

SB 252 -- Redline

SB 252 to Enrolled -- An Act relating to the Uniform Commercial Code; relating to secured transactions; relating to controllable accounts, controllable electronic records, and controllable payment intangibles; relating to sales; relating to negotiable instruments; relating to letters of credit; relating to warehouse receipts, bills of lading, and other documents of title; relating to investment securities; relating to leases of goods; and relating to fund transfers.

Deletions ~~struck~~ · Insertions underlined

~~34-LS0294\N~~LAW ~~SENATE OF BILL ALASKA NO.~~Source Chapter No.

SB 252 IN _____ THE AN LEGISLATURE ACT OF Relating THE to STATE the OF Uniform ALASKA Commercial THIRTY-FOURTH Code; LEGISLATURE SECOND SESSION BY SENATOR CLAMAN Introduced:

2/18/26 Referred:

~~Labor & Commerce, Judiciary A BILL FOR AN ACT ENTITLED "An Act relating to the Uniform Commercial Code; and relating to fund transfers."~~transfers. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* _____ Section BE 1. IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1 Enrolled SB 252 AN ACT Relating to the Uniform Commercial Code;

relating to secured transactions;

relating to controllable accounts, controllable electronic records, and controllable payment intangibles;

relating to sales;

relating to negotiable instruments;

relating to letters of credit;

relating to warehouse receipts, bills of lading, and other documents of title;

relating to investment securities;

relating to leases of goods;

and relating to fund transfers.

* Section 1.

Every sale or assignment of personal property unless accompanied by the immediate delivery and the actual and continued change of possession of the thing sold or assigned is presumed prima facie to be a fraud against the creditors of the vendor or assignor, and subsequent purchasers in good faith and for a valuable consideration during the time ~~SB0252A~~the property -1- Enrolled SB 252-New Text Underlined ~~[DELETED TEXT BRACKETED] 34-LS0294\N the property~~ remains in the possession of the vendor or assignor, except that retention of possession in good faith and current course of trade by a merchant seller for a commercially reasonable time after a sale or identification is not fraudulent, and nothing contained in this section shall supersede the provisions of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code).

If the objection is ~~to the~~to the amount of money, the terms ~~of the instrument, the or the amount instrument, or kind of property, the the person shall~~ amount or kind of property, the person shall specify ~~the the amount, amount,~~ terms, or kind that the person requires, or is precluded from objecting later.

that the money or property so pledged and thereafter ~~received~~received by the corporation shall immediately be subject to the lien of the pledge without ~~by the corporation shall immediately be subject to the lien of the pledge without~~ physical delivery or further act;

Neither the resolution, trust agreement, nor other instrument by which a pledge is ~~SB 252 -2- SB0252A~~New Text Underlined ~~[DELETED TEXT BRACKETED] 34-LS0294\N~~ created need be recorded or filed under the provisions of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, Enrolled SB 252 -2- and AS 45.36 (Uniform Commercial Code) to be valid, perfected, binding, or effective.

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

(6) buys, receives, possesses, sells, or disposes of a vehicle or vehicle equipment, knowing that a vehicle identification number or equipment has been ~~SB0252A -3- SB 252 New Text Underlined~~ ~~[DELETED TEXT BRACKETED] 34-LS0294\N~~ unlawfully removed or falsified;

(7) removes from the state a vehicle that is the subject of a security -3- Enrolled SB 252 interest created under AS 28.01 - 28.35 or under AS 45.01 - 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code) without the written consent of the secured party, and with intent to defraud the secured party or the state;

or (9) ~~makes~~makes a false statement or otherwise conceals or withholds a material ~~a false statement or otherwise conceals or withholds a material~~ fact in an application for registration or certificate of title or falsely affirms with respect to a matter required to be sworn to, affirmed, or furnished under this chapter or regulations adopted under this chapter;

~~SB 252 -4- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ * Sec.

(c) All bonds, regardless of form or character, shall be negotiable instruments ~~forforall allthepurposes theofAS purposes45.01-AS of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, 45.14, [AND]AS [AND]45.29, and AS Enrolled 45.29, SB and 252 -4-~~ AS 45.36 (Uniform Commercial Code).

