do not relate to the sale of goods.

1 (c) This chapter does not

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

5 (2) impair or repeal a statute regulating sales to consumers, farmers, or
6 other specified classes of buyers.

7 * **Sec. 30.** AS 45.02.106 is amended by adding a new subsection to read:

8 (e) "Hybrid transaction" means a single transaction involving a sale of goods
9 and

10 (1) the provision of services;

11 (2) a lease of other goods; or

12 (3) a sale, lease, or license of property other than goods.

13 * **Sec. 31.** AS 45.02.201(a) is amended to read:

14 (a) Except as otherwise provided in this section, a contract for the sale of
15 goods, including the sale or transfer of a boat or vessel, for the price of \$500 or more
16 is not enforceable by action or defense unless there is a **record** [WRITING] sufficient
17 to indicate that a contract for sale has been made between the parties and signed by the
18 party against whom enforcement is sought or by **the party's** [AN] authorized agent or
19 broker [OF THAT PARTY]. A **record** [WRITING] is not insufficient because it omits
20 or incorrectly states a term agreed **on** [UPON], but the contract is not enforceable
21 under this subsection beyond the quantity of goods shown in **the record** [SUCH
22 WRITING].

23 * **Sec. 32.** AS 45.02.201(b) is amended to read:

24 (b) Between merchants if within a reasonable time a **record** [WRITING] in
25 confirmation of the contract and sufficient against the sender is received and the party
26 receiving it has reason to know its contents, it satisfies the requirements of (a) of this
27 section against the party unless [WRITTEN] notice **in a record** of objection to its
28 contents is given within 10 days after it is received.

29 * **Sec. 33.** AS 45.02.202 is amended to read:

30 **Sec. 45.02.202. Final [WRITTEN] expression; parol or extrinsic evidence.**

31 Terms with respect to which the confirmatory memoranda of the parties agree, or that

1 are otherwise set out in a **record** [WRITING] intended by the parties as a final
2 expression of their agreement with respect to the terms included in the writing, may
3 not be contradicted by evidence of a prior agreement or of a contemporaneous oral
4 agreement, but may be explained or supplemented

5 (1) by course of performance, course of dealing, or usage of trade
6 (AS 45.01.303); and

7 (2) by evidence of consistent additional terms unless the court finds the
8 **record** [WRITING] was intended also as a complete and exclusive statement of the
9 terms of the agreement.

10 * **Sec. 34.** AS 45.02.203 is amended to read:

11 **Sec. 45.02.203. Seals inoperative.** The affixing of a seal to a **record**
12 [WRITING] evidencing a contract for sale or an offer to buy or sell goods does not
13 make the **record** [WRITING] a sealed instrument and the law with respect to sealed
14 instruments does not apply to the contract or offer.

15 * **Sec. 35.** AS 45.02.205 is amended to read:

16 **Sec. 45.02.205. Firm offers.** An offer by a merchant to buy or sell goods in a
17 signed **record** [WRITING] that by its terms gives assurance that it will be held open is
18 not revocable, for lack of consideration, during the time stated or if no time is stated
19 for a reasonable time, but in no event may the period or irrevocability exceed three
20 months. A term of assurance on a form supplied by the offeree must be separately
21 signed by the offeror.

22 * **Sec. 36.** AS 45.02.209(b) is amended to read:

23 (b) A signed agreement that excludes modification or rescission except by a
24 signed writing **or other signed record** cannot be otherwise modified or rescinded, but
25 except as between merchants such a requirement on a form supplied by the merchant
26 must be separately signed by the other party.

27 * **Sec. 37.** AS 45.03.104(a) is amended to read:

28 (a) Except as provided in **(c) and (d)** [(c) - (d)] of this section, "negotiable
29 instrument" means an unconditional promise or order to pay a fixed amount of money,
30 with or without interest or other charges described in the promise or order, if the
31 unconditional promise or order

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

3 (2) is payable on demand or at a definite time; and

4 (3) does not state any other undertaking or instruction by the person
5 promising or ordering payment to do an act in addition to the payment of money, but
6 the promise or order may contain

7 (A) an undertaking or power to give, maintain, or protect
8 collateral to secure payment;

9 (B) [,] an authorization or power to the holder to confess
10 judgment or realize on or dispose of collateral;

11 (C) [, OR] a waiver of the benefit of a law intended for the
12 advantage or protection of an obligor;

13 (D) a term that specifies the law that governs the promise
14 or order; or

15 (E) an undertaking to resolve in a specified forum a dispute
16 concerning the promise or order.

17 * **Sec. 38.** AS 45.03.105(a) is amended to read:

18 (a) "Issue" means

19 (1) the first delivery of an instrument by the maker or drawer, whether
20 to a holder or nonholder, for the purpose of giving rights on the instrument to any
21 person; or

22 (2) if agreed by the payee, the first transmission by the drawer to
23 the payee of an image of an item and information derived from the item that
24 enables the depository bank to collect the item by transferring or presenting
25 under federal law an electronic check.

26 * **Sec. 39.** AS 45.03.604 is amended by adding a new subsection to read:

27 (c) The obligation of a party to pay a check is not discharged solely by
28 destruction of the check in connection with a process in which information is extracted
29 from the check and an image of the check is made and, subsequently, the information
30 and image are transmitted for payment.

31 * **Sec. 40.** AS 45.05.104 is amended to read:

1 **Sec. 45.05.104. Formal requirements.** A letter of credit, confirmation, advice,
 2 transfer, amendment, or cancellation may be issued in any form that is a **signed** record
 3 [AND IS AUTHENTICATED

4 (1) BY A SIGNATURE; OR

5 (2) UNDER THE AGREEMENT OF THE PARTIES OR THE
 6 STANDARD PRACTICE REFERRED TO IN AS 45.05.108(e)].

7 * **Sec. 41.** AS 45.05.116(a) is amended to read:

8 (a) The liability of an issuer, nominated person, or adviser for an action or
 9 omission is governed by the law of the jurisdiction chosen by an agreement in the
 10 form of a record signed [OR OTHERWISE AUTHENTICATED] by the affected
 11 parties [IN THE MANNER PROVIDED IN AS 45.05.104] or by a provision in the
 12 letter of credit, confirmation, or other undertaking. The jurisdiction whose law is
 13 chosen does not need to bear a relation to the transaction.

14 * **Sec. 42.** AS 45.05.116(b) is amended to read:

15 (b) Unless (a) of this section applies, the liability of an issuer, nominated
 16 person, or adviser for action or omission is governed by the law of the jurisdiction in
 17 which the issuer, nominated person, or adviser is located. The issuer, nominated
 18 person, or adviser is considered to be located at the address indicated in the
 19 undertaking of the issuer, nominated person, or adviser. If more than one address is
 20 indicated, the issuer, nominated person, or adviser is considered to be located at the
 21 address from which the undertaking of the issuer, nominated person, or adviser was
 22 issued. [FOR THE PURPOSE OF JURISDICTION, CHOICE OF LAW, AND
 23 RECOGNITION OF INTERBRANCH LETTERS OF CREDIT, BUT NOT
 24 ENFORCEMENT OF A JUDGMENT, ALL BRANCHES OF A BANK ARE
 25 CONSIDERED SEPARATE JURIDICAL ENTITIES, AND A BANK IS
 26 CONSIDERED TO BE LOCATED AT THE PLACE WHERE THE BANK'S
 27 RELEVANT BRANCH IS CONSIDERED TO BE LOCATED UNDER THIS
 28 SUBSECTION.]

29 * **Sec. 43.** AS 45.05.116 is amended by adding new subsections to read:

30 (f) For the purpose of jurisdiction, choice of law, and recognition of
 31 interbranch letters of credit, but not enforcement of a judgment, all branches of a bank

1 are considered separate juridical entities, and a bank is considered to be located at the
 2 place where the bank's relevant branch is considered to be located under (g) of this
 3 section.

4 (g) A branch of a bank is considered to be located at the address indicated in
 5 the branch's undertaking. If more than one address is indicated, the branch is
 6 considered to be located at the address from which the undertaking was issued.

7 * **Sec. 44.** AS 45.07.116(b) is amended to read:

8 (b) A system satisfies (a) of this section, and a person **has** [IS CONSIDERED
 9 TO HAVE] control of an electronic document of title, if the document is created,
 10 stored, and **transferred** [ASSIGNED] in a manner by which

11 (1) a single authoritative copy of the document exists that is unique,
 12 identifiable, and, except as otherwise provided in (4), (5), and (6) of this subsection,
 13 unalterable;

14 (2) the authoritative copy identifies the person asserting control as

15 (A) the person to whom the document was issued; or

16 (B) if the authoritative copy indicates that the document has
 17 been transferred, the person to whom the document was most recently
 18 transferred;

19 (3) the authoritative copy is communicated to and maintained by the
 20 person asserting control or the person's designated custodian;

21 (4) copies or amendments that add or change an identified **transferee**
 22 [ASSIGNEE] of the authoritative copy can be made only with the consent of the
 23 person asserting control;

24 (5) each copy of the authoritative copy and a copy of a copy are readily
 25 identifiable as a copy that is not the authoritative copy; and

26 (6) an amendment of the authoritative copy is readily identifiable as
 27 authorized or unauthorized.

28 * **Sec. 45.** AS 45.07.116 is amended by adding new subsections to read:

29 (c) A system satisfies (a) of this section, and a person has control of an
 30 electronic document of title, if an authoritative electronic copy of the document, a
 31 record attached to or logically associated with the electronic copy, or a system in

1 which the electronic copy is recorded

2 (1) enables the person readily to identify each electronic copy as either
3 an authoritative copy or a nonauthoritative copy;

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

7 (3) gives the person exclusive power, subject to (d) of this section, to

8 (A) prevent others from adding or changing the person to
9 which each authoritative electronic copy has been issued or transferred; and

10 (B) transfer control of each authoritative electronic copy.

11 (d) Subject to (e) of this section, a power is exclusive under (c)(3)(A) and (B)
12 of this section even if

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

18 (2) the power is shared with another person.

19 (e) A power of a person is not shared with another person under (d)(2) of this
20 section and the person's power is not exclusive if

21 (1) the person can exercise the power only if the power also is
22 exercised by the other person; and

23 (2) the other person

24 (A) can exercise the power without exercise of the power by
25 the person; or

26 (B) is the transferor to the person of an interest in the document
27 of title.

28 (f) If a person has the powers specified in (c)(3)(A) and (B) of this section, the
29 powers are presumed to be exclusive.

30 (g) A person has control of an electronic document of title if another person,
31 other than the transferor to the person of an interest in the document,

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

3 (2) obtains control of the document after having acknowledged that it
4 will obtain control of the document on behalf of the person.

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

7 (i) If a person acknowledges that it has or will obtain control on behalf of
8 another person, unless the person otherwise agrees or law other than this chapter or
9 AS 45.29 otherwise provides, the person does not owe a duty to the other person and
10 is not required to confirm the acknowledgment to another person.

11 * **Sec. 46.** AS 45.08.102(a)(6) is amended to read:

12 (6) "communicate" means to

13 (A) send a signed **record** [WRITING]; or

14 (B) transmit information by any mechanism agreed **on** [UPON]

15 by the persons transmitting and receiving the information;

16 * **Sec. 47.** AS 45.08.102(b) is amended to read:

17 (b) **The following** [OTHER] definitions **in** [APPLYING TO] this chapter and
18 **other chapters apply to this chapter:** [THE SECTIONS IN WHICH THEY
19 APPEAR ARE]

20 (1) "appropriate person" (AS 45.08.107);

21 (2) "control" (AS 45.08.106);

22 **(3) "controllable account" (AS 45.29.102(a));**

23 **(4) "controllable electronic record" (AS 45.36.102);**

24 **(5) "controllable payment intangible" (AS 45.29.102(a));**

25 **(6)** [(3)] "delivery" (AS 45.08.301);

26 **(7)** [(4)] "investment company security" (AS 45.08.103);

27 **(8)** [(5)] "issuer" (AS 45.08.201);

28 **(9)** [(6)] "overissue" (AS 45.08.210);

29 **(10)** [(7)] "protected purchaser" (AS 45.08.303);

30 **(11)** [(8)] "securities account" (AS 45.08.501).

31 * **Sec. 48.** AS 45.08.103 is amended by adding a new subsection to read:

1 (i) A controllable account, controllable electronic record, or controllable
2 payment intangible is not a financial asset unless AS 45.08.102(a)(10)(C) applies.

3 * **Sec. 49.** AS 45.08.106(d) is amended to read:

4 (d) A purchaser has control of a security entitlement if

5 (1) the purchaser becomes the entitlement holder;

6 (2) the securities intermediary has agreed that the securities
7 intermediary will comply with entitlement orders originated by the purchaser without
8 further consent by the entitlement holder; or

9 (3) another person, **other than the transferor to the purchaser of an**
10 **interest in the security entitlement,**

11 (A) has control of the security entitlement **and** [ON BEHALF
12 OF THE PURCHASER OR, HAVING PREVIOUSLY ACQUIRED
13 CONTROL OF THE SECURITY ENTITLEMENT,] acknowledges that it has
14 control on behalf of the purchaser; **or**

15 (B) **obtains control of the security entitlement after having**
16 **acknowledged that it will obtain control of the security entitlement on**
17 **behalf of the purchaser.**

18 * **Sec. 50.** AS 45.08.106 is amended by adding new subsections to read:

19 (h) A person that has control under this section is not required to acknowledge
20 that it has control on behalf of a purchaser.

21 (i) If a person acknowledges that it has or will obtain control on behalf of a
22 purchaser, unless the person otherwise agrees or law other than this chapter or
23 AS 45.29 otherwise provides, the person does not owe a duty to the purchaser and is
24 not required to confirm the acknowledgment to another person.

25 * **Sec. 51.** AS 45.08.110(b) is amended to read:

26 (b) The local law of the securities intermediary's jurisdiction, as specified in
27 **(d)** [(e)] of this section, governs

28 (1) acquisition of a security entitlement from the securities
29 intermediary;

30 (2) the rights and duties of the securities intermediary and entitlement
31 holder arising out of a security entitlement;

1 (3) whether the securities intermediary owes a duty to an adverse
2 claimant to a security entitlement; and

3 (4) whether an adverse claim can be asserted against a person who
4 acquires a security entitlement from the securities intermediary or a person who
5 purchases a security entitlement or interest in a security entitlement from an
6 entitlement holder.

7 * **Sec. 52.** AS 45.08.110 is amended by adding a new subsection to read:

8 (g) The local law of the issuer's jurisdiction or the securities intermediary's
9 jurisdiction governs a matter or transaction specified in (a) or (b) of this section even if
10 the matter or transaction does not bear any relation to the jurisdiction.

11 * **Sec. 53.** AS 45.08.303(b) is amended to read:

12 (b) A [IN ADDITION TO ACQUIRING THE RIGHTS OF A PURCHASER,
13 A] protected purchaser also acquires the interest in the security free of any adverse
14 claim.

