

HOUSE BILL No. 2621

AN ACT concerning the uniform commercial code; relating to secured transactions; amending K.S.A. 2011 Supp. 84-9-102, 84-9-105, 84-9-307, 84-9-311, 84-9-316, 84-9-317, 84-9-326, 84-9-406, 84-9-408, 84-9-502, 84-9-503, 84-9-507, 84-9-515, 84-9-516, 84-9-518, 84-9-607 and 84-9-625 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 2011 Supp. 84-9-102 is hereby amended to read as follows: 84-9-102. (a) **Article 9 definitions.** In this article:

(1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

(2) "Account," except as used in "account for," means a right to payment of a monetary obligation, whether or not earned by performance, (A) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (B) for services rendered or to be rendered, (C) for a policy of insurance issued or to be issued, (D) for a secondary obligation incurred or to be incurred, (E) for energy provided or to be provided, (F) for the use or hire of a vessel under a charter or other contract, (G) arising out of the use of a credit or charge card or information contained on or for use with the card, or (H) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include: (A) Rights to payment evidenced by chattel paper or an instrument, (B) commercial tort claims, (C) deposit accounts, (D) investment property, (E) letter-of-credit rights or letters of credit, or (F) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

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

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

(A) Authenticated by a secured party;

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

(C) identifying the components of the obligations in reasonable detail.

(5) "Agricultural lien" means an interest, other than a security interest, in farm products: (A) Which secures payment or performance of an obligation for:

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

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

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

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

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

(C) whose effectiveness does not depend on the person's possession of the personal property. Agricultural ~~lien~~ *liens* shall not include statutory liens.

(6) "As-extracted collateral" means: (A) Oil, gas, or other minerals that are subject to a security interest that:

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

(ii) attaches to the minerals as extracted; or

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

(7) "Authenticate" means:

(A) To sign; or

(B) ~~to execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record with present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol or process.~~

(8) “Bank” means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

(9) “Cash proceeds” means proceeds that are money, checks, deposit accounts, or the like.

(10) “Certificate of title” means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest’s obtaining priority over the rights of a lien creditor with respect to the collateral. *The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest’s obtaining priority over the rights of a lien creditor with respect to the collateral.*

(11) “Chattel paper” means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this subsection, “monetary obligation” means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

(12) “Collateral” means the property subject to a security interest or agricultural lien. The term includes:

- (A) Proceeds to which a security interest attaches;
- (B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
- (C) goods that are the subject of a consignment.

(13) “Commercial tort claim” means a claim arising in tort with respect to which:

- (A) The claimant is an organization; or
- (B) the claimant is an individual and the claim:
  - (i) Arose in the course of the claimant’s business or profession; and
  - (ii) does not include damages arising out of personal injury to or the death of an individual.

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

(15) “Commodity contract” means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

- (A) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or
- (B) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

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

(17) “Commodity intermediary” means a person that:

- (A) Is registered as a futures commission merchant under federal commodities law; or
- (B) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(18) “Communicate” means:

- (A) To send a written or other tangible record;
- (B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or
- (C) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

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

(20) “Consignment” means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) The merchant:

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

(ii) is not an auctioneer; and

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

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

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

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

(21) “Consignor” means a person that delivers goods to a consignee in a consignment.

(22) “Consumer debtor” means a debtor in a consumer transaction.

(23) “Consumer goods” means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) “Consumer-goods transaction” means a consumer transaction in which:

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

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

(25) “Consumer obligor” means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

(26) “Consumer transaction” means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

(27) “Continuation statement” means an amendment of a financing statement which:

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

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

(28) “Debtor” means:

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

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

(C) a consignee.

(29) “Deposit account” means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

(30) “Document” means a document of title or a receipt of the type described in subsection (b) of K.S.A. 84-7-201, and amendments thereto.

(31) “Electronic chattel paper” means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(32) “Encumbrance” means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

(33) “Equipment” means goods other than inventory, farm products, or consumer goods.

(34) “Farm products” means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) Crops grown, growing, or to be grown, including:

(i) Crops produced on trees, vines, and bushes; and

(ii) aquatic goods produced in aquacultural operations;

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

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

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

(35) “Farming operation” means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) “File number” means the number assigned to an initial financing statement pursuant to subsection (a) of K.S.A. 2011 Supp. 84-9-519, and amendments thereto.

(37) “Filing office” means an office designated in K.S.A. 2011 Supp. 84-9-501, and amendments thereto as the place to file a financing statement.

(38) “Filing-office rule” means a rule adopted pursuant to K.S.A. 2011 Supp. 84-9-526, and amendments thereto.

(39) “Financing statement” means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

(40) “Fixture filing” means the filing of a financing statement covering goods that are or are to become fixtures and satisfying subsections (a) and (b) of K.S.A. 2011 Supp. 84-9-502, and amendments thereto. The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

(41) “Fixtures” means goods that have become so related to particular real property that an interest in them arises under real property law.

(42) “General intangible” means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

(43) Reserved.

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

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

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

(47) “Instrument” means a negotiable instrument, a writing that would otherwise qualify as a certificate of deposit (~~defined in subsection (j) of as defined by K.S.A. 84-3-104(j)~~), and amendments thereto, but for the fact that the writing contains a limitation on transfer, or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

(48) “Inventory” means goods, other than farm products, which:

(A) Are leased by a person as lessor;

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

(C) are furnished by a person under a contract of service; or  
(D) consist of raw materials, work in process, or materials used or consumed in a business.

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

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

(51) “Letter-of-credit right” means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) “Lien creditor” means:

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

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

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

or

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

(53) “Manufactured home” means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States secretary of housing and urban development and complies with the standards established under title 42 of the United States code.