Notwithstanding other provisions of law, a bond or note issued under this chapter is fully negotiable for all purposes ~~ofofAS AS 45.01 -AS AS 45.08, AS 45.12, AS 45.14, [AND][AND]AS AS45.29, and 45.29, and AS 45.36 (Uniform Commercial Code), and a holder or owner of a bond or note, or of a coupon appurtenant to it, by accepting the bond, note, or coupon is conclusively considered to have agreed that the bond, note, or coupon is fully negotiable for all purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36.~~

(c) All bonds, regardless of form or character, shall be negotiable instruments ~~forforall allthepurposes theofAS purposes45.01-AS of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, 45.14, [AND]AS [AND]45.29, and AS 45.29, and AS 45.36 (Uniform Commercial Code).~~

(a) AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and ~~SB0252A -5- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ AS 45.36 may be cited as the Uniform Commercial Code.

~~-5- Enrolled SB 252~~ * Sec.

or ~~SB 252 -6- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (C) control, other than under AS 45.07.116(g), of a negotiable electronic document of title;

(26) "money" means a medium of exchange that is currently authorized Enrolled SB 252 -6- or adopted by a domestic or foreign government;

"person" includes a protected series, however denominated, ~~ofofan an-entity ififtheprotected the protected-series is established under lawlawotherthan-other than~~ the code that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of another protected series of the entity to satisfy a claim from assets of the protected series;

or (B) to cause the record or notification to be received within ~~the thetimetherecord timeornotification the record or notification would havehavebeen been received ififproperly-properly~~ SB0252A -7- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N sent under (A) of this paragraph [IN ANOTHER WAY TO CAUSE TO BE RECEIVED A RECORD OR NOTICE WITHIN THE TIME IT WOULD HAVE ARRIVED IF PROPERLY SENT];

~~-7- Enrolled SB 252~~ (40) "signed," "signing," and "signature" have corresponding meanings to "sign" [INCLUDES USING A SYMBOL EXECUTED OR ADOPTED WITH PRESENT INTENTION TO ADOPT OR ACCEPT A WRITING];

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

~~SB 252 -8- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (2) AS 45.04.102;

Enrolled SB 252 -8- (6) AS 45.14.507;

~~SB0252A -9- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (c) This chapter does not (1) apply to a transaction that, even though in the form of an unconditional contract to sell or present sale, operates only to create a security interest;

or (2) impair or repeal a statute regulating sales to consumers, farmers, or ~~-9- Enrolled SB 252~~ other specified classes of buyers.

Terms with respect to which the confirmatory memoranda of the parties agree, or that ~~SB 252 -10- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ are otherwise set out in a record [WRITING] intended by the parties as a final expression of their agreement with respect to the terms included in the writing, may not be contradicted by evidence of a prior agreement or of a contemporaneous oral agreement, but may be explained or supplemented (1) by course of performance, course of dealing, or usage of trade (AS 45.01.303);

and Enrolled SB 252 -10- (2) by evidence of consistent additional terms unless the court finds the record [WRITING] was intended also as a complete and exclusive statement of the terms of the agreement.

(a) Except as provided in (c) and (d) [(c) - (d)] of this section, "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if the unconditional promise or order ~~SB0252A -11- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (1) is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

and (3) does not state any other undertaking or instruction by the person promising or ordering payment to do an act in addition to the payment of money, but the promise or order may contain ~~-11- Enrolled SB 252~~ (A) an undertaking or power to give, maintain, or protect collateral to secure payment;

~~SB 252 -12- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ Sec.

Enrolled SB 252 -12- * Sec.

(b) Unless ~~(a)(a)ofthis of this~~ section applies, ~~the theliability liabilityofan of issuer, nominated an issuer, nominated~~ person, or adviser for action or omission is governed by the law of the jurisdiction

in which the issuer, nominated person, or adviser is located.

(f) For the purpose of jurisdiction, choice of law, and recognition of interbranch ~~letters of credit, but not enforcement of a judgment, all branches of a bank are considered~~ of credit, but not enforcement of a judgment, all branches of a bank ~~SB0252A -13- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ are considered separate juridical entities, and a bank is considered to be located at the place where the bank's relevant branch is considered to be located under (g) of this section.