15 * **Sec. 54.** AS 45.12.102 is amended to read:

16 **Sec. 45.12.102. Scope.** This chapter applies to any transaction, regardless of
17 form, that creates a lease, **and, in the case of a hybrid lease, this chapter applies to**
18 **the extent provided in (b) of this section.**

19 * **Sec. 55.** AS 45.12.102 is amended by adding a new subsection to read:

20 (b) In a hybrid lease,

21 (1) if the lease-of-goods aspects do not predominate,

22 (A) only the provisions of this chapter that relate primarily to
23 the lease-of-goods aspects of the transaction apply, and the provisions that
24 relate primarily to the transaction as a whole do not apply;

25 (B) AS 45.12.209 applies if the lease is a finance lease; and

26 (C) AS 45.12.407 applies to the promises of the lessee in a
27 finance lease to the extent the promises are consideration for the right to
28 possession and use of the leased goods; and

29 (2) if the lease-of-goods aspects predominate, this chapter applies to
30 the transaction, but does not preclude application in appropriate circumstances of other
31 law to aspects of the lease that do not relate to the lease of goods.

1 * **Sec. 56.** AS 45.12.103(a) is amended by adding a new paragraph to read:

2 (27) "hybrid lease" means a single transaction involving a lease of
3 goods and

4 (A) the provision of services;

5 (B) a sale of other goods; or

6 (C) a sale, lease, or license of property other than goods.

7 * **Sec. 57.** AS 45.12.107 is amended to read:

8 **Sec. 45.12.107. Waiver or renunciation of claim or right after default or**
9 **breach.** A claim or right arising out of an alleged default or breach of warranty may
10 be discharged in whole or in part without consideration by a [WRITTEN] waiver or
11 renunciation **in a** signed **record** [AND] delivered by the aggrieved party.

12 * **Sec. 58.** AS 45.12.201(a) is amended to read:

13 (a) A lease contract is not enforceable by way of action or defense unless

14 (1) the total payments to be made under the lease contract, excluding
15 payments for options to renew or buy, are less than \$1,000; or

16 (2) there is a **record** [WRITING], signed by the party against whom
17 enforcement is sought or by that party's authorized agent, sufficient to indicate that a
18 lease contract has been made between the parties and to describe the goods leased and
19 the lease term.

20 * **Sec. 59.** AS 45.12.201(c) is amended to read:

21 (c) A **record** [WRITING] is not insufficient because it omits or incorrectly
22 states a term agreed **on** [UPON], but the lease contract is not enforceable under (a)(2)
23 of this section beyond the lease term and the quantity of goods shown in the **record**
24 [WRITING].

25 * **Sec. 60.** AS 45.12.201(e) is amended to read:

26 (e) The lease term under a lease contract referred to in (d) of this section is

27 (1) if there is a **record** [WRITING] signed by the party against whom
28 enforcement is sought or by that party's authorized agent specifying the lease term, the
29 term specified;

30 (2) if the party against whom enforcement is sought admits in that
31 party's pleading, testimony, or otherwise in court a lease term, the term admitted; or

1 (3) a reasonable lease term.

2 * **Sec. 61.** AS 45.12.202 is amended to read:

3 **Sec. 45.12.202. Final [WRITTEN] expression: parol or extrinsic evidence.**

4 Terms with respect to which the confirmatory memoranda of the parties agree or that
5 are otherwise set out in a **record** [WRITING] intended by the parties as a final
6 expression of their agreement with respect to the terms that are included in the
7 memoranda or other **record** [WRITING] may not be contradicted by evidence of a
8 prior agreement or of a contemporaneous oral agreement but may be explained or
9 supplemented

10 (1) by course of dealing or usage of trade or by course of performance;

11 and

12 (2) by evidence of consistent additional terms unless the court finds the
13 **record** [WRITING] to have been intended also as a complete and exclusive statement
14 of the terms of the agreement.

15 * **Sec. 62.** AS 45.12.203 is amended to read:

16 **Sec. 45.12.203. Seals inoperative.** The affixing of a seal to a **record**
17 [WRITING] evidencing a lease contract or an offer to enter into a lease contract does
18 not render the **record** [WRITING] a sealed instrument, and the law with respect to
19 sealed instruments does not apply to the lease contract or offer.

20 * **Sec. 63.** AS 45.12.205 is amended to read:

21 **Sec. 45.12.205. Firm offers.** An offer by a merchant to lease goods to or from
22 another person in a signed **record** [WRITING] that by its terms gives assurance that it
23 will be held open is not revocable, for lack of consideration, during the time stated or,
24 if no time is stated, for a reasonable time; however, in no event may the period of
25 irrevocability exceed three months. A term of assurance under this section on a form
26 supplied by the offeree shall be separately signed by the offeror.

27 * **Sec. 64.** AS 45.12.208(b) is amended to read:

28 (b) A signed lease agreement that excludes modification or rescission except
29 by a signed **record** [WRITING] may not be otherwise modified or rescinded, but,
30 except as between merchants, such a requirement on a form supplied by a merchant
31 must be separately signed by the other party.

1 * **Sec. 65.** AS 45.14.103(a)(1) is amended to read:

2 (1) "payment order" means an instruction of a sender to a receiving
3 bank, transmitted orally **or in a record** [, ELECTRONICALLY, OR IN WRITING],
4 to pay, or to cause another bank to pay, a fixed or determinable amount of money to a
5 beneficiary if

6 (A) the instruction does not state a condition to payment to the
7 beneficiary other than time of payment;

8 (B) the receiving bank is to be reimbursed by debiting an
9 account of, or otherwise receiving payment from, the sender; and

10 (C) the instruction is transmitted by the sender directly to the
11 receiving bank or to an agent, funds-transfer system, or communication system
12 for transmittal to the receiving bank;

13 * **Sec. 66.** AS 45.14.201(b) is amended to read:

14 (b) A security procedure **may impose an obligation on the receiving bank**
15 **or the customer and** may require the use of algorithms or other codes, identifying
16 words, [OR] numbers, **symbols, sounds, biometrics,** encryption, call-back
17 procedures, or similar security devices. Comparison of a signature on a payment order
18 or communication with an authorized specimen signature of the customer **or**
19 **requiring a payment order to be sent from a known electronic mail address,**
20 **Internet Protocol address, or telephone number** is not by itself a security
21 procedure.

22 * **Sec. 67.** AS 45.14.202(b) is amended to read:

23 (b) If a bank and its customer have agreed that the authenticity of payment
24 orders issued to the bank in the name of the customer as sender will be verified under
25 a security procedure, a payment order received by the receiving bank is effective as
26 the order of the customer, whether or not authorized, if

27 (1) the security procedure is a commercially reasonable method of
28 providing security against unauthorized payment orders; and

29 (2) the bank proves that it accepted the payment order in good faith
30 and in compliance with **the bank's obligations under** the security procedure and any
31 [WRITTEN] agreement or instruction of the customer, **evidenced by a record,**

1 restricting acceptance of payment orders issued in the name of the customer; the bank
 2 is not required to follow an instruction that violates an [A WRITTEN] agreement with
 3 the customer, evidenced by a record, or notice of which is not received at a time and
 4 in a manner affording the bank a reasonable opportunity to act on it before the
 5 payment order is accepted.

6 * **Sec. 68.** AS 45.14.202(c) is amended to read:

7 (c) Commercial reasonableness of a security procedure is a question of law to
 8 be determined by considering the wishes of the customer expressed to the bank, the
 9 circumstances of the customer known to the bank, including the size, type, and
 10 frequency of payment orders normally issued by the customer to the bank, alternative
 11 security procedures offered to the customer, and security procedures in general use by
 12 customers and receiving banks similarly situated. A security procedure is considered
 13 to be commercially reasonable if

14 (1) the security procedure was chosen by the customer after the bank
 15 offered, and the customer refused, a security procedure that was commercially
 16 reasonable for that customer; and

17 (2) the customer expressly agreed in a record [WRITING] to be
 18 bound by a payment order, whether or not authorized, issued in its name and accepted
 19 by the bank in compliance with the bank's obligations under the security procedure
 20 chosen by the customer.

21 * **Sec. 69.** AS 45.14.203(a) is amended to read:

22 (a) If an accepted payment order is not, under AS 45.14.202(a), an authorized
 23 order of a customer identified as sender, but is effective as an order of the customer
 24 under AS 45.14.202(b), the following rules apply:

25 (1) by express [WRITTEN] agreement evidenced by a record, the
 26 receiving bank may limit the extent to which it is entitled to enforce or retain payment
 27 of the payment order;

28 (2) the receiving bank is not entitled to enforce or retain payment of
 29 the payment order if the customer proves that the order was not caused, directly or
 30 indirectly, by a person

31 (A) entrusted at any time with duties to act for the customer

1 with respect to payment orders or the security procedure; or

2 (B) who obtained access to transmitting facilities of the
3 customer or who obtained, from a source controlled by the customer and
4 without authority of the receiving bank, information facilitating breach of the
5 security procedure, regardless of how the information was obtained or whether
6 the customer was at fault; in this subparagraph, "information" includes any
7 access device, computer software, or the like.

8 * **Sec. 70.** AS 45.14.207(c) is amended to read:

9 (c) If a payment order described in (b) of this section is accepted, if the
10 originator's payment order described the beneficiary inconsistently by name and
11 number, and if the beneficiary's bank pays the person identified by number as
12 permitted by (b)(1) of this section, the following rules apply:

13 (1) if the originator is a bank, the originator is obliged to pay its order;

14 (2) if the originator is not a bank and proves that the person identified
15 by number was not entitled to receive payment from the originator, the originator is
16 not obliged to pay its order unless the originator's bank proves that the originator,
17 before acceptance of the originator's order, had notice that payment of a payment order
18 issued by the originator might be made by the beneficiary's bank on the basis of an
19 identifying or bank account number even if it identifies a person different from the
20 named beneficiary; proof of notice may be made by any admissible evidence; the
21 originator's bank satisfies the burden of proof if it proves that the originator, before the
22 payment order was accepted, signed a **record** [WRITING] stating the information to
23 which the notice relates.

24 * **Sec. 71.** AS 45.14.208(b) is amended to read:

25 (b) The following rules in this subsection apply to a payment order identifying
26 an intermediary bank or the beneficiary's bank both by name and an identifying
27 number if the name and number identify different persons:

28 (1) if the sender is a bank, the receiving bank may rely on the number
29 as the proper identification of the intermediary or beneficiary's bank if the receiving
30 bank, when it executes the sender's order, does not know that the name and number
31 identify different persons; the receiving bank does not need to determine whether the

1 name and number refer to the same person or whether the number refers to a bank; the
 2 sender is obliged to compensate the receiving bank for any loss and expenses incurred
 3 by the receiving bank as a result of its reliance on the number in executing or
 4 attempting to execute the order;

5 (2) if the sender is not a bank and the receiving bank proves that the
 6 sender, before the payment order was accepted, had notice that the receiving bank
 7 might rely on the number as the proper identification of the intermediary or
 8 beneficiary's bank even if it identifies a person different from the bank identified by
 9 name, the rights and obligations of the sender and the receiving bank are governed by
 10 **(1) of this subsection** [(b)(1) OF THIS SECTION], as though the sender were a bank;
 11 proof of notice may be made by any admissible evidence; the receiving bank satisfies
 12 the burden of proof if it proves that the sender, before the payment order was accepted,
 13 signed a **record** [WRITING] stating the information to which the notice relates;

14 (3) regardless of whether the sender is a bank, the receiving bank may
 15 rely on the name as the proper identification of the intermediary or beneficiary's bank
 16 if the receiving bank, at the time it executes the sender's order, does not know that the
 17 name and number identify different persons; the receiving bank does not need to
 18 determine whether the name and number refer to the same person;

19 (4) if the receiving bank knows that the name and number identify
 20 different persons, reliance on either the name or the number in executing the sender's
 21 payment order is a breach of the obligation stated in AS 45.14.302(a)(1).

22 * **Sec. 72.** AS 45.14.210(a) is amended to read:

23 (a) A payment order is rejected by the receiving bank by a notice of rejection
 24 transmitted to the sender orally [, ELECTRONICALLY,] or in **a record** [WRITING].
 25 A notice of rejection does not need to use particular words and is sufficient if it
 26 indicates that the receiving bank is rejecting the order or will not execute or pay the
 27 order. Rejection is effective when the notice is given if transmission is by a means that
 28 is reasonable in the circumstances. If notice of rejection is given by a means that is not
 29 reasonable, rejection is effective when the notice is received. If an agreement of the
 30 sender and receiving bank establishes the means to be used to reject a payment order,
 31 means

1 (1) complying with the agreement are reasonable; and

2 (2) not complying with the agreement are not reasonable unless
3 significant delay in receipt of the notice did not result from the use of the
4 noncomplying means.

5 * **Sec. 73.** AS 45.14.211(a) is amended to read:

6 (a) A communication of the sender of a payment order canceling or amending
7 the order may be transmitted to the receiving bank orally [, ELECTRONICALLY,] or
8 in **a record** [WRITING]. If a security procedure is in effect between the sender and
9 the receiving bank, the communication is not effective to cancel or amend the order
10 unless the communication is verified under the security procedure or the bank agrees
11 to the cancellation or amendment.

12 * **Sec. 74.** AS 45.14.305(c) is amended to read:

13 (c) In addition to the amounts payable under (a) and (b) of this section,
14 damages, including consequential damages, are recoverable to the extent provided in
15 an express [WRITTEN] agreement of the receiving bank, **evidenced by a record.**

16 * **Sec. 75.** AS 45.14.305(d) is amended to read:

17 (d) If a receiving bank fails to execute a payment order it was obliged by
18 express agreement to execute, the receiving bank is liable to the sender for its
19 expenses in the transaction and for incidental expenses and interest losses resulting
20 from the failure to execute. Additional damages, including consequential damages, are
21 recoverable to the extent provided in an express [WRITTEN] agreement of the
22 receiving bank, **evidenced by a record,** but are not otherwise recoverable.