(54) “Manufactured-home transaction” means a secured transaction:

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

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

(55) “Mortgage” means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

(56) “New debtor” means a person that becomes bound as a debtor under ~~subsection (d) of K.S.A. 2011 Supp. 84-9-203(d)~~, and amendments thereto, by a security agreement previously entered into by another person.

(57) “New value” means (A) money, (B) money’s worth in property, services, or new credit, or (C) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) “Noncash proceeds” means proceeds other than cash proceeds.

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

(60) “Original debtor” except as used in K.S.A. 2011 Supp. 84-9-310(c), and amendments thereto, means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under ~~subsection (d) of K.S.A. 2011 Supp. 84-9-203(d)~~, and amendments thereto.

(61) “Payment intangible” means a general intangible under which the account debtor’s principal obligation is a monetary obligation.

(62) “Person related to,” with respect to an individual, means:

(A) The spouse of the individual;

(B) a brother, brother-in-law, sister; or sister-in-law of the individual;

(C) an ancestor or lineal descendant of the individual or the individual’s spouse; or

(D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

(63) "Person related to," with respect to an organization, means:

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

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

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

(D) the spouse of an individual described in subparagraph (A), (B); or (C); or

(E) an individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C); or (D) and shares the same home with the individual.

(64) "Proceeds" except as used in K.S.A. 2011 Supp. 84-9-609(b), and amendments thereto, means the following property:

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

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

(C) rights arising out of collateral;

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

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

(65) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

(66) "Proposal" means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to K.S.A. 2011 Supp. 84-9-620, 84-9-621 and 84-9-622, and amendments thereto.

(67) "*Public organic record*" means a record that is available to the public for inspection and is:

(A) A record consisting of the record initially filed with or issued by a state or the United States to form or organize an organization and any record filed with or issued by the state or the United States which amends or restates the initial record;

(B) an organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

(C) a record consisting of legislation enacted by the legislature of a state or the congress of the United States which forms or organizes an organization, any record amending the legislation and any record filed with or issued by the state or the United States which amends or restates the name of the organization.

~~(67)~~(68) "Pursuant to commitment," with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

~~(68)~~(69) "Record," except as used in "for record," "of record," "record or legal title," and "record owner," means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

~~(69)~~(70) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States ~~and as to which the state or the United States must maintain a public record showing the organization to have been organized by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by, the state or the United States. The term includes a business trust that is formed or organized under the law of a~~

*single state if a law of the state governing business trusts requires that the business trust's organic record be filed with the state.*

~~(70)~~(71) “Secondary obligor” means an obligor to the extent that:

- (A) The obligor’s obligation is secondary; or
- (B) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

~~(71)~~(72) “Secured party” means:

- (A) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;
- (B) a person that holds an agricultural lien;
- (C) a consignor;
- (D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;
- (E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or
- (F) a person that holds a security interest arising under K.S.A. 84-2-401, 84-2-505, ~~subsection (3) of 84-2-711(3), subsection (5) of 84-2a-508(5), 84-4-210 and 84-5-118, and amendments thereto.~~

~~(72)~~(73) “Security agreement” means an agreement that creates or provides for a security interest.

~~(73)~~(74) “Send,” in connection with a record or notification, means:

- (A) To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or
- (B) to cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A).

~~(74)~~(75) “Software” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

~~(75)~~(76) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands; or any territory or insular possession subject to the jurisdiction of the United States.

~~(76)~~(77) “Statutory lien” means liens created by K.S.A. 2-1319, 2-2608, 2-3007, 34-239, 47-836, 58-201, 58-203, 58-204, 58-207, 58-218, 58-220, 58-221, 58-241, 58-242, 58-2524, 58-2525, 58-2526, 58-2527 and 58-2528, and K.S.A. 2011 Supp. 84-7-209, and amendments thereto.

~~(77)~~(78) “Supporting obligation” means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

~~(78)~~(79) “Tangible chattel paper” means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

~~(79)~~(80) “Termination statement” means an amendment of a financing statement which:

- (A) Identifies, by its file number, the initial financing statement to which it relates; and
- (B) indicates either that it is a termination statement or that the identified financing statement is no longer effective.

~~(80)~~(81) “Transmitting utility” means a person primarily engaged in the business of:

- (A) Operating a railroad, subway, street railway, or trolley bus;
- (B) transmitting communications electrically, electromagnetically, or by light;
- (C) transmitting goods by pipeline or sewer; or
- (D) transmitting or producing and transmitting electricity, steam, gas, or water.

(b) **Definitions in other articles.** The following definitions in other articles apply to this article:

“Applicant”