(b) A system satisfies (a) of this section, and a person has [IS CONSIDERED -13- Enrolled SB 252 TO HAVE] control of an electronic document of title, if the document is created, stored, and transferred [ASSIGNED] in a manner by which (1) a single authoritative copy of the document exists that is unique, identifiable, and, except as otherwise provided in (4), (5), and (6) of this subsection, unalterable; or (B) if the authoritative copy ~~the authoritative copy~~ indicates ~~that that the document~~ the document has been transferred, the person to whom the document was most recently transferred;

(c) ~~A system satisfies (a) of this section, and a person has control of an electronic~~ system satisfies (a) of this section, and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system ~~in SB 252 -14- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ which the electronic copy is recorded (1) enables the person readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

and Enrolled SB 252 -14- (B) transfer control of each authoritative electronic copy.

(g) A person has control of an electronic document of title if another person, other than the transferor to the person of an interest in the document, ~~SB0252A -15- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) has control of the document and acknowledges that it has control on behalf of the person;

-15- Enrolled SB 252 * Sec.

~~SB 252 -16- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (i) A controllable account, controllable electronic record, or controllable payment intangible is not a financial asset unless AS 45.08.102(a)(10)(C) applies.

(2) ~~the these securities intermediary has~~ securities agreed that the securities intermediary ~~intermediary has agreed that the securities intermediary~~ will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder;

or (3) another person, other than the transferor to the purchaser of an interest in the security entitlement, Enrolled SB 252 -16- (A) has control of the security entitlement and [ON BEHALF OF THE PURCHASER OR, HAVING PREVIOUSLY ACQUIRED CONTROL OF THE SECURITY ENTITLEMENT,] acknowledges that it has control on behalf of the purchaser;

(b) The local law of the securities intermediary's jurisdiction, as specified in (d) [(e)] of this section, governs (1) acquisition ~~of a security~~ a security entitlement from ~~the these securities~~ securities intermediary;

~~SB0252A -17- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (3) whether the securities intermediary owes a duty to an adverse claimant to a security entitlement;

-17- Enrolled SB 252 (b) A [IN ADDITION TO ACQUIRING THE RIGHTS OF A PURCHASER, A] protected purchaser also acquires the interest in the security free of any adverse claim.

~~SB 252 -18- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ * Sec.

(27) ~~"hybrid"~~ "hybrid lease" lease" means a single transaction ~~single transaction~~ involving a lease ~~lease of goods of goods~~ and (A) the provision of services;

Enrolled SB 252 -18- * Sec.

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

or ~~SB0252A -19- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (3) a reasonable lease term.

and -19- Enrolled SB 252 (2) by evidence of consistent additional terms unless the court finds the record [WRITING] to have been intended also as a complete and exclusive statement of the terms of the agreement.

~~SB 252 -20- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ * Sec.

(1) ~~"payment"~~ "payment order" means an instruction of a sender to a receiving bank, ~~order" means an instruction of a sender to a receiving bank~~, transmitted orally or in a record [, ELECTRONICALLY, OR IN WRITING], to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if (A) the instruction does not state a condition to payment to the beneficiary other than time of payment;

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

and (C) the instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system Enrolled SB 252 -20- for transmittal to the receiving bank;

and (2) the bank proves that it accepted the payment order in good faith and in compliance with the bank's obligations under the security procedure and any [WRITTEN] agreement or instruction of the customer, evidenced by a record, ~~SB0252A -21- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ restricting acceptance of payment orders issued in the name of the customer;

A security procedure is considered to -21- Enrolled SB 252 be commercially reasonable if (1) the security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer;

(2) the receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person (A) entrusted at any time with duties to act for the customer ~~SB 252 -22- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ with respect to payment orders or the security procedure;

or (B) ~~who who obtained~~ obtained access ~~to to transmitting~~ transmitting facilities ~~of of the customer the customer~~ or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault;

Enrolled SB 252 -22- (1) if the originator is a bank, the originator is obliged to pay its order;

the receiving bank does not need to determine whether the ~~SB0252A -23- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ name and number refer to the same person or whether the number refers to a bank;

the receiving bank satisfies the burden of proof if it proves that the sender, before the payment order was accepted, signed a record -23- Enrolled SB 252 [WRITING] stating the information to which the notice relates;

A notice of rejection does not need to use particular words and is sufficient ~~if if it~~ it indicates that the receiving bank is rejecting the order or will not execute or pay the order.