23 * **Sec. 76.** AS 45.29.102(a)(2) is amended to read:

24 (2) "account," except as used in "account for," **"account statement,"**
25 **"account to," "commodity account," as defined in this subsection, "customer's**
26 **account," "deposit account," as defined in this subsection, "on account of," and**
27 **"statement of account,"**

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

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

- 1 (ii) for services rendered or to be rendered;
 2 (iii) for a policy of insurance issued or to be issued;
 3 (iv) for a secondary obligation incurred or to be
 4 incurred;
 5 (v) for energy provided or to be provided;
 6 (vi) for the use or hire of a vessel under a charter or
 7 other contract;
 8 (vii) arising out of the use of a credit or charge card or
 9 information contained on or for use with the card; or
 10 (viii) as winnings in a lottery or other game of chance
 11 operated or sponsored by a state, a governmental unit of a state, or a
 12 person licensed or authorized to operate the game by a state or a
 13 governmental unit of a state;

14 (B) includes **controllable accounts and** health care insurance
 15 receivables;

16 (C) does not include

- 17 **(i)** [RIGHTS TO PAYMENT EVIDENCED BY]
 18 chattel paper;
 19 **(ii)** [OR BY AN INSTRUMENT,] commercial tort
 20 claims;
 21 **(iii)** [,] deposit accounts;
 22 **(iv)** [,] investment property;
 23 **(v)** [,] letter-of-credit rights or letters of credit;
 24 **(vi)** [, OR] rights to payment for money or funds
 25 advanced or sold, other than rights arising out of the use of a credit or
 26 charge card or information contained on or for use with the card; **or**
 27 **(vii) rights to payment evidenced by an instrument;**

28 * **Sec. 77.** AS 45.29.102(a)(3) is amended to read:

29 (3) "account debtor" means a person obligated on an account, chattel
 30 paper, or general intangible, except that "account debtor" does not include persons
 31 obligated to pay a negotiable instrument even if the **negotiable** instrument **evidences**

1 [CONSTITUTES PART OF] chattel paper;

2 * **Sec. 78.** AS 45.29.102(a)(4) is amended to read:

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

4 (A) signed [AUTHENTICATED] by a secured party;

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

8 (C) identifying the components of the obligations in reasonable
9 detail;

10 * **Sec. 79.** AS 45.29.102(a)(15) is repealed and reenacted to read:

11 (15) "chattel paper"

12 (A) means

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

16 (ii) a right to payment of a monetary obligation owed by
17 a lessee under a lease agreement with respect to specific goods and a
18 monetary obligation owed by the lessee in connection with the
19 transaction giving rise to the lease, if the right to payment and lease
20 agreement are evidenced by a record and the predominant purpose of
21 the transaction giving rise to the lease was to give the lessee the right to
22 possession and use of the goods;

23 (B) does not include a right to payment arising out of a charter
24 or other contract involving the use or hire of a vessel or a right to payment
25 arising out of the use of a credit or charge card or information contained on or
26 for use with the card;

27 * **Sec. 80.** AS 45.29.102(a)(51) is amended to read:

28 (51) "general intangible" means personal property, including
29 [PAYMENT INTANGIBLES, SOFTWARE, AND] things in action, other than
30 accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods,
31 instruments, investment property, letter-of-credit rights, letters of credit, money, and,

1 before extraction, oil, gas, or other minerals; **"general intangible" includes**
 2 **controllable electronic records, payment intangibles, and software;**

3 * **Sec. 81.** AS 45.29.102(a)(57) is amended to read:

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

8 (A) investment property;

9 (B) letters of credit; [OR]

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

13 **(D) writings that evidence chattel paper;**

14 * **Sec. 82.** AS 45.29.102(a)(78) is amended to read:

15 (78) "payment intangible" means a general intangible under which the
 16 account debtor's principal obligation is a monetary obligation; **"payment intangible"**
 17 **includes a controllable payment intangible;**

18 * **Sec. 83.** AS 45.29.102(a)(83) is amended to read:

19 (83) "proposal" means a record **signed** [AUTHENTICATED] by a
 20 secured party that includes the terms on which the secured party is willing to accept
 21 collateral in full or partial satisfaction of the obligation it secures under AS 45.29.620
 22 - 45.29.622;

23 * **Sec. 84.** AS 45.29.102(a) is amended by adding new paragraphs to read:

24 (106) "assignee," except as used in "assignee for benefit of creditors,"

25 (A) means a person

26 (i) in whose favor a security interest that secures an
 27 obligation is created or provided for under a security agreement,
 28 whether or not the obligation is outstanding; or

29 (ii) to which an account, chattel paper, payment
 30 intangible, or promissory note has been sold;

31 (B) includes a person to which a security interest has been

1 transferred by a secured party;

2 (107) "assignor"

3 (A) means a person that

4 (i) under a security agreement, creates or provides for a
5 security interest that secures an obligation; or

6 (ii) sells an account, chattel paper, payment intangible,
7 or promissory note;

8 (B) includes a secured party that has transferred a security
9 interest to another person;

10 (108) "controllable account" means an account evidenced by a
11 controllable electronic record that provides that the account debtor undertakes to pay
12 the person that has control under AS 45.36.105 of the controllable electronic record;

13 (109) "controllable electronic record" has the meaning given in
14 AS 45.36.102;

15 (110) "controllable payment intangible" means a payment intangible
16 evidenced by a controllable electronic record that provides that the account debtor
17 undertakes to pay the person that has control under AS 45.36.105 of the controllable
18 electronic record;

19 (111) "electronic money" means money in an electronic form;

20 (112) "money" has the meaning given in AS 45.01.211(b), but does not
21 include

22 (A) a deposit account; or

23 (B) money in an electronic form that cannot be subjected to
24 control under AS 45.29.111;

25 (113) "protected purchaser" has the meaning given in AS 45.08.303;

26 (114) "qualifying purchaser" has the meaning given in AS 45.36.102;

27 (115) "tangible money" means money in a tangible form.

28 * **Sec. 85.** AS 45.29.104(a) is amended to read:

29 (a) A secured party has control of a deposit account if

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

1 (2) the debtor, secured party, and bank have agreed in **a signed** [AN
2 AUTHENTICATED] record that the bank will comply with instructions originated by
3 the secured party directing disposition of the funds in the deposit account without
4 further consent by the debtor; [OR]

5 (3) the secured party becomes the bank's customer with respect to the
6 deposit account; **or**

7 **(4) another person, other than the debtor,**

8 **(A) has control of the deposit account and acknowledges**
9 **that it has control on behalf of the secured party; or**

10 **(B) obtains control of the deposit account after having**
11 **acknowledged that it will obtain control of the deposit account on behalf**
12 **of the secured party.**

13 * **Sec. 86.** AS 45.29.105 is repealed and reenacted to read:

14 **Sec. 45.29.105. Control of electronic copy of record evidencing chattel**
15 **paper.** (a) A purchaser has control of an authoritative electronic copy of a record
16 evidencing chattel paper if a system employed for evidencing the assignment of
17 interests in the chattel paper reliably establishes the purchaser as the person to which
18 the authoritative electronic copy was assigned.

19 (b) A system satisfies (a) of this section if the record or records evidencing the
20 chattel paper are created, stored, and assigned in a manner that

21 (1) a single authoritative copy of the record or records exists that is
22 unique, identifiable, and, except as otherwise provided in (4), (5), and (6) of this
23 subsection, unalterable;

24 (2) the authoritative copy identifies the purchaser as the assignee of the
25 record or records;

26 (3) the authoritative copy is communicated to and maintained by the
27 purchaser or its designated custodian;

28 (4) copies or amendments that add or change an identified assignee of
29 the authoritative copy can be made only with the consent of the purchaser;

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

1 (6) any amendment of the authoritative copy is readily identifiable as
2 authorized or unauthorized.

3 (c) A system satisfies (a) of this section, and a purchaser has control of an
4 authoritative electronic copy of a record evidencing chattel paper, if the electronic
5 copy, a record attached to or logically associated with the electronic copy, or a system
6 in which the electronic copy is recorded

7 (1) enables the purchaser readily to identify each electronic copy as
8 either an authoritative copy or a nonauthoritative copy;

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

12 (3) gives the purchaser exclusive power, subject to (d) of this section,
13 to

14 (A) prevent others from adding or changing an identified
15 assignee of the authoritative electronic copy; and

16 (B) transfer control of the authoritative electronic copy.

17 (d) Subject to (e) of this section, a power is exclusive under (c)(3)(A) and (B)
18 of this section even if

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

24 (2) the power is shared with another person.

25 (e) A power of a purchaser is not shared with another person under (d)(2) of
26 this section and the purchaser's power is not exclusive if

27 (1) the purchaser can exercise the power only if the power also is
28 exercised by the other person; and

29 (2) the other person

30 (A) can exercise the power without exercise of the power by
31 the purchaser; or

1 (B) is the transferor to the purchaser of an interest in the chattel
2 paper.

3 (f) If a purchaser has the powers specified in (c)(3)(A) and (B) of this section,
4 the powers are presumed to be exclusive.

5 (g) A purchaser has control of an authoritative electronic copy of a record
6 evidencing chattel paper if another person, other than the transferor to the purchaser of
7 an interest in the chattel paper,

8 (1) has control of the authoritative electronic copy and acknowledges
9 that it has control on behalf of the purchaser; or

10 (2) obtains control of the authoritative electronic copy after having
11 acknowledged that it will obtain control of the electronic copy on behalf of the
12 purchaser.

13 * **Sec. 87.** AS 45.29 is amended by adding new sections to article 1 to read:

14 **Sec. 45.29.111. Control of electronic money.** (a) A person has control of
15 electronic money if

16 (1) the electronic money, a record attached to or logically associated
17 with the electronic money, or a system in which the electronic money is recorded
18 gives the person

19 (A) power to avail itself of substantially all the benefit from the
20 electronic money; and

21 (B) exclusive power, subject to (b) of this section, to

22 (i) prevent others from availing themselves of
23 substantially all the benefit from the electronic money; and

24 (ii) transfer control of the electronic money to another
25 person or cause another person to obtain control of other electronic
26 money as a result of the transfer of the electronic money; and

27 (2) the electronic money, a record attached to or logically associated
28 with the electronic money, or a system in which the electronic money is recorded
29 enables the person readily to identify itself in any way, including by name, identifying
30 number, cryptographic key, office, or account number, as having the powers under (1)
31 of this subsection.

1 (b) Subject to (c) of this section, a power is exclusive under (a)(1)(B)(i) and
2 (ii) of this section even if

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

7 (2) the power is shared with another person.

8 (c) A power of a person is not shared with another person under (b)(2) of this
9 section and the person's power is not exclusive if

10 (1) the person can exercise the power only if the power also is
11 exercised by the other person; and

12 (2) the other person

13 (A) can exercise the power without exercise of the power by
14 the person; or

15 (B) is the transferor to the person of an interest in the electronic
16 money.

17 (d) If a person has the powers specified in (a)(1)(B)(i) and (ii) of this section,
18 the powers are presumed to be exclusive.

19 (e) A person has control of electronic money if another person, other than the
20 transferor to the person of an interest in the electronic money,

21 (1) has control of the electronic money and acknowledges that it has
22 control on behalf of the person; or

23 (2) obtains control of the electronic money after having acknowledged
24 that it will obtain control of the electronic money on behalf of the person.

25 **Sec. 45.29.112. Control of controllable electronic record, controllable**
26 **account, or controllable payment intangible.** (a) A secured party has control of a
27 controllable electronic record as provided in AS 45.36.105.

28 (b) A secured party has control of a controllable account or controllable
29 payment intangible if the secured party has control of the controllable electronic
30 record that evidences the controllable account or controllable payment intangible.

31 **Sec. 45.29.113. No requirement to acknowledge or confirm; no duties.** (a)

1 A person that has control under AS 45.29.104, 45.29.105, or 45.29.111 is not required
2 to acknowledge that it has control on behalf of another person.

3 (b) If a person acknowledges that it has or will obtain control on behalf of
4 another person, unless the person otherwise agrees or law other than this chapter
5 otherwise provides, the person does not owe a duty to the other person and is not
6 required to confirm the acknowledgment to another person.

7 * **Sec. 88.** AS 45.29.203(b) is amended to read:

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

10 (1) value has been given;

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

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

14 (A) the debtor has **signed** [AUTHENTICATED] a security
15 agreement that provides a description of the collateral and, if the security
16 interest covers timber to be cut, a description of the land concerned;

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

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

23 (D) the collateral is **controllable accounts, controllable**
24 **electronic records, controllable payment intangibles,** deposit accounts,
25 electronic **documents, electronic money** [CHATTEL PAPER], investment
26 property, **or** letter-of-credit rights, [OR ELECTRONIC DOCUMENTS,] and
27 the secured party has control under AS 45.07.116, AS 45.29.104, [45.29.105,]
28 45.29.106, [OR] 45.29.107, **45.29.111, or 45.29.112** under the debtor's security
29 agreement; **or**

30 **(E) the collateral is chattel paper and the secured party has**
31 **possession and control under AS 45.29.345 under the debtor's security**

1 **agreement.**

2 * **Sec. 89.** AS 45.29.204(b) is amended to read:

3 (b) **Subject to (d) of this section, a** [A] security interest does not attach under
4 a term constituting an after-acquired property clause to

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

8 (2) a commercial tort claim.

9 * **Sec. 90.** AS 45.29.204 is amended by adding a new subsection to read:

10 (d) Subsection (b) of this section does not prevent a security interest from
11 attaching

12 (1) to consumer goods as proceeds under AS 45.29.315(a) or
13 commingled goods under AS 45.29.336(c);

14 (2) to a commercial tort claim as proceeds under AS 45.29.315(a); or

15 (3) under an after-acquired property clause to property that is proceeds
16 of consumer goods or a commercial tort claim.

17 * **Sec. 91.** AS 45.29.207(c) is amended to read:

18 (c) Except as otherwise provided in (d) of this section, a secured party having
19 possession of collateral or control of collateral under AS 45.07.116, AS 45.29.104,
20 45.29.105, 45.29.106, [OR] 45.29.107, **45.29.111, or 45.29.112**

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

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

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

26 * **Sec. 92.** AS 45.29.208(b) is amended to read:

27 (b) Within 10 days after receiving **a signed** [AN AUTHENTICATED]
28 demand by the debtor, a secured party

29 (1) having control of a deposit account under AS 45.29.104(a)(2) shall
30 send to the bank with which the deposit account is maintained **a signed record** [AN
31 AUTHENTICATED STATEMENT] that releases the bank from further obligation to

1 comply with instructions originated by the secured party;

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

3 (A) pay the debtor the balance on deposit in the deposit
4 account; or

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

7 (3) other than a buyer, having control **under AS 45.29.105 of an**
8 **authoritative electronic copy of a record evidencing chattel paper shall transfer**
9 **control of the electronic copy to the debtor or a person designated by the debtor**
10 [OF ELECTRONIC CHATTEL PAPER UNDER AS 45.29.105 SHALL

11 (A) COMMUNICATE THE AUTHORITATIVE COPY OF
12 THE ELECTRONIC CHATTEL PAPER TO THE DEBTOR OR ITS
13 DESIGNATED CUSTODIAN;

14 (B) IF THE DEBTOR DESIGNATES A CUSTODIAN THAT
15 IS THE DESIGNATED CUSTODIAN WITH WHICH THE
16 AUTHORITATIVE COPY OF THE ELECTRONIC CHATTEL PAPER IS
17 MAINTAINED FOR THE SECURED PARTY, COMMUNICATE TO THE
18 CUSTODIAN AN AUTHENTICATED RECORD RELEASING THE
19 DESIGNATED CUSTODIAN FROM FURTHER OBLIGATION TO
20 COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED
21 PARTY AND INSTRUCTING THE CUSTODIAN TO COMPLY WITH
22 INSTRUCTIONS ORIGINATED BY THE DEBTOR; AND

23 (C) TAKE APPROPRIATE ACTION TO ENABLE THE
24 DEBTOR OR ITS DESIGNATED CUSTODIAN TO MAKE COPIES OF OR
25 REVISIONS TO THE AUTHORITATIVE COPY THAT ADD OR CHANGE
26 AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY
27 WITHOUT THE CONSENT OF THE SECURED PARTY];

28 (4) having control of investment property under AS 45.08.106(d)(2) or
29 AS 45.29.106(b) shall send to the securities intermediary or commodity intermediary
30 with which the security entitlement or commodity contract is maintained **a signed**
31 [AN AUTHENTICATED] record that releases the securities intermediary or

1 commodity intermediary from further obligation to comply with entitlement orders or
2 directions originated by the secured party;

3 (5) having control of a letter-of-credit right under AS 45.29.107 shall
4 send to each person having an unfulfilled obligation to pay or deliver proceeds of the
5 letter of credit to the secured party **a signed** [AN AUTHENTICATED] release from
6 further obligation to pay or deliver proceeds of the letter of credit to the secured party;
7 [AND]

8 (6) having control **under AS 45.07.116 of an authoritative electronic**
9 **copy of an electronic document shall transfer control of the electronic copy to the**
10 **debtor or a person designated by the debtor;**

11 **(7) having control under AS 45.29.111 of electronic money shall**
12 **transfer control of the electronic money to the debtor or a person designated by**
13 **the debtor; and**

14 **(8) having control under AS 45.36.105 of a controllable electronic**
15 **record, other than a buyer of a controllable account or controllable payment**
16 **intangible evidenced by the controllable electronic record, shall transfer control**
17 **of the controllable electronic record to the debtor or a person designated by the**
18 **debtor** [OF AN ELECTRONIC DOCUMENT SHALL

19 (A) GIVE CONTROL OF THE ELECTRONIC DOCUMENT
20 TO THE DEBTOR OR ITS DESIGNATED CUSTODIAN;

21 (B) IF THE DEBTOR DESIGNATES A CUSTODIAN WHO
22 IS THE DESIGNATED CUSTODIAN WITH WHOM THE
23 AUTHORITATIVE COPY OF THE ELECTRONIC DOCUMENT IS
24 MAINTAINED FOR THE SECURED PARTY, COMMUNICATE TO THE
25 CUSTODIAN AN AUTHENTICATED RECORD RELEASING THE
26 DESIGNATED CUSTODIAN FROM FURTHER OBLIGATION TO
27 COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED
28 PARTY AND INSTRUCTING THE CUSTODIAN TO COMPLY WITH
29 INSTRUCTIONS ORIGINATED BY THE DEBTOR; AND

30 (C) TAKE APPROPRIATE ACTION TO ENABLE THE
31 DEBTOR OR ITS DESIGNATED CUSTODIAN TO MAKE COPIES OF OR

1 REVISIONS TO THE AUTHORITATIVE COPY THAT ADD OR CHANGE
 2 AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY
 3 WITHOUT THE CONSENT OF THE SECURED PARTY].