K.S.A. 84-5-102,  
and amendments thereto

“Beneficiary”	K.S.A. 84-5-102, and amendments thereto
“Broker”	K.S.A. 84-8-102, and amendments thereto
“Certificated security”	K.S.A. 84-8-102, and amendments thereto
“Check”	K.S.A. 84-3-104, and amendments thereto
“Clearing corporation”	K.S.A. 84-8-102, and amendments thereto
“Contract for sale”	K.S.A. 84-2-106, and amendments thereto
“Customer”	K.S.A. 84-4-104, and amendments thereto
“Entitlement holder”	K.S.A. 84-8-102, and amendments thereto
“Financial asset”	K.S.A. 84-8-102, and amendments thereto
“Holder in due course”	K.S.A. 84-3-302, and amendments thereto
“Issuer” (with respect to a letter of credit or letter-of-credit right)	K.S.A. 84-5-102, and amendments thereto
“Issuer” (with respect to a security)	K.S.A. 84-8-102, and amendments thereto
“Issuer” (with respect to documents of title)	K.S.A. 2011 Supp. 84-7-102, and amendments thereto
“Lease”	K.S.A. 84-2a-103, and amendments thereto
“Lease agreement”	K.S.A. 84-2a-103, and amendments thereto
“Lease contract”	K.S.A. 84-2a-103, and amendments thereto
“Leasehold interest”	K.S.A. 84-2a-103, and amendments thereto
“Lessee”	K.S.A. 84-2a-103, and amendments thereto
“Lessee in ordinary course of business”	K.S.A. 84-2a-103, and amendments thereto
“Lessor”	K.S.A. 84-2a-103, and amendments thereto
“Lessor’s residual interest”	K.S.A. 84-2a-103, and amendments thereto
“Letter of credit”	K.S.A. 84-5-102, and amendments thereto
“Merchant”	K.S.A. 84-2-104, and amendments thereto
“Negotiable instrument”	K.S.A. 84-3-104, and amendments thereto
“Nominated person”	K.S.A. 84-5-102, and amendments thereto
“Note”	K.S.A. 84-3-104, and amendments thereto
“Proceeds of a letter of credit”	K.S.A. 84-5-114, and amendments thereto
“Prove”	K.S.A. 84-3-103, and amendments thereto



“Sale”	K.S.A. 84-2-106, and amendments thereto
“Securities account”	K.S.A. 84-8-501, and amendments thereto
“Securities intermediary”	K.S.A. 84-8-102, and amendments thereto
“Security”	K.S.A. 84-8-102, and amendments thereto
“Security certificate”	K.S.A. 84-8-102, and amendments thereto
“Security entitlement”	K.S.A. 84-8-102, and amendments thereto
“Uncertificated security”	K.S.A. 84-8-102, and amendments thereto

(c) **Article 1 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, definitions and principles.** Article 1 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 2. K.S.A. 2011 Supp. 84-9-105 is hereby amended to read as follows: 84-9-105. (a) **General rule: Control of electronic chattel paper.** A secured party has control of electronic chattel paper if a system employed for evidencing the transfer of interests in the chattel paper reliably establishes the secured party as the person to whom the chattel paper was assigned.

(b) **Specific facts giving control. A system satisfies subsection (a) if** the record or records comprising the chattel paper are created, stored, and assigned in such a manner that:

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

Sec. 3. K.S.A. 2011 Supp. 84-9-307 is hereby amended to read as follows: 84-9-307. (a) **“Place of business.”** In this section, “place of business” means a place where a debtor conducts its affairs.

(b) **Debtor’s location: General rules.** Except as otherwise provided in this section, the following rules determine a debtor’s location:

- (1) A debtor who is an individual is located at the individual’s principal residence.
- (2) A debtor that is an organization and has only one place of business is located at its place of business.
- (3) A debtor that is an organization and has more than one place of business is located at its chief executive office.

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

(d) **Continuation of location: Cessation of existence, etc.** A person that ceases to exist, have a residence, or have a place of business

continues to be located in the jurisdiction specified by subsections (b) and (c).

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

(f) **Location of registered organization organized under federal law; bank branches and agencies.** Except as otherwise provided in subsection (i), a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a state are located:

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

(2) in the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location, *including by designating its main office, home office or other comparable office*; or

(3) in the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

(g) **Continuation of location: Change in status of registered organization.** A registered organization continues to be located in the jurisdiction specified by subsection (e) or (f) notwithstanding:

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

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

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

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

(j) **Location of foreign air carrier.** A foreign air carrier under the federal aviation act of 1958, as amended, is located at the designated office of the agent upon which service of process may be made on behalf of the carrier.

(k) **Section applies only to this part.** This section applies only for purposes of this part.

Sec. 4. K.S.A. 2011 Supp. 84-9-311 is hereby amended to read as follows: 84-9-311. (a) **Security interest subject to other law.** Except as otherwise provided in subsection (d), the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) A statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt K.S.A. 2011 Supp. 84-9-310(a), and amendments thereto;

(2) ~~any certificate of title~~ law of this state covering automobiles, trailers, mobile homes, boats or the like, which provides for a security interest to be indicated on ~~the~~ a certificate of title. Such security interest shall be deemed perfected upon the mailing or delivery of the notice of security interest and tender of the required fee to the appropriate state agency as prescribed by subsection (c)(5) of K.S.A. 8-135 and subsection (g) of 58-4204, and amendments thereto, or the delivery of the documents appropriate under any such law to the appropriate state agency and tender of the required fee to the state agency, as prescribed in subsection (c)(6) of K.S.A. 8-135 and subsection (i) of 58-4204, and amendments thereto; or

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

(b) **Compliance with other law.** Compliance with the requirements of a statute, regulation, or treaty described in subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this article. Except as otherwise provided in subsection (d) and K.S.A. 2011 Supp. 84-9-313 and 84-9-316(d) and (e), and amendments thereto, for goods covered by a certificate of title, a

security interest in property subject to a statute, regulation, or treaty described in subsection (a) may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

(c) **Duration and renewal of perfection.** Except as otherwise provided in subsection (d) and K.S.A. 2011 Supp. 84-9-316(d) and (e), and amendments thereto, duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this article.

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

Sec. 5. K.S.A. 2011 Supp. 84-9-316 is hereby amended to read as follows: 84-9-316. (a) **General rule: Effect on perfection of change in governing law.** A security interest perfected pursuant to the law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, remains perfected until the earliest of:

- (1) The time perfection would have ceased under the law of that jurisdiction;
- (2) the expiration of four months after a change of the debtor's location to another jurisdiction; or
- (3) the expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

(b) **Security interest perfected or unperfected under law of new jurisdiction.** If a security interest described in subsection (a) becomes perfected under the law of the other jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(c) **Possessory security interest in collateral moved to new jurisdiction.** A possessory security interest in collateral, other than goods covered by a certificate of title and as extracted collateral consisting of goods, remains continuously perfected if:

- (1) The collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;
- (2) thereafter the collateral is brought into another jurisdiction; and
- (3) upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.