If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, means ~~SB 252 -24- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (1) complying with the agreement are reasonable;

Enrolled SB 252 -24- (c) In addition to ~~the the amounts~~ amounts payable under (a) and payable (b) of this under (a) and (b) of this section, damages, including consequential damages, are recoverable to the extent provided in an express [WRITTEN] agreement of the receiving bank, evidenced by a record.

(d) If ~~a are receiving receiving bank fails bank to execute a payment fails order it to execute a payment order it~~ was obliged by express agreement to execute, the receiving bank is liable to the sender for its expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute.

~~SB0252A -25- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (ii) for services rendered or to be rendered;

-25- Enrolled SB 252 (B) includes controllable accounts and health care insurance receivables;

(3) "account debtor" means a person obligated on an account, chattel paper, or general intangible, except that "account debtor" does not include persons obligated to pay a negotiable instrument even if the negotiable instrument evidences ~~SB 252 -26- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ [CONSTITUTES PART OF] chattel paper;

(15) "chattel paper" (A) means (i) a right to payment of a monetary obligation secured Enrolled SB 252 -26- by specific goods, if the right to payment and security agreement are evidenced by a record;

(B) does not include a right to payment arising out of a charter ~~or or other contract involving the use or hire of a vessel or a right to payment arising other contract involving the use or hire of a vessel or 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;

(51) "general intangible" means personal property, including [PAYMENT INTANGIBLES, SOFTWARE, AND] things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and, ~~SB0252A -27- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ before extraction, oil, gas, or other minerals;

-27- Enrolled SB 252 * Sec.

(B) includes a person to which a security interest has been ~~SB 252 -28- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ transferred by a secured party;

(109) "controllable electronic record" has the meaning given in Enrolled SB 252 -28- AS 45.36.102;

~~SB0252A -29- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0204\N~~ (2) the debtor, secured party, and bank have agreed in a signed [AN AUTHENTICATED] record that the bank will comply with

instructions originated by

~~the secured party directing disposition of the funds in the deposit account without further secured party directing disposition of the funds in the deposit account without further~~ consent by the debtor;

-29- Enrolled SB 252 Sec.

(a) A purchaser has control of an authoritative electronic copy of a record

~~evidencing evidencing chattel paper if a system~~ ~~chattel employed for evidencing the assignment~~ ~~paper of interests if a system employed for evidencing the assignment of interests~~ in the chattel paper reliably establishes the purchaser as the person to which the authoritative electronic copy was assigned.

and ~~SB 252 -30- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (6) any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

(c) A system satisfies (a) of this section, and a purchaser has control of an authoritative electronic copy of a record evidencing chattel paper, if the electronic copy,

~~a record attached to or logically associated with the electronic copy, or a system in which~~ ~~record attached to or logically associated with the electronic copy, or a system in which~~ the electronic copy is recorded (1) enables the purchaser readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

and (3) gives the purchaser exclusive power, subject to (d) of this section, to (A) prevent others from adding or changing an identified Enrolled SB 252 -30- assignee of the authoritative electronic copy;

or ~~SB0252A -31- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (B) is the transferor to the purchaser of an interest in the chattel paper.

(a) A person has control of electronic money if -31- Enrolled SB 252 (1) the electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded gives the person (A) power to avail itself of substantially all the benefit from the electronic money;

~~SB 252 -32- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (b) Subject to (c) of this section, a power is exclusive under (a)(1)(B)(i) and (ii) of this section even if (1) the electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded limits the use of the electronic money or has a protocol programmed to cause a change, including a transfer or loss of control;

or (B) is the transferor to the person of an interest in the electronic Enrolled SB 252 -32- money.

(a) ~~SB0252A -33- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ A person that has control under AS 45.29.104, 45.29.105, or 45.29.111 is not required to acknowledge that it has control on behalf of another person.