4 * **Sec. 93.** AS 45.29.209(b) is amended to read:

5 (b) Within 10 days after receiving **a signed** [AN AUTHENTICATED]
 6 demand by the debtor, a secured party shall send to an account debtor that has
 7 received notification **under AS 45.29.406(a) or AS 45.36.106(b)** of an assignment to
 8 the secured party as assignee **a signed** [UNDER AS 45.29.406(a) AN
 9 AUTHENTICATED] record that releases the account debtor from further obligation
 10 to the secured party.

11 * **Sec. 94.** AS 45.29.210(a)(2) is amended to read:

12 (2) "request for an accounting" means a record **signed**
 13 [AUTHENTICATED] by a debtor requesting that the recipient provide an accounting
 14 of the unpaid obligations secured by collateral and reasonably identifying the
 15 transaction or relationship that is the subject of the request;

16 * **Sec. 95.** AS 45.29.210(a)(3) is amended to read:

17 (3) "request regarding a list of collateral" means a record **signed**
 18 [AUTHENTICATED] by a debtor requesting that the recipient approve or correct a
 19 list of what the debtor believes to be the collateral securing an obligation and
 20 reasonably identifying the transaction or relationship that is the subject of the request;

21 * **Sec. 96.** AS 45.29.210(a)(4) is amended to read:

22 (4) "request regarding a statement of account" means a record **signed**
 23 [AUTHENTICATED] by a debtor requesting that the recipient approve or correct a
 24 statement indicating what the debtor believes to be the aggregate amount of unpaid
 25 obligations secured by collateral as of a specified date and reasonably identifying the
 26 transaction or relationship that is the subject of the request.

27 * **Sec. 97.** AS 45.29.210(b) is amended to read:

28 (b) Subject to (c) - (f) of this section, a secured party, other than a buyer of
 29 accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall
 30 comply with a request within 14 days after receipt

31 (1) in the case of a request for an accounting, by **signing**

1 [AUTHENTICATING] and sending to the debtor an accounting; and

2 (2) in the case of a request regarding a list of collateral or a request
3 regarding a statement of account, by signing [AUTHENTICATING] and sending to
4 the debtor an approval or correction.

5 * **Sec. 98.** AS 45.29.210(c) is amended to read:

6 (c) A secured party that claims a security interest in all of a particular type of
7 collateral owned by the debtor may comply with a request regarding a list of collateral
8 by sending to the debtor a signed [AN AUTHENTICATED] record including a
9 statement to that effect within 14 days after receipt.

10 * **Sec. 99.** AS 45.29.210(d) is amended to read:

11 (d) A person who receives a request regarding a list of collateral, who claims
12 no interest in the collateral when the person receives the request, and who claimed an
13 interest in the collateral at an earlier time shall comply with the request within 14 days
14 after receipt by sending to the debtor a signed [AN AUTHENTICATED] record

15 (1) disclaiming interest in the collateral; and

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

18 * **Sec. 100.** AS 45.29.210(e) is amended to read:

19 (e) A person who receives a request for an accounting or a request regarding a
20 statement of account, who claims no interest in the obligations when the person
21 receives the request, and who claimed an interest in the obligations at an earlier time
22 shall comply with the request within 14 days after receipt by sending to the debtor a
23 signed [AN AUTHENTICATED] record

24 (1) disclaiming interest in the obligations; and

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

27 * **Sec. 101.** AS 45.29.301 is amended to read:

28 **Sec. 45.29.301. Law governing perfection and priority of security interests.**

29 Except as otherwise provided in AS 45.29.303 - 45.29.306 and 45.29.344, the
30 following rules determine the law governing perfection, the effect of perfection or
31 nonperfection, and the priority of a security interest in collateral:

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

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

7 (3) except as otherwise provided in (4) of this section, while
 8 [TANGIBLE] negotiable **tangible** documents, goods, instruments, **or tangible** money
 9 [, OR TANGIBLE CHATTEL PAPER] is located in a jurisdiction, the local law of
 10 that jurisdiction governs

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

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

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

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

19 * **Sec. 102.** AS 45.29.304(a) is amended to read:

20 (a) The local law of a bank's jurisdiction governs perfection, the effect of
 21 perfection or nonperfection, and the priority of a security interest in a deposit account
 22 maintained with that bank **even if the transaction does not bear any relation to the**
 23 **bank's jurisdiction.**

24 * **Sec. 103.** AS 45.29.304(b) is amended to read:

25 (b) The following rules determine a bank's jurisdiction for purposes of
 26 **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342]:

27 (1) if an agreement between the bank and the debtor governing the
 28 deposit account expressly provides that a particular jurisdiction is the bank's
 29 jurisdiction for purposes of **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342], this
 30 chapter, or the code, that jurisdiction is the bank's jurisdiction;

31 (2) if (1) of this subsection does not apply and an agreement between

1 the bank and its customer governing the deposit account expressly provides that the
2 agreement is governed by the law of a particular jurisdiction, that jurisdiction is the
3 bank's jurisdiction;

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

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

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

14 * **Sec. 104.** AS 45.29.305(a) is amended to read:

15 (a) Except as otherwise provided in (c) of this section, the following rules
16 apply:

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

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

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

28 (4) the local law of the commodity intermediary's jurisdiction governs
29 perfection, the effect of perfection or nonperfection, and the priority of a security
30 interest in a commodity contract or commodity account;

31 **(5) the rules specified in (2) - (4) of this subsection apply even if the**

1 **transaction does not bear any relation to the jurisdiction.**

2 * **Sec. 105.** AS 45.29.305(b) is amended to read:

3 (b) The following rules determine a commodity intermediary's jurisdiction for
4 purposes of **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342]:

5 (1) if an agreement between the commodity intermediary and
6 commodity customer governing the commodity account expressly provides that a
7 particular jurisdiction is the commodity intermediary's jurisdiction for purposes of
8 **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342], this chapter, or the code, that
9 jurisdiction is the commodity intermediary's jurisdiction;

10 (2) if (1) of this subsection does not apply and an agreement between
11 the commodity intermediary and commodity customer governing the commodity
12 account expressly provides that the agreement is governed by the law of a particular
13 jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction;

14 (3) if neither (1) nor (2) of this subsection applies and an agreement
15 between the commodity intermediary and commodity customer governing the
16 commodity account expressly provides that the commodity account is maintained at an
17 office in a particular jurisdiction, that jurisdiction is the commodity intermediary's
18 jurisdiction;

19 (4) if (1), (2), or (3) of this subsection does not apply, the commodity
20 intermediary's jurisdiction is the jurisdiction in which the office identified in an
21 account statement as the office serving the commodity customer's account is located;

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

25 * **Sec. 106.** AS 45.29.306(b) is amended to read:

26 (b) For purposes of **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342], an
27 issuer's jurisdiction or nominated person's jurisdiction is the jurisdiction whose law
28 governs the liability of the issuer or nominated person with respect to the letter-of-
29 credit right as provided in AS 45.05.116.

30 * **Sec. 107.** AS 45.29.307(k) is amended to read:

31 (k) This section applies only for purposes of **AS 45.29.301 - 45.29.346**

1 [AS 45.29.301 - 45.29.342].

2 * **Sec. 108.** AS 45.29.310(b) is amended to read:

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

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

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

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

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

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

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

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

16 (8) in controllable accounts, controllable electronic records,
17 controllable payment intangibles, deposit accounts, [ELECTRONIC CHATTEL
18 PAPER,] electronic documents, investment property, or letter-of-credit rights that is
19 perfected by control under AS 45.29.314;

20 (9) in chattel paper that is perfected by possession and control
21 under AS 45.29.345;

22 (10) in proceeds that is perfected under AS 45.29.315; or

23 (11) [(10)] that is perfected under AS 45.29.316.

24 * **Sec. 109.** AS 45.29.312(a) is amended to read:

25 (a) A security interest in chattel paper, controllable accounts, controllable
26 electronic records, controllable payment intangibles, [NEGOTIABLE
27 DOCUMENTS,] instruments, [OR] investment property, or negotiable documents
28 may be perfected by filing.

29 * **Sec. 110.** AS 45.29.312(b) is amended to read:

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
4 AS 45.29.314; [AND]

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

7 **(4) a security interest in electronic money may be perfected only**
8 **by control under AS 45.29.314.**

9 * **Sec. 111.** AS 45.29.312(e) is amended to read:

10 (e) A security interest in certificated securities, negotiable documents, or
11 instruments is perfected without filing or the taking of possession or control for a
12 period of 20 days from the time the security interest attaches to the extent that it arises
13 for new value given under **a signed** [AN AUTHENTICATED] security agreement.

14 * **Sec. 112.** AS 45.29.313(a) is amended to read:

15 (a) Except as otherwise provided in (b) of this section, a secured party may
16 perfect a security interest in [TANGIBLE NEGOTIABLE DOCUMENTS,] goods,
17 instruments, **negotiable tangible documents, or tangible** money [, OR TANGIBLE
18 CHATTEL PAPER] by taking possession of the collateral. A secured party may
19 perfect a security interest in certificated securities by taking delivery of the certificated
20 securities under AS 45.08.301.

21 * **Sec. 113.** AS 45.29.313(c) is amended to read:

22 (c) With respect to collateral other than certificated securities and goods
23 covered by a document, a secured party takes possession of collateral in the possession
24 of a person other than the debtor, the secured party, or a lessee of the collateral from
25 the debtor in the ordinary course of the debtor's business, when the person

26 (1) in possession **signs** [AUTHENTICATES] a record acknowledging
27 that the person holds possession of the collateral for the secured party's benefit; or

28 (2) takes possession of the collateral after having **signed**
29 [AUTHENTICATED] a record acknowledging that it will hold possession of **the**
30 collateral for the secured party's benefit.

31 * **Sec. 114.** AS 45.29.313(d) is amended to read:

1 (d) If perfection of a security interest depends **on** [UPON] possession of the
 2 collateral by a secured party, perfection occurs **not** [NO] earlier than the time the
 3 secured party takes possession and continues only while the secured party retains
 4 possession.

5 * **Sec. 115.** AS 45.29.314 is amended to read:

6 **Sec. 45.29.314. Perfection by control.** (a) A security interest in **controllable**
 7 **accounts, controllable electronic records, controllable payment intangibles,**
 8 deposit accounts, electronic **documents, electronic money** [CHATTEL PAPER],
 9 investment property, **or** letter-of-credit rights [, OR ELECTRONIC DOCUMENTS]
 10 may be perfected by control of the collateral under AS 45.07.116, AS 45.29.104,
 11 [45.29.105,] 45.29.106, [OR] 45.29.107, **45.29.111, or 45.29.112.**

12 (b) A security interest in **controllable accounts, controllable electronic**
 13 **records, controllable payment intangibles,** deposit accounts, electronic **documents,**
 14 **electronic money, or** [CHATTEL PAPER,] letter-of-credit rights [, OR
 15 ELECTRONIC DOCUMENTS] is perfected by control under AS 45.07.116,
 16 AS 45.29.104, [45.29.105, OR] 45.29.107, **45.29.111, or 45.29.112 not earlier than**
 17 **the time** [WHEN] the secured party obtains control and remains perfected by control
 18 only while the secured party retains control.

19 (c) A security interest in investment property is perfected by control under
 20 AS 45.29.106 **not earlier than** [FROM] the time the secured party obtains control and
 21 remains perfected by control until

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

23 (2) one of the following occurs:

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

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

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

30 * **Sec. 116.** AS 45.29.316(a) is amended to read:

31 (a) A security interest perfected under the law of the jurisdiction designated in

1 AS 45.29.301(1), [OR] 45.29.305(c), 45.29.343(d), or 45.29.344(b) remains perfected
2 until the earliest of

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

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

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

9 * **Sec. 117.** AS 45.29.316(f) is amended to read:

10 (f) A security interest in chattel paper, controllable accounts, controllable
11 electronic records, controllable payment intangibles, deposit accounts, letter-of-
12 credit rights, or investment property that is perfected under the law of the chattel
13 paper's jurisdiction, the controllable electronic record's jurisdiction, the bank's
14 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities
15 intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable,
16 remains perfected until the earlier of

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

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

21 * **Sec. 118.** AS 45.29.317(b) is amended to read:

22 (b) Except as otherwise provided in (e) of this section, a buyer, other than a
23 secured party, of [TANGIBLE CHATTEL PAPER, TANGIBLE DOCUMENTS,]
24 goods, instruments, tangible documents, or a certificated security takes free of a
25 security interest or agricultural lien if the buyer gives value and receives delivery of
26 the collateral without knowledge of the security interest or agricultural lien and before
27 it is perfected.

28 * **Sec. 119.** AS 45.29.317(d) is amended to read:

29 (d) Subject to (f) - (i) of this section, a [A] licensee of a general intangible or
30 a buyer, other than a secured party, of collateral other than electronic money
31 [TANGIBLE CHATTEL PAPER, TANGIBLE DOCUMENTS], goods, instruments,

1 **tangible documents**, or a certificated security takes free of a security interest if the
 2 licensee or buyer gives value without knowledge of the security interest and before it
 3 is perfected.

4 * **Sec. 120.** AS 45.29.317 is amended by adding new subsections to read:

5 (f) A buyer, other than a secured party, of chattel paper takes free of a security
 6 interest if, without knowledge of the security interest and before it is perfected, the
 7 buyer gives value and

8 (1) receives delivery of each authoritative tangible copy of the record
 9 evidencing the chattel paper; and

10 (2) if each authoritative electronic copy of the record evidencing the
 11 chattel paper can be subjected to control under AS 45.29.105, obtains control of each
 12 authoritative electronic copy.