(d) **Goods covered by certificate of title from this state.** Except as otherwise provided in subsection (e), a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.

(e) **When subsection (d) security interest becomes unperfected against purchasers.** A security interest described in subsection (d) becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under K.S.A. 2011 Supp. 84-9-311(b) or 84-9-313, and amendments thereto, are not satisfied before the earlier of:

- (1) The time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this state; or
- (2) the expiration of four months after the goods had become so covered.

(f) **Change in jurisdiction of bank, issuer, nominated person, securities intermediary, or commodity intermediary.** A security interest

in deposit accounts, letter-of-credit rights; or investment property which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

- (1) The time the security interest would have become unperfected under the law of that jurisdiction; or
- (2) the expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

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

(h) **Effect on filed financing statement of change in governing law.** *The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:*

(1) *A financing statement filed before the change pursuant to law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location.*

(2) *If a security interest perfected by a financing statement that is effective under paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.*

(i) **Effect of change in governing law on financing statement filed against original debtor.** *If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, and the new debtor is located in another jurisdiction, the following rules apply:*

(1) *The financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under K.S.A. 2011 Supp. 84-9-203(d), and amendments thereto, if the financing statement would have been effective to perfect a security interest in the collateral had the collateral been acquired by the original debtor.*

(2) *A security interest perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, or the expiration of the four-month period remains perfected thereafter. A security interest that is perfected by the financing statement but which does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.*

Sec. 6. K.S.A. 2011 Supp. 84-9-317 is hereby amended to read as follows: 84-9-317. (a) **Conflicting security interests and rights of lien creditors.** A security interest or agricultural lien is subordinate to the rights of:

- (1) A person entitled to priority under K.S.A. 2011 Supp. 84-9-322, and amendments thereto; and
- (2) except as otherwise provided in subsection (e), a person that becomes a lien creditor before the earlier of the time:

(A) The security interest or agricultural lien is perfected; or  
 (B) on the conditions specified in K.S.A. 2011 Supp. 84-9-203(b)(3), and amendments thereto, is met and a financing statement covering the collateral is filed.

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

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

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

(e) **Purchase-money security interest.** Except as otherwise provided in K.S.A. 2011 Supp. 84-9-320 and 84-9-321, and amendments thereto, if a person files a financing statement with respect to a purchase-money security interest before or within 20 days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise between the time the security interest attaches and the time of filing.

Sec. 7. K.S.A. 2011 Supp. 84-9-326 is hereby amended to read as follows: 84-9-326. (a) **Subordination of security interest created by new debtor.** Subject to subsection (b), a security interest *that is* created by a new debtor ~~which is in collateral in which the new debtor has or acquires rights and is perfected solely~~ by a filed financing statement that is effective solely under K.S.A. 2011 Supp. 84-9-508 and amendments thereto, ~~in collateral in which a new debtor has or acquires rights would be ineffective to perfect the security interest but for the application of K.S.A. 2011 Supp. 84-9-316(i)(1) or 84-9-508, and amendments thereto,~~ is subordinate to a security interest in the same collateral which is perfected other than by *such* a filed financing statement ~~that is effective solely under K.S.A. 2011 Supp. 84-9-508 and amendments thereto.~~

(b) **Priority under other provisions; multiple original debtors.** The other provisions of this part determine the priority among conflicting security interests in the same collateral perfected by filed financing statements ~~that are effective solely under K.S.A. 2011 Supp. 84-9-508, and amendments thereto~~ described in subsection (a). However, if the security agreements to which a new debtor became bound as debtor were not entered into by the same original debtor, the conflicting security interests rank according to priority in time of the new debtor's having become bound.

Sec. 8. K.S.A. 2011 Supp. 84-9-406 is hereby amended to read as follows: 84-9-406. (a) **Discharge of account debtor; effect of notification.** Subject to subsections (b) through (i), an account debtor on an account, chattel paper, or a payment intangible may discharge the account debtor's obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge the account debtor's obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(b) **When notification ineffective.** Subject to subsection (h), notification is ineffective under subsection (a):

- (1) If it does not reasonably identify the rights assigned;
- (2) to the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a

person other than the seller and the limitation is effective under law other than this article; or

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

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

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

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

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

(d) **Term restricting assignment generally ineffective.** Except as otherwise provided in subsection (e), K.S.A. 84-2a-303 and K.S.A. 2011 Supp. 84-9-407, and amendments thereto, and subject to subsection (h), a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

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

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

(e) **Inapplicability of subsection (d) to certain sales.** Subsection (d) does not apply to the sale of a payment intangible or promissory note, *other than a sale pursuant to a disposition under K.S.A. 2011 Supp. 84-9-610, and amendments thereto, or an acceptance of collateral under K.S.A. 2011 Supp. 84-9-620, and amendments thereto.*

(f) **Legal restrictions on assignment generally ineffective.** Except as otherwise provided in K.S.A. 84-2a-303 and K.S.A. 2011 Supp. 84-9-407, and amendments thereto, and subject to subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

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

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

(g) **Subsection (b)(3) not waivable.** Subject to subsection (h), an account debtor may not waive or vary its option under subsection (b)(3).

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

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

(j) **Section prevails over specified inconsistent law.** This section prevails over any inconsistent provisions of any laws, rules, and regulations.