(A) the debtor has signed [AUTHENTICATED] a security agreement ~~that that provides~~ ~~provides~~ a description ~~of of the collateral~~ ~~the and, collateral if the security and, interest if~~ ~~-33- the~~ Enrolled security SB interest 252 covers timber to be cut, a description of the land concerned;

or (E) the collateral is chattel paper and the secured party has possession and control under AS 45.29.345 under the debtor's security ~~SB 252 -34- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ agreement.

or (3) under an after-acquired property clause to property that is proceeds Enrolled SB 252 -34- of consumer goods or a commercial tort claim.

(c) Except as otherwise provided in (d) of this section, a secured party having possession of collateral or control of collateral under AS 45.07.116, AS 45.29.104, 45.29.105, 45.29.106, [OR] 45.29.107, 45.29.111, or 45.29.112 (1) ~~may may hold as additional security any proceeds, except money or funds, hold as additional security any proceeds, except money or funds,~~ received from the collateral;

(b) Within 10 days after receiving a signed [AN AUTHENTICATED] demand by the debtor, a secured party (1) having control of a deposit account under AS 45.29.104(a)(2) shall send to the bank with which the deposit account is maintained a signed record [AN AUTHENTICATED STATEMENT] that releases the bank from further obligation to ~~SB0252A -35- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ comply with instructions originated by the secured party;

(B) IF THE DEBTOR DESIGNATES A CUSTODIAN THAT IS THE DESIGNATED CUSTODIAN WITH WHICH THE -35- Enrolled SB 252 AUTHORIZATIVE COPY OF THE ELECTRONIC CHATTEL PAPER IS MAINTAINED FOR THE SECURED PARTY, COMMUNICATE TO THE CUSTODIAN AN AUTHENTICATED RECORD RELEASING THE DESIGNATED CUSTODIAN FROM FURTHER OBLIGATION TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED PARTY AND INSTRUCTING THE CUSTODIAN TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE DEBTOR;

(4) having control of investment property under AS 45.08.106(d)(2) or AS 45.29.106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained a signed [AN AUTHENTICATED] record that releases the securities intermediary or ~~SB 252 -36- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ commodity intermediary from further obligation to comply with entitlement orders or directions originated by the secured party;

and (8) having control under AS 45.36.105 of a controllable electronic record, other than a buyer of a controllable account or controllable payment Enrolled SB 252 -36- intangible evidenced by the

controllable electronic record, shall transfer control of the controllable electronic record to the debtor or a person designated by the debtor [OF AN ELECTRONIC DOCUMENT SHALL (A) GIVE CONTROL OF THE ELECTRONIC DOCUMENT TO THE DEBTOR OR ITS DESIGNATED CUSTODIAN;

AND (C) TAKE APPROPRIATE ACTION TO ENABLE THE DEBTOR OR ITS DESIGNATED CUSTODIAN TO MAKE COPIES OF OR ~~SB0252A -37- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ REVISIONS TO THE AUTHORITATIVE COPY THAT ADD OR CHANGE AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY WITHOUT THE CONSENT OF THE SECURED PARTY].

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

-37- Enrolled SB 252 (3) "request regarding a list of collateral" means a record signed [AUTHENTICATED] by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request;

(b) Subject to (c) - (f) of this section, a secured party, other than a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall comply with a request within 14 days after receipt (1) in the case of a request for an accounting, by signing ~~SB 252 -38- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ [AUTHENTICATING] and sending to the debtor an accounting;

and (2) if known to the recipient, providing the name and mailing address of Enrolled SB 252 -38- an assignee of or successor to the recipient's interest in the collateral.

(e) A person who receives a request for an accounting or a request regarding a statement of account, who claims no interest in the obligations when the person receives ~~the request, and who request, claimed an interest in the obligations at an earlier time shall comply~~ who claimed an interest in the obligations at an earlier time shall comply with the request within 14 days after receipt by sending to the debtor a signed [AN AUTHENTICATED] record (1) disclaiming interest in the obligations;

~~Except~~ Except as otherwise provided in AS 45.29.303 -

~~-45.29.306 and 45.29.344, the following~~ 45.29.306 and 45.29.344, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

~~SB0252A -39- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral;

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

(4) the local law of the jurisdiction in which the wellhead or minehead -39- Enrolled SB 252 is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

(2) if (1) of this subsection does not apply and an agreement between ~~SB 252 -40- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the bank's jurisdiction;

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

(1) while a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the Enrolled SB 252 -40- priority of a security interest in the certificated security represented by the security certificate;

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

(5) the rules specified in (2) - (4) of this subsection apply even if the ~~SB0252A -41- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ transaction does not bear any relation to the jurisdiction.