13 (g) A buyer of an electronic document takes free of a security interest if,
 14 without knowledge of the security interest and before it is perfected, the buyer gives
 15 value and, if each authoritative electronic copy of the document can be subjected to
 16 control under AS 45.07.116, obtains control of each authoritative electronic copy.

17 (h) A buyer of a controllable electronic record takes free of a security interest
 18 if, without knowledge of the security interest and before it is perfected, the buyer gives
 19 value and obtains control of the controllable electronic record.

20 (i) A buyer, other than a secured party, of a controllable account or a
 21 controllable payment intangible takes free of a security interest if, without knowledge
 22 of the security interest and before it is perfected, the buyer gives value and obtains
 23 control of the controllable account or controllable payment intangible.

24 * **Sec. 121.** AS 45.29.319(b) is amended to read:

25 (b) For purposes of determining the rights of a creditor of a consignee, law
 26 other than this chapter determines the rights and title of a consignee while goods are in
 27 the consignee's possession if, under **AS 45.29.301 - 45.29.346** [AS 45.29.301 -
 28 45.29.342], a perfected security interest held by the consignor would have priority
 29 over the rights of the creditor.

30 * **Sec. 122.** AS 45.29.322(f) is amended to read:

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

1 (1) the provisions of (g) of this section and the other provisions of
2 AS 45.29.301 - 45.29.346 [AS 45.29.301 - 45.29.342];

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

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

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

9 * **Sec. 123.** AS 45.29.323(d) is amended to read:

10 (d) Except as otherwise provided in (e) of this section, a buyer of goods
11 [OTHER THAN A BUYER IN ORDINARY COURSE OF BUSINESS] takes free of
12 a security interest to the extent that it secures advances made after the earlier of

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

15 (2) 45 days after the purchase.

16 * **Sec. 124.** AS 45.29.323(f) is amended to read:

17 (f) Except as otherwise provided in (g) of this section, a lessee of goods [,
18 OTHER THAN A LESSEE IN ORDINARY COURSE OF BUSINESS,] takes the
19 leasehold interest free of a security interest to the extent that it secures advances made
20 after the earlier of

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

22 (2) 45 days after the lease contract becomes enforceable.

23 * **Sec. 125.** AS 45.29.324(b) is amended to read:

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

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

3 (2) the purchase money secured party sends a signed [AN
4 AUTHENTICATED] notification to the holder of the conflicting security interest;

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

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

11 * **Sec. 126.** AS 45.29.324(d) is amended to read:

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

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

20 (2) the purchase money secured party sends a signed [AN
21 AUTHENTICATED] notification to the holder of the conflicting security interest;

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

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

28 * **Sec. 127.** AS 45.29.326(b) is amended to read:

29 (b) The other provisions of AS 45.29.301 - 45.29.346 [AS 45.29.301 -
30 45.29.342] determine the priority among conflicting security interests in the same
31 collateral perfected by filed financing statements described in (a) of this section.

1 However, if the security agreements to which a new debtor became bound as debtor
2 were not entered into by the same original debtor, the conflicting security interests
3 rank according to priority in time of the new debtor's having become bound.

4 * **Sec. 128.** AS 45.29.330(a) is amended to read:

5 (a) A purchaser of chattel paper has priority over a security interest in the
6 chattel paper that is claimed merely as proceeds of inventory subject to a security
7 interest if

8 (1) in good faith and in the ordinary course of the purchaser's business,
9 the purchaser gives new value, [AND] takes possession of **each authoritative**
10 **tangible copy of the record evidencing** the chattel paper, **and** [OR] obtains control
11 **under AS 45.29.105 of each authoritative electronic copy of the record evidencing**
12 [OF] the chattel paper [UNDER AS 45.29.105]; and

13 (2) the **authoritative copies of the record evidencing the** chattel
14 paper **do** [DOES] not indicate that **the chattel paper** [IT] has been assigned to an
15 identified assignee other than the purchaser.

16 * **Sec. 129.** AS 45.29.330(b) is amended to read:

17 (b) A purchaser of chattel paper has priority over a security interest in the
18 chattel paper that is claimed other than merely as proceeds of inventory subject to a
19 security interest if the purchaser gives new value, [AND] takes possession of **each**
20 **authoritative tangible copy of the record evidencing** the chattel paper, **and** [OR]
21 obtains control **under AS 45.29.105 of each authoritative electronic copy of the**
22 **record evidencing** [OF] the chattel paper [UNDER AS 45.29.105] in good faith, in
23 the ordinary course of the purchaser's business, and without knowledge that the
24 purchase violates the rights of the secured party.

25 * **Sec. 130.** AS 45.29.330(f) is amended to read:

26 (f) For purposes of (b) and (d) of this section, if **the authoritative copies of**
27 **the record evidencing** chattel paper or an instrument **indicate** [INDICATES] that **the**
28 **chattel paper or instrument** [IT] has been assigned to an identified secured party
29 other than the purchaser, a purchaser of the chattel paper or instrument has knowledge
30 that the purchase violates the rights of the secured party.

31 * **Sec. 131.** AS 45.29.331(a) is amended to read:

1 (a) This chapter does not limit the rights of a holder in due course of a
 2 negotiable instrument, a holder to which a negotiable document of title has been duly
 3 negotiated, [OR] a protected purchaser of a security, **or a qualifying purchaser of a**
 4 **controllable account, controllable electronic record, or controllable payment**
 5 **intangible**. These holders or purchasers take priority over an earlier security interest,
 6 even if perfected, to the extent provided in AS 45.03, AS 45.07, [AND] AS 45.08, **and**
 7 **AS 45.36**.

8 * **Sec. 132.** AS 45.29.331(b) is amended to read:

9 (b) This chapter does not limit the rights of or impose liability on a person to
 10 the extent that the person is protected against the assertion of a claim under AS 45.08
 11 **or AS 45.36**.

12 * **Sec. 133.** AS 45.29.332 is amended to read:

13 **Sec. 45.29.332. Transfer of money; transfer of funds from deposit account.**

14 (a) A transferee of **tangible** money takes the money free of a security interest **if**
 15 [UNLESS] the transferee **receives possession of the money without acting** [ACTS]
 16 in collusion with the debtor in violating the rights of the secured party.

17 (b) A transferee of funds from a deposit account takes the funds free of a
 18 security interest in the deposit account **if** [UNLESS] the transferee **receives the funds**
 19 **without acting** [ACTS] in collusion with the debtor in violating the rights of the
 20 secured party.

21 * **Sec. 134.** AS 45.29.332 is amended by adding a new subsection to read:

22 (c) A transferee of electronic money takes the money free of a security interest
 23 if the transferee obtains control of the money without acting in collusion with the
 24 debtor in violating the rights of the secured party.

25 * **Sec. 135.** AS 45.29.334(f) is amended to read:

26 (f) A security interest in fixtures, whether or not perfected, has priority over a
 27 conflicting interest of an encumbrancer or owner of the real property if

28 (1) the encumbrancer or owner has, in **a signed** [AN
 29 AUTHENTICATED] record, consented to the security interest or disclaimed an
 30 interest in the goods as fixtures; or

31 (2) the debtor has a right to remove the goods as against the

1 encumbrancer or owner.

2 * **Sec. 136.** AS 45.29.335(c) is amended to read:

3 (c) Except as otherwise provided in (d) of this section, the other provisions of
4 **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342] determine the priority of a
5 security interest in an accession.

6 * **Sec. 137.** AS 45.29.336(e) is amended to read:

7 (e) Except as otherwise provided in (f) of this section, the other provisions of
8 **AS 45.29.301 - 45.29.346** [AS 45.29.301 - 45.29.342] determine the priority of a
9 security interest that attaches to the product or mass under (c) of this section.

10 * **Sec. 138.** AS 45.29.341 is amended to read:

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

12 Except as otherwise provided in AS 45.29.340(c), and unless the bank otherwise
13 agrees in **a signed** [AN AUTHENTICATED] record, a bank's rights and duties with
14 respect to a deposit account maintained with the bank are not terminated, suspended,
15 or modified by

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

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

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

20 * **Sec. 139.** AS 45.29 is amended by adding new sections to article 3 to read:

21 **Sec. 45.29.343. Law governing perfection and priority of security interests**
22 **in chattel paper.** (a) Except as provided in (d) of this section, if chattel paper is
23 evidenced only by an authoritative electronic copy of the chattel paper or is evidenced
24 by an authoritative electronic copy and an authoritative tangible copy, the local law of
25 the chattel paper's jurisdiction governs perfection, the effect of perfection or
26 nonperfection, and the priority of a security interest in the chattel paper, even if the
27 transaction does not bear any relation to the chattel paper's jurisdiction.

28 (b) The following rules determine the chattel paper's jurisdiction under this
29 section:

30 (1) if the authoritative electronic copy of the record evidencing chattel
31 paper, or a record attached to or logically associated with the electronic copy and

1 readily available for review, expressly provides that a particular jurisdiction is the
2 chattel paper's jurisdiction for purposes of AS 45.29.301 - 45.29.346, this chapter, or
3 the code, that jurisdiction is the chattel paper's jurisdiction;

4 (2) if (1) of this subsection does not apply and the rules of the system
5 in which the authoritative electronic copy is recorded are readily available for review
6 and expressly provide that a particular jurisdiction is the chattel paper's jurisdiction for
7 purposes of AS 45.29.301 - 45.29.346, this chapter, or the code, that jurisdiction is the
8 chattel paper's jurisdiction;

9 (3) if (1) and (2) of this subsection do not apply and the authoritative
10 electronic copy, or a record attached to or logically associated with the electronic copy
11 and readily available for review, expressly provides that the chattel paper is governed
12 by the law of a particular jurisdiction, that jurisdiction is the chattel paper's
13 jurisdiction;

14 (4) if (1) - (3) of this subsection do not apply and the rules of the
15 system in which the authoritative electronic copy is recorded are readily available for
16 review and expressly provide that the chattel paper or the system is governed by the
17 law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction;

18 (5) if (1) - (4) of this subsection do not apply, the chattel paper's
19 jurisdiction is the jurisdiction in which the debtor is located.

20 (c) If an authoritative tangible copy of a record evidences chattel paper and the
21 chattel paper is not evidenced by an authoritative electronic copy, while the
22 authoritative tangible copy of the record evidencing chattel paper is located in a
23 jurisdiction, the local law of that jurisdiction governs

24 (1) perfection of a security interest in the chattel paper by possession
25 under AS 45.29.345; and

26 (2) the effect of perfection or nonperfection and the priority of a
27 security interest in the chattel paper.

28 (d) The local law of the jurisdiction in which the debtor is located governs
29 perfection of a security interest in chattel paper by filing.

30 **Sec. 45.29.344. Law governing perfection and priority of security interests**
31 **in controllable accounts, controllable electronic records, and controllable**

1 **payment intangibles.** (a) Except as provided in (b) of this section, the local law of the
 2 controllable electronic record's jurisdiction specified in AS 45.36.107(c) and (d)
 3 governs perfection, the effect of perfection or nonperfection, and the priority of a
 4 security interest in a controllable electronic record and a security interest in a
 5 controllable account or controllable payment intangible evidenced by the controllable
 6 electronic record.

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

8 (1) perfection of a security interest in a controllable account,
 9 controllable electronic record, or controllable payment intangible by filing; and

10 (2) automatic perfection of a security interest in a controllable payment
 11 intangible created by a sale of the controllable payment intangible.

12 **Sec. 45.29.345. Perfection by possession and control of chattel paper.** (a) A
 13 secured party may perfect a security interest in chattel paper by taking possession of
 14 each authoritative tangible copy of the record evidencing the chattel paper and
 15 obtaining control of each authoritative electronic copy of the electronic record
 16 evidencing the chattel paper.

17 (b) A security interest is perfected under (a) of this section not earlier than the
 18 time the secured party takes possession and obtains control and remains perfected
 19 under (a) of this section only while the secured party retains possession and control.

20 (c) AS 45.29.313(c) and (f) - (i) apply to perfection by possession of an
 21 authoritative tangible copy of a record evidencing chattel paper.

22 **Sec. 45.29.346. Priority of security interest in controllable account,
 23 controllable electronic record, and controllable payment intangible.** A security
 24 interest in a controllable account, controllable electronic record, or controllable
 25 payment intangible held by a secured party having control of the account, electronic
 26 record, or payment intangible has priority over a conflicting security interest held by a
 27 secured party that does not have control.

28 * **Sec. 140.** AS 45.29.404(a) is amended to read:

29 (a) Unless an account debtor has made an enforceable agreement not to assert
 30 defenses or claims, and subject to (b) - (e) of this section, the rights of an assignee are
 31 subject to

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

4 (2) any other defense or claim of the account debtor against the
 5 assignor that accrues before the account debtor receives a notification of the
 6 assignment **signed** [AUTHENTICATED] by the assignor or the assignee.

7 * **Sec. 141.** AS 45.29.406(a) is amended to read:

8 (a) Subject to (b) - (i) **and (I)** of this section, an account debtor on an account,
 9 chattel paper, or a payment intangible may discharge its obligation by paying the
 10 assignor until, but not after, the account debtor receives a notification, **signed**
 11 [AUTHENTICATED] by the assignor or the assignee, that the amount due or to
 12 become due has been assigned and that payment is to be made to the assignee. After
 13 receipt of the notification, the account debtor may discharge its obligation by paying
 14 the assignee and may not discharge its obligation by paying the assignor.

15 * **Sec. 142.** AS 45.29.406(b) is amended to read:

16 (b) Subject to (h) **and (I)** of this section, notification is ineffective under (a) of
 17 this section

18 (1) if it does not reasonably identify the rights assigned;

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

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

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

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

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

30 * **Sec. 143.** AS 45.29.406(c) is amended to read:

31 (c) Subject to (h) **and (I)** of this section, if requested by the account debtor, an

1 assignee shall seasonably furnish reasonable proof that the assignment has been made.
2 Unless the assignee complies, the account debtor may discharge its obligation by
3 paying the assignor even if the account debtor has received a notification under (a) of
4 this section.

5 * **Sec. 144.** AS 45.29.406(d) is amended to read:

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

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

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

18 * **Sec. 145.** AS 45.29.406(f) is amended to read:

19 (f) Except as otherwise provided in **(k) of this section,** AS 45.12.303, and
20 AS 45.29.407, and subject to (h) and (i) of this section, a rule of law, statute, or
21 regulation that prohibits, restricts, or requires the consent of a government, a
22 governmental body or official, or an account debtor to the assignment or transfer of, or
23 creation of a security interest in, an account or chattel paper is ineffective to the extent
24 that the rule of law, statute, or regulation

25 (1) prohibits, restricts, or requires the consent of the government,
26 governmental body or official, or account debtor to the assignment or transfer of, or
27 the creation, attachment, perfection, or enforcement of a security interest in the
28 account or chattel paper; or

29 (2) provides that the assignment, transfer, creation, attachment,
30 perfection, or enforcement of the security interest may give rise to a default, breach,
31 right of recoupment, claim, defense, termination, right of termination, or remedy under

1 the account or chattel paper.

2 * **Sec. 146.** AS 45.29.406(g) is amended to read:

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

5 * **Sec. 147.** AS 45.29.406 is amended by adding new subsections to read:

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

8 (k) Subsections (d), (f), and (j) of this section do not apply to a security
9 interest in an ownership interest in a general partnership, limited partnership, or
10 limited liability company.