Sec. 9. K.S.A. 2011 Supp. 84-9-408 is hereby amended to read as follows: 84-9-408. (a) **Term restricting assignment generally ineffective.** Except as otherwise provided in subsection (b), a term in a promissory note or in an agreement between an account debtor and a debtor

which relates to a health-care-insurance receivable or a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

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

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

(b) **Applicability of subsection (a) to sales of certain rights to payment.** Subsection (a) applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note, *other than a sale pursuant to a disposition under K.S.A. 2011 Supp. 84-9-610, and amendments thereto, or an acceptance of collateral under K.S.A. 2011 Supp. 84-9-620, and amendments thereto.*

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

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

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

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

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

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

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

(4) does not entitle the secured party to use or assign the debtor's rights under the promissory note, health-care-insurance receivable, or general intangible, including any related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health-care-insurance receivable, or general intangible;

(5) does not entitle the secured party to use, assign, possess, or have access to any trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and

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

(e) **Section prevails over specified inconsistent law.** This section prevails over any inconsistent provisions of any laws, rules, and regulations of this state.

Sec. 10. K.S.A. 2011 Supp. 84-9-502 is hereby amended to read as

follows: 84-9-502. (a) **Sufficiency of financing statement.** Subject to subsection (b), a financing statement is sufficient only if it:

- (1) Provides the name of the debtor;
- (2) provides the name of the secured party or a representative of the secured party; and
- (3) indicates the collateral covered by the financing statement.

(b) **Real-property-related financing statements.** Except as otherwise provided in K.S.A. 2011 Supp. 84-9-501(b), and amendments thereto, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must satisfy subsection (a) and also:

- (1) Indicate that it covers this type of collateral;
- (2) indicate that it is to be filed in the real property records;
- (3) provide a description of the real property to which the collateral is related; and
- (4) if the debtor does not have an interest of record in the real property, provide the name of a record owner.

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

- (1) The record indicates the goods or accounts that it covers;
- (2) the goods are or are to become fixtures related to the real property described in the record or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;
- (3) the record satisfies the requirements for a financing statement in this section ~~other than an indication, but:~~

(A) *The record need not indicate that it is to be filed in the real property records; and*

(B) *the record sufficiently provides the name of a debtor who is an individual if it provides the individual name of the debtor or the surname and first personal name of the debtor, even if the debtor is an individual to whom K.S.A. 2011 Supp. 84-9-503(a)(4), and amendments thereto, applies; and*

- (4) the record is *duly* recorded.

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

Sec. 11. K.S.A. 2011 Supp. 84-9-503 is hereby amended to read as follows: 84-9-503. (a) **Sufficiency of debtor's name.** A financing statement sufficiently provides the name of the debtor:

(1) *Except as otherwise provided in paragraph (3), if the debtor is a registered organization or the collateral is held in a trust that is a registered organization, only if the financing statement provides the name of the debtor indicated that is stated to be the registered organization's name on the public record of the debtor's organic record most recently filed with, issued or enacted by the registered organization's jurisdiction of organization which shows the debtor to have been organized purports to state, amend or restate the registered organization's name;*

(2) ~~if the debtor is a decedent's estate~~*subject to subsection (f), if the collateral is being administered by the personal representative of a decedent, only if the financing statement provides, as the name of the debtor, the name of the decedent and, in a separate part of the financing statement, indicates that the debtor is an estate collateral is being administered by a personal representative;*

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

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

(B) ~~indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee acting with respect to property held in trust; and if the collateral is held in a trust that is not a registered organization, only if the financing statement:~~

- (A) *Provides, as the name of the debtor:*



(i) *If the organic record of the trust specifies a name for the trust, the name specified; or*

(ii) *if the organic record of the trust does not specify a name for the trust, the name of the settlor or testator; and*

(B) *in a separate part of the financing statement:*

(i) *If the name is provided in accordance with subparagraph (A)(i), indicates that the collateral is held in a trust; or*

(ii) *if the name is provided in accordance with subparagraph (A)(ii), provides additional information sufficient to distinguish the trust from other trusts having one or more of the same settlors or the same testator and indicates that the collateral is held in a trust, unless the additional information so indicates;*

(4) *subject to subsection (g), if the debtor is an individual to whom this state has issued a driver's license or identification card that has not expired, only if the financing statement provides the name of the individual which is indicated on the driver's license or identification card;*

(5) *if the debtor is an individual to whom paragraph (4) does not apply, only if the financing statement provides the individual name of the debtor or the surname and first personal name of the debtor;*

~~(4)~~(6) *if the debtors are married debtors jointly engaged in business and it is unclear whether a partnership exists, the financing statement may be filed in the names of the individual debtors; and*

~~(5)~~(7) *in other cases:*

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

(B) *if the debtor does not have a name, only if it provides the names of the partners, members, associates; or other persons comprising the debtor, in a manner that each name provided would be sufficient if the person were the debtor.*

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

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

(2) unless required under subsection ~~(a)(4)(B)~~~~(a)(7)(B)~~, names of partners, members, associates, or other persons comprising the debtor.

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

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

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

(f) **Name of decedent.** *The name of the decedent is indicated on the order appointing the personal representative of the decedent issued by the court having jurisdiction over the collateral is sufficient as the "name of the decedent" under subsection (a)(2).*

(g) **Multiple drivers' licenses or identification cards.** *If this state has issued to an individual more than one driver's license or identification card of a kind described in subsection (a)(4), the one that was issued most recently is the one to which subsection (a)(4) refers.*

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

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

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

Sec. 12. K.S.A. 2011 Supp. 84-9-507 is hereby amended to read as follows: 84-9-507. (a) **Disposition.** A filed financing statement remains effective with respect to collateral that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest or agricultural lien continues, even if the secured party knows of or consents to the disposition.