11 (l) Subsections (a) - (c) and (g) of this section do not apply to a controllable
12 account or controllable payment intangible.

13 (m) In (d) of this section, "promissory note" includes a negotiable instrument
14 that evidences chattel paper.

15 * **Sec. 148.** AS 45.29.408(a) is amended to read:

16 (a) Except as otherwise provided in (b) **and (f)** of this section, a term in a
17 promissory note or in an agreement between an account debtor and a debtor that
18 relates to a health care insurance receivable or a general intangible, including a
19 contract, permit, license, or franchise, and that prohibits, restricts, or requires the
20 consent of the person obligated on the promissory note or the account debtor to the
21 assignment or transfer of, or creation, attachment, or perfection of a security interest in
22 the promissory note, health care insurance receivable, or general intangible is
23 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 * **Sec. 149.** AS 45.29.408(c) is amended to read:

31 (c) **Except as otherwise provided in (f) of this section, a** [A] rule of law,

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

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

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

14 * **Sec. 150.** AS 45.29.408 is amended by adding new subsections to read:

15 (f) This section does not apply to a security interest in an ownership interest in
 16 a general partnership, limited partnership, or limited liability company.

17 (g) In this section, "promissory note" includes a negotiable instrument that
 18 evidences chattel paper.

19 * **Sec. 151.** AS 45.29.509(a) is amended to read:

20 (a) A person may file an initial financing statement, amendment that adds
 21 collateral covered by a financing statement, or amendment that adds a debtor to a
 22 financing statement only if

23 (1) the debtor authorizes the filing in **a signed** [AN
 24 AUTHENTICATED] record or **under** [PURSUANT TO] (b) or (c) of this section; or

25 (2) the person holds an agricultural lien that has become effective at
 26 the time of filing and the financing statement covers only collateral in which the
 27 person holds an agricultural lien.

28 * **Sec. 152.** AS 45.29.509(b) is amended to read:

29 (b) By **signing** [AUTHENTICATING] or becoming bound as debtor by a
 30 security agreement, a debtor or new debtor authorizes the filing of an initial financing
 31 statement and an amendment covering

- 1 (1) the collateral described in the security agreement; and
 2 (2) property that becomes collateral under AS 45.29.315(a)(2),
 3 whether or not the security agreement expressly covers proceeds.

4 * **Sec. 153.** AS 45.29.513(b) is amended to read:

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

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

10 (2) if earlier, within 20 days after the secured party receives **a signed**
 11 **[AN AUTHENTICATED]** demand from a debtor.

12 * **Sec. 154.** AS 45.29.513(c) is amended to read:

13 (c) In cases not governed by (a) of this section, within 20 days after a secured
 14 party receives **a signed** **[AN AUTHENTICATED]** demand from a debtor, the secured
 15 party shall cause the secured party of record for a financing statement to send to the
 16 debtor a termination statement for the financing statement or file the termination
 17 statement in the filing office if

18 (1) except in the case of a financing statement covering accounts or
 19 chattel paper that has been sold or goods that are the subject of a consignment, there is
 20 no obligation secured by the collateral covered by the financing statement and no
 21 commitment to make an advance, incur an obligation, or otherwise give value;

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

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

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

29 * **Sec. 155.** AS 45.29.601(b) is amended to read:

30 (b) A secured party in possession of collateral or control of collateral under
 31 AS 45.07.116, AS 45.29.104, 45.29.105, 45.29.106, [OR] 45.29.107, **45.29.111, or**

1 **45.29.112** has the rights and duties provided in AS 45.29.207.

2 * **Sec. 156.** AS 45.29.605 is amended to read:

3 **Sec. 45.29.605. Unknown debtor or secondary obligor. Except as provided**
 4 **in (b) of this section, a** [A] secured party does not owe a duty based on its status as
 5 secured party to

6 (1) a person who is a debtor or obligor unless the secured party knows

7 (A) that the person is a debtor or obligor;

8 (B) the identity of the person; and

9 (C) how to communicate with the person; or

10 (2) a secured party or lienholder that has filed a financing statement
 11 against a person unless the secured party knows

12 (A) that the person is a debtor; and

13 (B) the identity of the person.

14 * **Sec. 157.** AS 45.29.605 is amended by adding a new subsection to read:

15 (b) A secured party owes a duty based on its status as a secured party to a
 16 person if, at the time the secured party obtains control of collateral that is a
 17 controllable account, controllable electronic record, or controllable payment intangible
 18 or at the time the security interest attaches to the collateral, whichever is later,

19 (1) the person is a debtor or obligor; and

20 (2) the secured party knows that the information specified in (a)(1)(A),
 21 (B), or (C) of this section relating to the person is not provided by the collateral, a
 22 record attached to or logically associated with the collateral, or the system in which
 23 the collateral is recorded.

24 * **Sec. 158.** AS 45.29.608(a) is amended to read:

25 (a) If a security interest or agricultural lien secures payment or performance of
 26 an obligation, the following rules apply:

27 (1) a secured party shall apply or pay over for application the cash
 28 proceeds of collection or enforcement under AS 45.29.607 in the following order to

29 (A) the reasonable expenses of collection and enforcement and,
 30 to the extent provided for by agreement and not prohibited by law, reasonable
 31 attorney fees and legal expenses incurred by the secured party;

1 (B) the satisfaction of obligations secured by the security
 2 interest or agricultural lien under which the collection or enforcement is made;
 3 and

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

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

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

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

19 * **Sec. 159.** AS 45.29.611(a) is amended to read:

20 (a) In this section, "notification date" means the earlier of the date on which

21 (1) a secured party sends to the debtor and any secondary obligor a
 22 signed [AN AUTHENTICATED] notification of disposition; or

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

25 * **Sec. 160.** AS 45.29.611(b) is amended to read:

26 (b) Except as otherwise provided in (d) of this section, a secured party that
 27 disposes of collateral under AS 45.29.610 shall send to the persons specified in (c) of
 28 this section a reasonable signed [AUTHENTICATED] notification of disposition.

29 * **Sec. 161.** AS 45.29.611(c) is amended to read:

30 (c) To comply with (b) of this section, the secured party shall send a signed
 31 [AN AUTHENTICATED] notification of disposition to

- 1 (1) the debtor;
 2 (2) any secondary obligor; and
 3 (3) if the collateral is other than consumer goods,

4 (A) any other person from which the secured party has
 5 received, before the notification date, **a signed** [AN AUTHENTICATED]
 6 notification of a claim of an interest in the collateral;

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

10 (i) identified the collateral;

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

12 and

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

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

18 * **Sec. 162.** AS 45.29.611(e) is amended to read:

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

21 (1) not later than 20 days or earlier than 30 days before the notification
 22 date, the secured party requests, in a commercially reasonable manner, information
 23 concerning financing statements indexed under the debtor's name in the office
 24 indicated in (c)(3)(B) of this section; and

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

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

27 (B) received a response to the request for information and sent
 28 **a signed** [AN AUTHENTICATED] notification of disposition to each secured
 29 party or other lienholder named in that response whose financing statement
 30 covered the collateral.

31 * **Sec. 163.** AS 45.29.613 is repealed and reenacted to read:

1 **Sec. 45.29.613. General contents and form of notification before**
 2 **disposition of collateral.** (a) Except in a consumer goods transaction, the following
 3 rules apply:

4 (1) the contents of a notification of disposition are sufficient if the
 5 notification

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

7 (B) describes the collateral that is the subject of the intended
 8 disposition;

9 (C) states the method of intended disposition;

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

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

14 (2) whether the contents of a notification that lacks any of the
 15 information specified in (1) of this subsection are nevertheless sufficient is a question
 16 of fact;

17 (3) the contents of a notification providing substantially the
 18 information specified in (1) of this subsection are sufficient even if the notification
 19 includes

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

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

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

23 (5) the following form of notification and the form appearing in
 24 AS 45.29.614(a)(3), when completed in accordance with the instructions in (b) of this
 25 section and AS 45.29.614(b), each provide sufficient information:

26 NOTIFICATION OF DISPOSITION OF COLLATERAL

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

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

30 (1) Name of any debtor that is not an addressee: (Name of each
 31 debtor)

1 * **Sec. 164.** AS 45.29.614 is repealed and reenacted to read:

2 **Sec. 45.29.614. Contents and form of notification before disposition of**
 3 **collateral in consumer goods transaction.** (a) In a consumer goods transaction, the
 4 following rules apply:

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

7 (A) the information specified in AS 45.29.613(a)(1);

8 (B) a description of any liability for a deficiency of the person
 9 to which the notification is sent;

10 (C) a telephone number from which the amount that must be
 11 paid to the secured party to redeem the collateral under AS 45.29.623 is
 12 available; and

13 (D) a telephone number or mailing address from which
 14 additional information concerning the disposition and the obligation secured is
 15 available;

16 (2) a particular phrasing of the notification is not required;

17 (3) the following form of notification, when completed in accordance
 18 with the instructions in (b) of this section, provides sufficient information:

19 (Name and address of secured party)

20 (Date)

21 **NOTICE OF OUR PLAN TO SELL PROPERTY**

22 (Name and address of any obligor who is also a debtor)

23 Subject: (Identify transaction)

24 We have your (describe collateral), because you broke promises in our
 25 agreement.

26 (1) We will sell (describe collateral) at public sale. A sale could
 27 include a lease or license. The sale will be held as follows:

28 (Date)

29 (Time)

30 (Place)

31 You may attend the sale and bring bidders if you want.

- 1 (2) We will sell (describe collateral) at private sale sometime after
2 (date). A sale could include a lease or license.
- 3 (3) The money that we get from the sale, after paying our costs,
4 will reduce the amount you owe. If we get less money than you
5 owe, you (will or will not, as applicable) still owe us the
6 difference. If we get more money than you owe, you will get the
7 extra money, unless we must pay it to someone else.
- 8 (4) You can get the property back at any time before we sell it by
9 paying us the full amount you owe, not just the past due
10 payments, including our expenses. To learn the exact amount
11 you must pay, call us at (telephone number).
- 12 (5) If you want us to explain to you in (writing) (writing or in
13 (description of electronic record)) (description of electronic
14 record) how we have figured the amount that you owe us, (6)
15 call us at (telephone number) (or) (write us at (secured party's
16 address)) (or contact us by (description of electronic
17 communication method)) (7) and request (a written explanation)
18 (a written explanation or an explanation in (description of
19 electronic record)) (an explanation in (description of electronic
20 record)).
- 21 (8) We will charge you \$ (amount) for the explanation if we sent
22 you another written explanation of the amount you owe us
23 within the last six months.
- 24 (9) If you need more information about the sale (call us at
25 (telephone number)) (or) (write us at (secured party's address))
26 (or contact us by (description of electronic communication
27 method)).
- 28 (10) We are sending this notice to the following other people who
29 have an interest in (describe collateral) or who owe money
30 under your agreement:
31 (Names of all other debtors and obligors, if any)

1 [End of Form]

2 (4) a notification in the form set out in (3) of this subsection is
3 sufficient even if additional information appears at the end of the form;

4 (5) a notification in the form set out in (3) of this subsection is
5 sufficient even if it includes errors in information not required by (1) of this subsection
6 unless the error is misleading with respect to rights arising under this chapter;

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

10 (b) The following instructions apply to the form of notification set out in
11 (a)(3) of this section:

12 (1) the instructions in this subsection refer to the numbers in
13 parentheses before items in the form of notification set out in (a)(3) of this section; do
14 not include the numbers or parentheses in the notification; the numbers and
15 parentheses are used only for the purpose of these instructions;

16 (2) include and complete either item (1) of the form, if the notification
17 relates to a public disposition of the collateral, or item (2) of the form, if the
18 notification relates to a private disposition of the collateral;

19 (3) include and complete items (3) - (7) of the form;

20 (4) in item (5) of the form, include and complete any one of the three
21 alternative methods for the explanation: writing, writing or electronic record, or
22 electronic record;

23 (5) in item (6) of the form, include the telephone number; in addition,
24 the sender may include and complete either or both of the two additional alternative
25 methods of communication, writing or electronic communication, for the recipient of
26 the notification to communicate with the sender; neither of the two additional methods
27 of communication is required to be included;

28 (6) in item (7) of the form, include and complete the method or
29 methods for the explanation, writing, writing or electronic record, or electronic record,
30 included in item (5) of the form;

31 (7) include and complete item (8) of the form only if a written

1 explanation is included in item (5) of the form as a method for communicating the
2 explanation and the sender will charge the recipient for another written explanation;

3 (8) in item (9) of the form, include either the telephone number or the
4 address or both the telephone number and the address; in addition, the sender may
5 include and complete the additional method of communication, electronic
6 communication, for the recipient of the notification to communicate with the sender;
7 the additional method of electronic communication is not required to be included;

8 (9) if item (10) of the form does not apply, insert "None" after
9 "agreement."

10 * **Sec. 165.** AS 45.29.615(a) is amended to read:

11 (a) A secured party shall apply or pay over for application the cash proceeds
12 of disposition under AS 45.29.610 in the following order:

13 (1) the reasonable expenses of retaking, holding, preparing for
14 disposition, processing, and disposing and, to the extent provided for by agreement
15 and not prohibited by law, reasonable attorney fees and legal expenses incurred by the
16 secured party;

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

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

21 (A) the secured party receives from the holder of the
22 subordinate security interest or other lien **a signed** [AN AUTHENTICATED]
23 demand for proceeds before distribution of the proceeds is completed; and

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

27 (4) a secured party that is a consignor of the collateral if the secured
28 party receives from the consignor **a signed** [AN AUTHENTICATED] demand for
29 proceeds before distribution of the proceeds is completed.

30 * **Sec. 166.** AS 45.29.616(a) is amended to read:

31 (a) In this section,

1 (1) "explanation" means a **record** [WRITING] that

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

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

5 (C) states, if applicable, that future debits, credits, charges,
6 including additional credit service charges or interest, rebates, and expenses
7 may affect the amount of the surplus or deficiency; and

8 (D) provides a telephone number or mailing address from
9 which additional information concerning the transaction is available;

10 (2) "request" means a record

11 (A) **signed** [AUTHENTICATED] by a debtor or consumer
12 obligor;

13 (B) requesting that the recipient provide an explanation; and

14 (C) sent after disposition of the collateral under AS 45.29.610.

15 * **Sec. 167.** AS 45.29.616(b) is amended to read:

16 (b) In a consumer goods transaction in which the debtor is entitled to a surplus
17 or a consumer obligor is liable for a deficiency under AS 45.29.615, the secured party
18 shall

19 (1) send an explanation to the debtor or consumer obligor, as
20 applicable, after the disposition and

21 (A) before or when the secured party accounts to the debtor and
22 pays any surplus or first makes [WRITTEN] demand **in a record** on the
23 consumer obligor after the disposition for payment of the deficiency; and

24 (B) within 14 days after receipt of a request; or

25 (2) in the case of a consumer obligor who is liable for a deficiency,
26 within 14 days after receipt of a request, send to the consumer obligor a record
27 waiving the secured party's right to a deficiency.

28 * **Sec. 168.** AS 45.29.616(c) is amended to read:

29 (c) To comply with (a)(1)(B) of this section, **an explanation** [A WRITING]
30 must provide the following information in the following order:

31 (1) the aggregate amount of obligations secured by the security interest

1 under which the disposition was made, and, if the amount reflects a rebate of unearned
 2 interest or credit service charge, an indication of that fact, calculated as of a specified
 3 date

4 (A) if the secured party takes or receives possession of the
 5 collateral after default, not more than 35 days before the secured party takes or
 6 receives possession; or

7 (B) if the secured party takes or receives possession of the
 8 collateral before default or does not take possession of the collateral, not more
 9 than 35 days before the disposition;

10 (2) the amount of proceeds of the disposition;

11 (3) the aggregate amount of the obligations after deducting the amount
 12 of proceeds;

13 (4) the amount, in the aggregate or by type, and types of expenses,
 14 including expenses of retaking, holding, preparing for disposition, processing, and
 15 disposing of the collateral, and attorney fees secured by the collateral that are known
 16 to the secured party and relate to the current disposition;

17 (5) the amount, in the aggregate or by type, and types of credits,
 18 including rebates of interest or credit service charges, to which the obligor is known to
 19 be entitled and that are not reflected in the amount in (1) of this subsection; and

20 (6) the amount of the surplus or deficiency.

21 * **Sec. 169.** AS 45.29.619(a) is amended to read:

22 (a) In this section, "transfer statement" means a record **signed**
 23 [AUTHENTICATED] by a secured party stating

24 (1) that the debtor has defaulted in connection with an obligation
 25 secured by specified collateral;

26 (2) that the secured party has exercised its post-default remedies with
 27 respect to the collateral;

28 (3) that, by reason of the exercise, a transferee has acquired the rights
 29 of the debtor in the collateral; and

30 (4) the name and mailing address of the secured party, debtor, and
 31 transferee.

1 * **Sec. 170.** AS 45.29.620(a) is amended to read:

2 (a) Except as otherwise provided in (g) of this section, a secured party may
3 accept collateral in full or partial satisfaction of the obligation it secures only if

4 (1) the debtor consents to the acceptance under (c) of this section;

5 (2) the secured party does not receive, within the time set out in (d) of
6 this section, a notification of objection to the proposal **signed** [AUTHENTICATED]
7 by

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

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

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

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

17 * **Sec. 171.** AS 45.29.620(b) is amended to read:

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

20 (1) the secured party consents to the acceptance in **a signed** [AN
21 AUTHENTICATED] record or sends a proposal to the debtor; and

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

23 * **Sec. 172.** AS 45.29.620(c) is amended to read:

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

26 (1) in partial satisfaction of the obligation it secures only if the debtor
27 agrees to the terms of the acceptance in a record **signed** [AUTHENTICATED] after
28 default; and

29 (2) in full satisfaction of the obligation it secures only if the debtor
30 agrees to the terms of the acceptance in a record **signed** [AUTHENTICATED] after
31 default or the secured party

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

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

6 (C) does not receive a notification of objection **signed**
 7 [AUTHENTICATED] by the debtor within 20 days after the proposal is sent.

8 * **Sec. 173.** AS 45.29.620(f) is amended to read:

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

11 (1) 90 days after taking possession; or

12 (2) any longer period to which the debtor and all secondary obligors
 13 have agreed in an agreement to that effect entered into and **signed**
 14 [AUTHENTICATED] after default.

15 * **Sec. 174.** AS 45.29.621(a) is amended to read:

16 (a) A secured party who desires to accept collateral in full or partial
 17 satisfaction of the obligation it secures shall send its proposal to

18 (1) any person from which the secured party has received, before the
 19 debtor consented to the acceptance, **a signed** [AN AUTHENTICATED] notification
 20 of a claim of an interest in the collateral;

21 (2) any other secured party or lienholder who, 10 days before the
 22 debtor consented to the acceptance, held a security interest in or other lien on the
 23 collateral perfected by the filing of a financing statement that

24 (A) identified the collateral;

25 (B) was indexed under the debtor's name as of that date; and

26 (C) was filed in the office or offices in which to file a financing
 27 statement against the debtor covering the collateral as of that date; and

28 (3) any other secured party who, 10 days before the debtor consented
 29 to the acceptance, held a security interest in the collateral perfected by compliance
 30 with a statute, regulation, or treaty described in AS 45.29.311(a).

31 * **Sec. 175.** AS 45.29.624 is amended to read:

1 **Sec. 45.29.624. Waiver.** (a) A debtor or secondary obligor may waive the right
2 to notification of disposition of collateral under AS 45.29.611 only by an agreement to
3 that effect entered into and **signed** [AUTHENTICATED] after default.

4 (b) A debtor may waive the right to require disposition of collateral under
5 AS 45.29.620(e) only by an agreement to that effect entered into and **signed**
6 [AUTHENTICATED] after default.

7 (c) Except in a consumer goods transaction, a debtor or secondary obligor may
8 waive the right to redeem collateral under AS 45.29.623 only by an agreement to that
9 effect entered into and **signed** [AUTHENTICATED] after default.

10 * **Sec. 176.** AS 45.29.628(a) is amended to read:

11 (a) **Subject to (f) of this section, unless** [UNLESS] a secured party knows
12 that a person is a debtor or obligor, knows the identity of the person, and knows how
13 to communicate with the person,

14 (1) the secured party is not liable to the person, or to a secured party or
15 lienholder that has filed a financing statement against the person, for failure to comply
16 with this chapter; and

17 (2) the secured party's failure to comply with this chapter does not
18 affect the liability of the person for a deficiency.

19 * **Sec. 177.** AS 45.29.628(b) is amended to read:

20 (b) **Subject to (f) of this section, a** [A] secured party is not liable because of
21 its status as secured party

22 (1) to a person who is a debtor or obligor unless the secured party
23 knows

24 (A) that the person is a debtor or obligor;

25 (B) the identity of the person; and

26 (C) how to communicate with the person; or

27 (2) to a secured party or lienholder that has filed a financing statement
28 against a person unless the secured party knows

29 (A) that the person is a debtor; and

30 (B) the identity of the person.

31 * **Sec. 178.** AS 45.29.628 is amended by adding a new subsection to read:

1 (f) Subsections (a) and (b) of this section do not apply to limit the liability of a
 2 secured party to a person if, at the time the secured party obtains control of collateral
 3 that is a controllable account, controllable electronic record, or controllable payment
 4 intangible or at the time the security interest attaches to the collateral, whichever is
 5 later,

6 (1) the person is a debtor or obligor; and

7 (2) the secured party knows that the information specified in (b)(1)(A),
 8 (B), or (C) of this section relating to the person is not provided by the collateral, a
 9 record attached to or logically associated with the collateral, or the system in which
 10 the collateral is recorded.

11 * **Sec. 179.** AS 45.29.705(d) is amended to read:

12 (d) The filing of a continuation statement on or after July 1, 2001, does not
 13 continue the effectiveness of the financing statement filed before July 1, 2001.
 14 However, upon the timely filing of a continuation statement on or after July 1, 2001,
 15 and in accordance with the law of the jurisdiction governing perfection as provided in
 16 AS 45.29.301 - 45.29.346 [AS 45.29.301 - 45.29.342], the effectiveness of a financing
 17 statement filed in the same office in that jurisdiction before July 1, 2001, continues for
 18 the period provided by the law of that jurisdiction.

19 * **Sec. 180.** AS 45.29.705(e) is amended to read:

20 (e) The provisions of (c)(2) of this section apply to a financing statement that,
 21 before July 1, 2001, is filed against a transmitting utility and satisfies the applicable
 22 requirements for perfection under the law of the jurisdiction governing perfection as
 23 provided in former AS 45.09.103 only to the extent that AS 45.29.301 - 45.29.346
 24 [AS 45.29.301 - 45.29.342] provides that the law of a jurisdiction other than the
 25 jurisdiction in which the financing statement is filed governs perfection of a security
 26 interest in collateral covered by the financing statement.

27 * **Sec. 181.** AS 45.29.707(a) is amended to read:

28 (a) On or after July 1, 2001, a person may add or delete collateral covered by,
 29 continue or terminate the effectiveness of, or otherwise amend the information
 30 provided in, a pre-effective date financing statement only in accordance with the law
 31 of the jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.346

1 [AS 45.29.301 - 45.29.342]. However, the effectiveness of a pre-effective date
 2 financing statement also may be terminated in accordance with the law of the
 3 jurisdiction in which the financing statement is filed.

4 * **Sec. 182.** AS 45.29.707(d) is amended to read:

5 (d) Whether or not the law of this state governs perfection of a security
 6 interest, the effectiveness of a pre-effective date financing statement filed in this state
 7 may be terminated on or after July 1, 2001, by filing a termination statement in the
 8 office in which the pre-effective date financing statement is filed, unless an initial
 9 financing statement that satisfies AS 45.29.706(c) has been filed in the office specified
 10 by the law of the jurisdiction governing perfection as provided in AS 45.29.301 -
 11 45.29.346 [AS 45.29.301 - 45.29.342] as the office in which to file a financing
 12 statement.

13 * **Sec. 183.** AS 45 is amended by adding a new chapter to read:

14 **Chapter 36. Controllable Electronic Records.**

15 **Article 1. General Provisions.**

16 **Sec. 45.36.101. Short title.** This chapter may be cited as Uniform Commercial
 17 Code - Controllable Electronic Records.

18 **Sec. 45.36.102. Definitions.** (a) In this chapter,

- 19 (1) "account debtor" has the meaning given in AS 45.29.102(a);
 20 (2) "chattel paper" has the meaning given in AS 45.29.102(a);
 21 (3) "controllable account" has the meaning given in AS 45.29.102(a);
 22 (4) "controllable electronic record" means a record stored in an
 23 electronic medium that can be subjected to control under AS 45.36.105; "controllable
 24 electronic record" does not include a controllable account, a controllable payment
 25 intangible, a deposit account, an electronic copy of a record evidencing chattel paper,
 26 an electronic document of title, electronic money, investment property, or a
 27 transferable record;
 28 (5) "controllable payment intangible" has the meaning given in
 29 AS 45.29.102(a);
 30 (6) "deposit account" has the meaning given in AS 45.29.102(a);
 31 (7) "electronic money" has the meaning given in AS 45.29.102(a);

1 (8) "investment property" has the meaning given in AS 45.29.102(a);

2 (9) "qualifying purchaser" means a purchaser of a controllable
3 electronic record or an interest in a controllable electronic record that obtains control
4 of the controllable electronic record for value, in good faith, and without notice of a
5 claim of a property right in the controllable electronic record;

6 (10) "transferable record" has the meaning given in

7 (A) 15 U.S.C. 7021(a)(1) (Electronic Signatures in Global and
8 National Commerce Act); or

9 (B) AS 09.80.130(f);

10 (11) "value" has the meaning given in AS 45.03.303(a), as if
11 references in that subsection to an "instrument" were references to a controllable
12 account, controllable electronic record, or controllable payment intangible.

13 (b) AS 45.01 contains general definitions and principles of construction and
14 interpretation applicable throughout this chapter.

15 **Sec. 45.36.103. Relation to AS 45.29 and consumer laws.** (a) If there is
16 conflict between this chapter and AS 45.29, AS 45.29 governs.

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

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

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

23 (3) consumer protection statutes or regulations.

24 **Sec. 45.36.104. Rights in controllable account, controllable electronic**
25 **record, and controllable payment intangible.** (a) This section applies to the
26 acquisition and purchase of rights in a controllable account or controllable payment
27 intangible, including the rights and benefits specified in (c) - (e), (g), and (h) of this
28 section of a purchaser and qualifying purchaser, in the same manner this section
29 applies to a controllable electronic record.

30 (b) To determine whether a purchaser of a controllable account or a
31 controllable payment intangible is a qualifying purchaser, the purchaser obtains

1 control of the account or payment intangible if it obtains control of the controllable
2 electronic record that evidences the account or payment intangible.

3 (c) Except as provided in this section, law other than this chapter determines
4 whether a person acquires a right in a controllable electronic record and the right the
5 person acquires.

6 (d) A purchaser of a controllable electronic record acquires all rights in the
7 controllable electronic record that the transferor had or had power to transfer, except
8 that a purchaser of a limited interest in a controllable electronic record acquires rights
9 only to the extent of the interest purchased.

10 (e) A qualifying purchaser acquires its rights in the controllable electronic
11 record free of a claim of a property right in the controllable electronic record.

12 (f) Except as provided in (a) and (e) of this section for a controllable account
13 and a controllable payment intangible or law other than this chapter, a qualifying
14 purchaser takes a right to payment, right to performance, or other interest in property
15 evidenced by the controllable electronic record subject to a claim of a property right in
16 the right to payment, right to performance, or other interest in property.

17 (g) An action may not be asserted against a qualifying purchaser based on
18 both a purchase by the qualifying purchaser of a controllable electronic record and a
19 claim of a property right in another controllable electronic record, whether the action
20 is framed in conversion, replevin, constructive trust, equitable lien, or other theory.

21 (h) Filing of a financing statement under AS 45.29 is not notice of a claim of a
22 property right in a controllable electronic record.

23 **Sec. 45.36.105. Control of controllable electronic record.** (a) A person has
24 control of a controllable electronic record if the electronic record, a record attached to
25 or logically associated with the electronic record, or a system in which the electronic
26 record is recorded

27 (1) gives the person

28 (A) power to avail itself of substantially all the benefit from the
29 electronic record; and

30 (B) exclusive power, subject to (b) of this section, to

31 (i) prevent others from availing themselves of

1 substantially all the benefit from the electronic record; and

2 (ii) transfer control of the electronic record to another
3 person or cause another person to obtain control of another controllable
4 electronic record as a result of the transfer of the electronic record; and

5 (2) enables the person readily to identify itself in any way, including
6 by name, identifying number, cryptographic key, office, or account number, as having
7 the powers specified in (1) of this subsection.

8 (b) Subject to (c) of this section, a power is exclusive under (a)(1)(B)(i) and
9 (ii) of this section even if

10 (1) the controllable electronic record, a record attached to or logically
11 associated with the electronic record, or a system in which the electronic record is
12 recorded limits the use of the electronic record or has a protocol programmed to cause
13 a change, including a transfer or loss of control or a modification of benefits afforded
14 by the electronic record; or

15 (2) the power is shared with another person.

16 (c) A power of a person is not shared with another person under (b)(2) of this
17 section and the person's power is not exclusive if

18 (1) the person can exercise the power only if the power also is
19 exercised by the other person; and

20 (2) the other person

21 (A) can exercise the power without exercise of the power by
22 the person; or

23 (B) is the transferor to the person of an interest in the
24 controllable electronic record or a controllable account or controllable payment
25 intangible evidenced by the controllable electronic record.

26 (d) If a person has the powers specified in (a)(1)(B)(i) and (ii) of this section,
27 the powers are presumed to be exclusive.

28 (e) A person has control of a controllable electronic record if another person,
29 other than the transferor to the person of an interest in the controllable electronic
30 record or a controllable account or controllable payment intangible evidenced by the
31 controllable electronic record

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

3 (2) obtains control of the electronic record after having acknowledged
4 that it will obtain control of the electronic record on behalf of the person.

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

7 (g) If a person acknowledges that it has or will obtain control on behalf of
8 another person, unless the person otherwise agrees or law other than this chapter or
9 AS 45.29 otherwise provides, the person does not owe a duty to the other person and
10 is not required to confirm the acknowledgment to another person.

11 **Sec. 45.36.106. Discharge of account debtor on controllable account or**
12 **controllable payment intangible.** (a) An account debtor on a controllable account or
13 controllable payment intangible may discharge its obligation by paying

14 (1) the person having control of the controllable electronic record that
15 evidences the controllable account or controllable payment intangible; or

16 (2) except as provided in (b) of this section, a person that formerly had
17 control of the controllable electronic record.