(b) **Information becoming seriously misleading.** Except as oth-

erwise provided in subsection (c) and K.S.A. 2011 Supp. 84-9-508, and amendments thereto, a financing statement is not rendered ineffective if, after the financing statement is filed, the information provided in the financing statement becomes seriously misleading under K.S.A. 2011 Supp. 84-9-506, and amendments thereto.

(c) **Change in debtor's name.** ~~If a debtor so changes its~~ *If the name that a filed financing statement provides for a debtor becomes insufficient as the name of the debtor under K.S.A. 2011 Supp. 84-9-503(a), and amendments thereto, so that the financing statement becomes* seriously misleading under K.S.A. 2011 Supp. 84-9-506, and amendments thereto:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the ~~change~~ *filed financing statement becomes seriously misleading*; and

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

Sec. 13. K.S.A. 2011 Supp. 84-9-515 is hereby amended to read as follows: 84-9-515. (a) **Five-year effectiveness.** Except as otherwise provided in subsections (b), (e), (f); and (g), a filed financing statement is effective for a period of five years after the date of filing.

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

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

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

(e) **Effect of filing continuation statement.** Except as otherwise provided in K.S.A. 2011 Supp. 84-9-510, and amendments thereto, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in subsection (c), unless, before the lapse, another continuation statement is filed pursuant to subsection (d). Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

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

(g) **Record of mortgage as financing statement.** A record of a mortgage that is effective as a financing statement filed as a fixture filing under ~~subsection (c)~~ of K.S.A. 2011 Supp. 84-9-502(c), and amendments thereto, remains effective as a financing statement filed as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Sec. 14. K.S.A. 2011 Supp. 84-9-516 is hereby amended to read as follows: 84-9-516. (a) **What constitutes filing.** Except as otherwise provided in subsection (b), communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(b) **Refusal to accept record; filing does not occur.** Filing does

not occur with respect to a record that a filing office refuses to accept because:

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

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

(3) the filing office is unable to index the record because:

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

(B) in the case of an amendment or ~~correction~~ *information* statement, the record:

(i) Does not identify the initial financing statement as required by K.S.A. 2011 Supp. 84-9-512 or 84-9-518, and amendments thereto, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under K.S.A. 2011 Supp. 84-9-515, and amendments thereto;

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

(D) in the case of a record filed *or recorded* in the filing office described in K.S.A. 2011 Supp. 84-9-501(a)(1), and amendments thereto, the record does not provide a sufficient description of the real property to which it relates;

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

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

(A) Provide a mailing address for the debtor; *or*

(B) indicate whether the *name provided as the name of the* debtor is *the name of* an individual or an organization; ~~or~~

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

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

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

~~(iii) an organizational identification number for the debtor or indicate that the debtor has none;~~

(6) in the case of an assignment reflected in an initial financing statement under K.S.A. 2011 Supp. 84-9-514(a), and amendments thereto, or an amendment filed under K.S.A. 2011 Supp. 84-9-514(b), and amendments thereto, the record does not provide a name and mailing address for the assignee; or

(7) in the case of a continuation statement, the record is not filed within the six-month period prescribed by K.S.A. 2011 Supp. 84-9-515(d), and amendments thereto.

(c) **Rules applicable to subsection (b).** For purposes of subsection (b):

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

(2) a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by K.S.A. 2011 Supp. 84-9-512, 84-9-514 or 84-9-518, and amendments thereto, is an initial financing statement.

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

Sec. 15. K.S.A. 2011 Supp. 84-9-518 is hereby amended to read as follows: 84-9-518. (a) ~~Correction statement.~~ **Statement with respect to record indexed under person's name.** A person may file in the filing office a ~~correction~~ *information* statement with respect to a record in-

dexed there under the person's name if the person believes that the record is inaccurate or was wrongfully filed.

(b) ~~Sufficiency of correction statement~~ **Contents of statement under subsection (a).** ~~A correction~~ An information statement under subsection (a) must:

- (1) Identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;
- (2) indicate that it is ~~a correction~~ an information statement; and
- (3) provide the basis for the person's belief that the record is inaccurate and indicate the manner in which the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

(c) **Statement by secured party of record.** A person may file in the filing office an information statement with respect to a record filed there if the person is a secured party of record with respect to the financing statement to which the record relates and believes that the person that filed the record was not entitled to do so under K.S.A. 2011 Supp. 84-9-509(d), and amendments thereto.

(d) **Contents of statement under subsection (c).** An information statement under subsection (c) must:

- (1) Identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;
- (2) indicate that it is an information statement; and
- (3) provide the basis for the person's belief that the person that filed the record was not entitled to do so under K.S.A. 2011 Supp. 84-9-509(d), and amendments thereto.

~~(e)~~ (e) **Record not affected by correction information statement.** The filing of ~~a correction~~ an information statement does not affect the effectiveness of an initial financing statement or other filed record.

Sec. 16. K.S.A. 2011 Supp. 84-9-607 is hereby amended to read as follows: 84-9-607. (a) **Collection and enforcement generally.** If so agreed, and in any event after default, a secured party:

- (1) May notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;
- (2) may take any proceeds to which the secured party is entitled under K.S.A. 2011 Supp. 84-9-315, and amendments thereto;
- (3) may enforce the obligations of an account debtor or other person obligated on collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;
- (4) if it holds a security interest in a deposit account perfected by control under K.S.A. 2011 Supp. 84-9-104(a)(1), and amendments thereto, may apply the balance of the deposit account to the obligation secured by the deposit account; and
- (5) if it holds a security interest in a deposit account perfected by control under K.S.A. 2011 Supp. 84-9-104(a)(2) or (3), and amendments thereto, may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

(b) **Nonjudicial enforcement of mortgage.** If necessary to enable a secured party to exercise under subsection (a)(3) the right of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in which a record of the mortgage is recorded:

- (1) A copy of the security agreement that creates or provides for a security interest in the obligation secured by the mortgage; and
- (2) the secured party's sworn affidavit in recordable form stating that:
  - (A) A default has occurred *with respect to the obligation secured by the mortgage*; and
  - (B) the secured party is entitled to enforce the mortgage nonjudicially.