18 (b) Subject to (d) of this section, the account debtor may not discharge its
19 obligation by paying a person that formerly had control of the controllable electronic
20 record if the account debtor receives a notification that

21 (1) is signed by a person that formerly had control or the person to
22 which control was transferred;

23 (2) reasonably identifies the controllable account or controllable
24 payment intangible;

25 (3) notifies the account debtor that control of the controllable
26 electronic record that evidences the controllable account or controllable payment
27 intangible was transferred;

28 (4) identifies the transferee, in any reasonable way, including by name,
29 identifying number, cryptographic key, office, or account number; and

30 (5) provides a commercially reasonable method by which the account
31 debtor is to pay the transferee.

1 (c) After receipt of a notification that complies with (b) of this section, the
2 account debtor may discharge its obligation by paying in accordance with the
3 notification and may not discharge the obligation by paying a person that formerly had
4 control.

5 (d) Subject to (h) of this section, notification is ineffective under (b) of this
6 section

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

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

15 (3) at the option of the account debtor, if the notification notifies the
16 account debtor to

17 (A) divide a payment;

18 (B) make less than the full amount of an installment or other
19 periodic payment; or

20 (C) pay a part of a payment by more than one method or to
21 more than one person.

22 (e) Subject to (h) of this section, if requested by the account debtor, the person
23 giving the notification under (b) of this section seasonably shall furnish reasonable
24 proof, using the method in the agreement referred to in (d)(1) of this section, that
25 control of the controllable electronic record has been transferred. Unless the person
26 complies with the request, the account debtor may discharge its obligation by paying a
27 person that formerly had control, even if the account debtor has received a notification
28 under (b) of this section.

29 (f) A person furnishes reasonable proof under (e) of this section that control
30 has been transferred if the person demonstrates, using the method in the agreement
31 referred to in (d)(1) of this section, that the transferee has the power to

1 (1) avail itself of substantially all the benefit from the controllable
2 electronic record;

3 (2) prevent others from availing themselves of substantially all the
4 benefit from the controllable electronic record; and

5 (3) transfer the powers specified in (1) and (2) of this subsection to
6 another person.

7 (g) Subject to (h) of this section, an account debtor may not waive or vary its
8 rights specified in (d)(1) and (e) of this section or its option specified in (d)(3) of this
9 section.

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

13 **Sec. 45.36.107. Governing law.** (a) Except as provided in (b) of this section,
14 the local law of a controllable electronic record's jurisdiction governs a matter covered
15 by this chapter.

16 (b) For a controllable electronic record that evidences a controllable account
17 or controllable payment intangible, the local law of the controllable electronic record's
18 jurisdiction governs a matter covered by AS 45.36.106 unless an effective agreement
19 determines that the local law of another jurisdiction governs.

20 (c) The following rules determine a controllable electronic record's
21 jurisdiction under this section:

22 (1) if the controllable electronic record, or a record attached to or
23 logically associated with the controllable electronic record and readily available for
24 review, expressly provides that a particular jurisdiction is the controllable electronic
25 record's jurisdiction for purposes of this chapter or the code, that jurisdiction is the
26 controllable electronic record's jurisdiction;

27 (2) if (1) of this subsection does not apply and the rules of the system
28 in which the controllable electronic record is recorded are readily available for review
29 and expressly provide that a particular jurisdiction is the controllable electronic
30 record's jurisdiction for purposes of this chapter or the code, that jurisdiction is the
31 controllable electronic record's jurisdiction;

1 (3) if (1) and (2) of this subsection do not apply and the controllable
2 electronic record, or a record attached to or logically associated with the controllable
3 electronic record and readily available for review, expressly provides that the
4 controllable electronic record is governed by the law of a particular jurisdiction, that
5 jurisdiction is the controllable electronic record's jurisdiction;

6 (4) if (1), (2), and (3) of this subsection do not apply and the rules of
7 the system in which the controllable electronic record is recorded are readily available
8 for review and expressly provide that the controllable electronic record or the system
9 is governed by the law of a particular jurisdiction, that jurisdiction is the controllable
10 electronic record's jurisdiction;

11 (5) if (1) - (4) of this subsection do not apply, the controllable
12 electronic record's jurisdiction is the District of Columbia.

13 (d) If (c)(5) of this section applies and Article 12 is not in effect in the District
14 of Columbia without material modification, the governing law for a matter covered by
15 this chapter is the law of the District of Columbia as though Article 12 were in effect
16 in the District of Columbia without material modification. In this subsection, "Article
17 12" means Article 12 of the Uniform Commercial Code Amendments (2022).

18 (e) To the extent (a) and (b) of this section provide that the local law of the
19 controllable electronic record's jurisdiction governs a matter covered by this chapter,
20 that law governs even if the matter or a transaction to which the matter relates does not
21 bear any relation to the controllable electronic record's jurisdiction.

22 (f) The rights acquired under AS 45.36.104 by a purchaser or qualifying
23 purchaser are governed by the law applicable under this section at the time of
24 purchase.

25 **Article 2. Transitional Provisions.**

26 **Sec. 45.36.201. Short title.** AS 45.36.201 - 45.36.209 may be cited as
27 Transitional Provisions for Uniform Commercial Code Amendments (2022).

28 **Sec. 45.36.202. Definition.** In AS 45.36.201 - 45.36.209, "financing
29 statement" has the meaning given in AS 45.29.102(a).

30 **Sec. 45.36.203. Saving clause.** Except as provided in AS 45.36.204 -
31 45.36.209, a transaction validly entered into before the effective date of this Act and

1 the rights, duties, and interests flowing from the transaction remain valid thereafter
 2 and may be terminated, completed, consummated, or enforced as required or permitted
 3 by law other than the code or, if applicable, the code, as though secs. 1 - 143, sec. 146,
 4 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,
 5 and secs. 151 - 188 of this Act had not taken effect.

6 **Sec. 45.36.204. Saving clause for AS 45.29 and AS 45.36.** (a) Except as
 7 provided in AS 45.36.204 - 45.36.209, AS 45.29, as that chapter read on the effective
 8 date of this Act, and this chapter apply to a transaction, lien, or other interest in
 9 property, even if the transaction, lien, or interest was entered into, created, or acquired
 10 before the effective date of this Act.

11 (b) Except as provided in (c) of this section and AS 45.36.205 - 45.36.209,

12 (1) a transaction, lien, or interest in property that was validly entered
 13 into, created, or transferred before the effective date of this Act and was not governed
 14 by the code, but would be subject to AS 45.29, as that chapter read on the effective
 15 date of this Act, or this chapter if it had been entered into, created, or transferred on or
 16 after the effective date of this Act, including the rights, duties, and interests flowing
 17 from the transaction, lien, or interest, remains valid on and after the effective date of
 18 this Act; and

19 (2) the transaction, lien, or interest may be terminated, completed,
 20 consummated, and enforced as required or permitted by secs. 1 - 143, sec. 146,
 21 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,
 22 and secs. 151 - 188 of this Act or by the law that would apply if secs. 1 - 143, sec. 146,
 23 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,
 24 and secs. 151 - 188 of this Act had not taken effect.

25 (c) Sections 1 - 143, sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147,
 26 AS 45.29.408(g), enacted by sec. 150, and secs. 151 - 188 of this Act do not affect an
 27 action, case, or proceeding commenced before the effective date of this Act.

28 **Sec. 45.36.205. Security interest perfected before effective date.** (a) A
 29 security interest that is enforceable and perfected immediately before the effective date
 30 of this Act is a perfected security interest under secs. 1 - 143, sec. 146,
 31 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,

1 and secs. 151 - 188 of this Act if, on the effective date of this Act, the requirements for
 2 enforceability and perfection under secs. 1 - 143, sec. 146, AS 45.29.406(l) and (m),
 3 enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150, and secs. 151 - 188 of this
 4 Act are satisfied without further action.

5 (b) If a security interest is enforceable and perfected immediately before the
 6 effective date of this Act, but the requirements for enforceability or perfection under
 7 secs. 1 - 143, sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147,
 8 AS 45.29.408(g), enacted by sec. 150, and secs. 151 - 188 of this Act are not satisfied
 9 on the effective date of this Act, the security interest

10 (1) is a perfected security interest until the earlier of the time
 11 perfection would have ceased under the law in effect immediately before the effective
 12 date or the date one year after the effective date of this Act;

13 (2) remains enforceable thereafter only if the security interest satisfies
 14 the requirements for enforceability under AS 45.29.203, as that section read on the
 15 effective date of this Act, before the date one year after the effective date of this Act;
 16 and

17 (3) remains perfected thereafter only if the requirements for perfection
 18 under secs. 1 - 143, sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147,
 19 AS 45.29.408(g), enacted by sec. 150, and secs. 151 - 188 of this Act are satisfied
 20 before the time specified in (1) of this subsection.

21 **Sec. 45.36.206. Security interest unperfected before effective date.** A
 22 security interest that is enforceable immediately before the effective date of this Act
 23 but is unperfected at that time

24 (1) remains an enforceable security interest until the date one year after
 25 the effective date of this Act;

26 (2) remains enforceable thereafter if the security interest becomes
 27 enforceable under AS 45.29.203, as that section read on the effective date of this Act,
 28 on the effective date or before the date one year after the effective date of this Act; and

29 (3) becomes perfected

30 (A) without further action, on the effective date of this Act if
 31 the requirements for perfection under secs. 1 - 143, sec. 146, AS 45.29.406(l)

1 and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150, and secs.
2 151 - 188 of this Act are satisfied before or at that time; or

3 (B) when the requirements for perfection are satisfied if the
4 requirements are satisfied after that time.

5 **Sec. 45.36.207. Effectiveness of actions taken before effective date.** (a) If
6 action, other than the filing of a financing statement, is taken before the effective date
7 of this Act and the action would have resulted in perfection of the security interest had
8 the security interest become enforceable before the effective date of this Act, the
9 action is effective to perfect a security interest that attaches under secs. 1 - 143, sec.
10 146, AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec.
11 150, and secs. 151 - 188 of this Act before the date one year after the effective date of
12 this Act. An attached security interest becomes unperfected on the date one year after
13 the effective date of this Act unless the security interest becomes a perfected security
14 interest under secs. 1 - 143, sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147,
15 AS 45.29.408(g), enacted by sec. 150, and secs. 151 - 188 of this Act before the date
16 one year after the effective date of this Act.

17 (b) The filing of a financing statement before the effective date of this Act is
18 effective to perfect a security interest on the effective date of this Act to the extent the
19 filing would satisfy the requirements for perfection under secs. 1 - 143, sec. 146,
20 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,
21 and secs. 151 - 188 of this Act.

22 (c) The taking of an action before the effective date of this Act is sufficient for
23 the enforceability of a security interest on the effective date of this Act if the action
24 would satisfy the requirements for enforceability under secs. 1 - 143, sec. 146,
25 AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by sec. 150,
26 and secs. 151 - 188 of this Act.

27 **Sec. 45.36.208. Priority.** (a) Subject to (b) and (c) of this section, secs. 1 - 143,
28 sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g), enacted by
29 sec. 150, and secs. 151 - 188 of this Act determine the priority of conflicting claims to
30 collateral.

31 (b) Subject to (c) of this section, if the priorities of claims to collateral were

1 established before the effective date of this Act, AS 45.29, as that chapter read before
2 the effective date of this Act, determines priority.

3 (c) On the date one year after the effective date of this Act, to the extent the
4 priorities determined by AS 45.29, as that chapter read on the effective date of this
5 Act, modify the priorities established before the effective date of this Act, the
6 priorities of claims to controllable accounts, controllable electronic records,
7 controllable payment intangibles, and electronic money established before the
8 effective date of this Act cease to apply.

9 **Sec. 45.36.209. Priority of claims when priority rules set out in AS 45.29**
10 **do not apply.** (a) Subject to (b) and (c) of this section, this chapter determines the
11 priority of conflicting claims to controllable accounts, controllable electronic records,
12 or controllable payment intangibles when the priority rules set out in AS 45.29, as that
13 chapter read on the effective date of this Act, do not apply.

14 (b) Subject to (c) of this section, when the priority rules set out in AS 45.29, as
15 that chapter read on the effective date of this Act, do not apply and the priorities of
16 claims to controllable accounts, controllable electronic records, or controllable
17 payment intangibles were established before the effective date of this Act, law other
18 than this chapter determines priority.

19 (c) When the priority rules set out in AS 45.29, as that chapter read on the
20 effective date of this Act, do not apply, to the extent the priorities determined by secs.
21 1 - 143, sec. 146, AS 45.29.406(l) and (m), enacted by sec. 147, AS 45.29.408(g),
22 enacted by sec. 150, and secs. 151 - 188 of this Act modify the priorities established
23 before the effective date of this Act, the priorities of claims to controllable accounts,
24 controllable electronic records, or controllable payment intangibles established before
25 the effective date of this Act cease to apply on the date one year after the effective date
26 of this Act.

27 * **Sec. 184.** AS 45.50.541(a) is amended to read:

28 (a) If a contract for sale or lease of consumer goods or services on credit
29 entered into between a retail seller and a retail buyer requires or involves the execution
30 of a promissory note or instrument or other evidence of indebtedness of the buyer, the
31 note, instrument, or evidence of indebtedness shall have printed on its face the words

1 "consumer paper," and the note, instrument, or evidence of indebtedness with the
 2 words "consumer paper" printed on it is not a negotiable instrument, within the
 3 meaning of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and
 4 AS 45.36 (Uniform Commercial Code).

5 * **Sec. 185.** AS 45.63.030(a) is amended to read:

6 (a) Notwithstanding AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND]
 7 AS 45.29, and AS 45.36 (Uniform Commercial Code), a telephone seller shall give
 8 the buyer a refund, credit, or replacement, at the option of the buyer, if

9 (1) the property or services purchased are defective, not as represented,
 10 or not received as promised by the seller;

11 (2) within seven days after receiving the purchased property, the buyer
 12 returns the purchased property and makes a written request for the refund, credit, or
 13 replacement; or

14 (3) within seven days after paying for the purchased services and
 15 before the services are provided, the buyer makes a written request for the refund or
 16 credit.

17 * **Sec. 186.** AS 45.63.030(c) is amended to read:

18 (c) Notwithstanding AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND]
 19 AS 45.29, and AS 45.36 (Uniform Commercial Code), a purchase of property from a
 20 telephone seller becomes final seven days after receipt of the property, unless the
 21 buyer requests a refund, credit, or replacement under (a) of this section, or the
 22 telephone seller fails to obtain the contract required by AS 45.63.020.

23 * **Sec. 187.** AS 45.66.230(b) is amended to read:

24 (b) To the extent of the conflict, the provisions of this chapter govern if a sale
 25 of or an offer to sell a business opportunity is regulated by this chapter and by
 26 AS 45.63 (solicitations by telephonic means), by AS 45.01 - AS 45.08, AS 45.12,
 27 AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code), or by
 28 another law, and it is not possible to comply with or to apply both this chapter and the
 29 other law.

30 * **Sec. 188.** AS 45.03.401(b); AS 45.07.112(a)(10); AS 45.29.102(a)(8), 45.29.102(a)(38),
 31 45.29.102(a)(98), and 45.29.102(a)(102) are repealed.