(c) **Commercially reasonable collection and enforcement.** A secured party shall proceed in a commercially reasonable manner if the secured party:

- (1) Undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and

(2) is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.

(d) **Expenses of collection and enforcement.** A secured party may deduct from the collections made pursuant to subsection (c) reasonable expenses of collection and enforcement, including reasonable attorney fees and legal expenses incurred by the secured party.

(e) **Duties to secured party not affected.** This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

Sec. 17. K.S.A. 2011 Supp. 84-9-625 is hereby amended to read as follows: 84-9-625. (a) **Judicial orders concerning noncompliance.** If it is established that a secured party is not proceeding in accordance with this article, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions.

(b) **Damages for noncompliance.** Subject to subsections (c), (d); and (f), a person is liable for damages in the amount of any loss caused by a failure to comply with this article. Loss caused by a failure to comply may include loss resulting from the debtor's inability to obtain, or increased costs of, alternative financing.

(c) **Persons entitled to recover damages; statutory damages in consumer-goods transaction if collateral is consumer goods.** Except as otherwise provided in K.S.A. 2011 Supp. 84-9-628, and amendments thereto:

(1) A person that, at the time of the failure, was a debtor, was an obligor, or held a security interest in or other lien on the collateral may recover damages under subsection (b) for its loss; and

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

(d) **Recovery when deficiency eliminated or reduced.** A debtor whose deficiency is eliminated under K.S.A. 2011 Supp. 84-9-626, and amendments thereto, may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under K.S.A. 2011 Supp. 84-9-626, and amendments thereto, may not otherwise recover under subsection (b) for noncompliance with the provisions of this part relating to collection, enforcement, disposition, or acceptance.

(e) **Statutory damages: Noncompliance with specified provisions.** In addition to any damages recoverable under subsection (b), the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover \$500 in each case from a person that:

(1) Fails to comply with K.S.A. 2011 Supp. 84-9-208, and amendments thereto;

(2) fails to comply with K.S.A. 2011 Supp. 84-9-209, and amendments thereto;

(3) files a record that the person is not entitled to file under K.S.A. 2011 Supp. 84-9-509(a), and amendments thereto;

(4) fails to cause the secured party of record to file or send a termination statement as required by K.S.A. 2011 Supp. 84-9-513(a) or (c), and amendments thereto;

(5) fails to comply with K.S.A. 2011 Supp. 84-9-616(b)(1), and amendments thereto, and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or

(6) fails to comply with K.S.A. 2011 Supp. 84-9-616(b)(2), and amendments thereto.

(f) **Statutory damages: Noncompliance with K.S.A. 2011 Supp. 84-9-210, and amendments thereto.** A debtor or consumer obligor may recover damages under subsection (b) and, in addition, \$500 in each case from a person that, without reasonable cause, fails to comply with a request under K.S.A. 2011 Supp. 84-9-210, and amendments thereto. A recipient of a request under K.S.A. 2011 Supp. 84-9-210, and amendments thereto, which never claimed an interest in the collateral or obligations that are the subject of a request under that section has a reason-

able excuse for failure to comply with the request within the meaning of this subsection.

(g) **Limitation of security interest: Noncompliance with K.S.A. 2011 Supp. 84-9-210, and amendments thereto.** If a secured party fails to comply with a request regarding a list of collateral or a statement of account under K.S.A. 2011 Supp. 84-9-210, and amendments thereto, the secured party may claim a security interest only as shown in the list or statement included in the request as against a person that is reasonably misled by the failure.

New Sec. 18. Sections 18 through 26, and amendments thereto, shall be part of and supplemental to article 9 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto.

New Sec. 19. (a) **Pre-effective-date transactions or liens.** Except as otherwise provided in this part, this act applies to a transaction or lien within its scope, even if the transaction or lien was entered into or created before July 1, 2013.

(b) **Pre-effective-date proceedings.** This act does not affect an action, case or proceeding commenced before July 1, 2013.

New Sec. 20. (a) **Continuing perfection: Perfection requirements satisfied.** A security interest that is a perfected security interest immediately before July 1, 2013, is a perfected security interest under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, if, on July 1, 2013, the applicable requirements for attachment and perfection under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, are satisfied without further action.

(b) **Continuing perfection: Perfection requirements not satisfied.** Except as otherwise provided in section 23, and amendments thereto, if immediately before July 1, 2013, a security interest is a perfected security interest, but the applicable requirements for perfection under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, are not satisfied on July 1, 2013, the security interest remains perfected thereafter only if the applicable requirements for perfection under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, are satisfied within one year after July 1, 2013.

New Sec. 21. A security interest that is an unperfected security interest immediately before July 1, 2013, becomes a perfected security interest:

(1) Without further action, on July 1, 2013, if the applicable requirements for perfection under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, are satisfied on or before July 1, 2013; or

(2) when the applicable requirements for perfection are satisfied if the requirements are satisfied after July 1, 2013.

New Sec. 22. (a) **Pre-effective-date filing effective.** The filing of a financing statement before July 1, 2013, is effective to perfect a security interest to the extent the filing would satisfy the applicable requirements for perfection under article 9 of chapter 84 of the Kansas Statutes Annotated, and as amended by this act.

(b) **When pre-effective-date filing becomes ineffective.** This act does not render ineffective an effective financing statement that, before July 1, 2013, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in article 9 of chapter 84 of the Kansas Statutes Annotated, prior to amendments by this act. However, except as otherwise provided in subsections (c) and (d) of section 24, and amendments thereto, the financing statement ceases to be effective:

(1) If the financing statement is filed in this state, at the time the financing statement would have ceased to be effective had this act not taken effect; or

(2) if the financing statement is filed in another jurisdiction, at the earlier of:

(A) At the time the financing statement would have ceased to be effective under the law of that jurisdiction; or

(B) June 30, 2018.

(c) **Continuation statement.** The filing of a continuation statement after July 1, 2013, does not continue the effectiveness of a financing statement filed before this act takes effect. However, upon the timely filing

of a continuation statement after July 1, 2013, and in accordance with the law of the jurisdiction governing perfection as provided in article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, the effectiveness of a financing statement filed in the same office in that jurisdiction before July 1, 2013, continues for a period provided by the law of that jurisdiction.

(d) **Application of subsection (b)(2)(B) to transmitting utility financing statement.** Subsection (b)(2)(B) applies to a financing statement that, before July 1, 2013, is filed against a transmitting utility and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in article 9 of chapter 84 of the Kansas Statutes Annotated, prior to amendments by this act, only to the extent that article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, provides that the law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs perfection of a security interest in collateral covered by the financing statement.

(e) **Application of part 5.** A financing statement that includes a financing statement filed before July 1, 2013, and a continuation statement filed after July 1, 2013, is effective only to the extent that it satisfies the requirements of part 5 of article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, for an initial financing statement. A financing statement that indicates that the debtor is a decedent's estate indicates that the collateral is being administered by a personal representative within the meaning of K.S.A. 2011 Supp. 84-9-503(a)(2), as amended by this act. A financing statement that indicates that the debtor is a trust or trustee acting with respect to property held in trust indicates that the collateral is held in a trust within the meaning of K.S.A. 2011 Supp. 84-9-503(a)(3), as amended by this act.

New Sec. 23. (a) **Initial financing statement in lieu of continuation statement.** The filing of an initial financing statement in the office specified in K.S.A. 2011 Supp. 84-9-501, and amendments thereto, continues the effectiveness of a financing statement filed before this act takes effect on July 1, 2013, if:

(1) The filing of an initial filing statement in that office would be effective to perfect a security interest under article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act;

(2) the pre-effective-date financing statement was filed in an office in another state; and

(3) the initial financing statement satisfies subsection (a).

(b) **Period of continued effectiveness.** The filing of an initial financing statement under subsection (a) continues the effectiveness of the pre-effective-date financing statement:

(1) If the initial financing statement is filed before July 1, 2013, for the period provided in K.S.A. 2011 Supp. 84-9-515, prior to amendments by this act, with respect to an initial filing statement; and

(2) if the initial financing statement is filed after July 1, 2013, for the period provided in K.S.A. 2011 Supp. 84-9-515, as amended by this act, with respect to an initial financing statement.

(c) **Requirements for initial financing statement under subsection (a).** To be effective for purposes of subsection (a), an initial financing statement must:

(1) Satisfy the requirements of part 5 of article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, for an initial financing statement;

(2) identify the pre-effective-date financing statement by indicating the office in which the financing statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of the most recent continuation statement filed with respect to the financing statement; and

(3) indicate that the pre-effective-date financing statement remains effective.

New Sec. 24. (a) **Pre-effective-date financing statement.** In this section, “pre-effective-date financing statement” means a financing statement filed before July 1, 2013.

(b) **Applicable law.** After July 1, 2013, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective-date financing

statement only in accordance with the law of the jurisdiction governing perfection as provided in article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed.

(c) **Method of amending: General rule.** Except as otherwise provided in subsection (d), if the law of this state governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after July 1, 2013, only if:

(1) The pre-effective-date financing statement and an amendment are filed in the office specified in K.S.A. 2011 Supp. 84-9-501, and amendments thereto;

(2) an amendment is filed in the office specified in K.S.A. 2011 Supp. 84-9-501, and amendments thereto, concurrently with, or after the filing in that office of, an initial financing statement that satisfies subsection (c) of section 24, and amendments thereto; or

(3) an initial financing statement that provides the information as amended and satisfies subsection (c) of section 24, and amendments thereto, is filed in the office specified in K.S.A. 2011 Supp. 84-9-501, and amendments thereto.

(d) **Method of amending: Continuation.** If the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under subsections (c) and (e) of section 23, and amendments thereto, or section 24, and amendments thereto.

(e) **Method of amending: Additional termination rule.** Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in this state may be terminated after July 1, 2013, by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies subsection (c) of section 24, and amendments thereto, has been filed in the office specified by the law of the jurisdiction governing perfection as provided in article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, as the office in which to file a financing statement.

New Sec. 25. A person may file an initial financing statement or a continuation statement under this part if:

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

(2) the filing is necessary under this part:

(A) To continue the effectiveness of a financing statement filed before July 1, 2013; or

(B) to perfect or continue the perfection of a security interest.

New Sec. 26. This act determines the priority of conflicting claims to collateral. However, if the relative priorities of the claims were established before July 1, 2013, article 9 of chapter 84 of the Kansas Statutes Annotated, prior to amendments by this act, determines priority.

Sec. 27. K.S.A. 2011 Supp. 84-9-102, 84-9-105, 84-9-307, 84-9-311, 84-9-316, 84-9-317, 84-9-326, 84-9-406, 84-9-408, 84-9-502, 84-9-503, 84-9-507, 84-9-515, 84-9-516, 84-9-518, 84-9-607 and 84-9-625 are hereby repealed.



Sec. 28. This act shall take effect and be in force from and after July 1, 2013, and its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

\_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*