(4) if (1), (2), or (3) of this subsection does not apply, the commodity -41- Enrolled SB 252 intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the commodity customer's account is located;

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

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

(k) This section applies only for purposes of AS 45.29.301 - 45.29.346 ~~SB 252 -42- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ [AS 45.29.301 - 45.29.342].

Enrolled SB 252 -42- (9) in chattel ~~paper~~ paper that is perfected ~~by possession~~ by possession and control under AS 45.29.345;

(b) Except as otherwise provided in AS 45.29.315(c) and (d) for proceeds, (1) a security interest in a deposit account may be perfected only by ~~SB0252A -43- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ control under AS 45.29.314;

A secured party may perfect a security interest in certificated securities by taking delivery of the certificated ~~-43- Enrolled SB 252~~ securities under AS 45.08.301.

(c) ~~With respect to collateral other than certificated securities and goods~~ respect collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when the person (1) in possession signs [AUTHENTICATES] a record acknowledging that the person holds possession of the collateral for the secured party's benefit;

~~SB 252 -44- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (d) If perfection of a security interest depends on [UPON] possession of the collateral by a secured party, perfection occurs not [NO] earlier than the time the secured party takes possession and continues only while the secured party retains possession.

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

(c) A security interest in investment property is perfected by control under Enrolled SB 252 -44- AS 45.29.106 not earlier than [FROM] the time the secured party obtains control and remains perfected by control until (1) the secured party does not have control;

(a) A security interest perfected under the law of the jurisdiction designated in ~~SB0252A -45- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ AS 45.29.301(1), [OR] 45.29.305(c), 45.29.343(d), or 45.29.344(b) remains perfected until the earliest of (1) the time perfection would have ceased under the law of that jurisdiction;

or (2) the expiration of four months after a change of the applicable ~~-45- Enrolled SB 252~~ jurisdiction to another jurisdiction.

(d) Subject to (f) - (i) of this section, a [A] licensee of a general intangible or a buyer, other than a secured party, of collateral other than electronic money [TANGIBLE CHATTEL PAPER, TANGIBLE DOCUMENTS], goods, instruments, ~~SB 252 -46- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ tangible documents, 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.

(f) A buyer, other than a secured party, of chattel paper takes free of a security ~~interest if, without knowledge of the security interest and before it is perfected, the buyer~~ interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and (1) receives delivery of each authoritative tangible copy of the record evidencing the chattel paper;

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

~~(i) Enrolled ASB buyer, 252 other-46- than (i)~~ (i) Enrolled ASB buyer, 252 other-46- than (i) ~~a buyer, other than a secured party, of a controllable account or a controllable~~ a buyer, other than a secured party, of a controllable account or a controllable payment intangible takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable account or controllable payment intangible.

(f) The provisions of (a) - (e) of this section are subject to ~~SB0252A -47- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) the provisions of (g) of this section and the other provisions

of AS 45.29.301 - 45.29.346 [AS 45.29.301 - 45.29.342];

(f) Except as otherwise provided in (g) of this section, a lessee of goods [, OTHER THAN A LESSEE IN ORDINARY COURSE OF BUSINESS,] takes the leasehold interest free of a security interest to the extent that it secures advances made after the earlier of -47- Enrolled SB 252 (1) the time the secured party acquires knowledge of the lease;

(b) Subject to (c) of this section and except as otherwise provided in (g) of this section, a perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper if so provided in AS 45.29.330, and, except as otherwise provided in AS 45.29.327, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer if ~~SB 252 -48- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) the purchase money security interest is perfected when the debtor receives possession of the inventory;

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

(3) ~~the holder~~ holder of the of the conflicting security interest receives ~~the~~ notification notification Enrolled SB 252 -48- within six months before the debtor receives possession of the livestock;

~~SB0252A -49- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ 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.

(a) ~~A purchaser~~ purchaser of chattel paper has priority over a security interest ~~in the chattel~~ the chattel paper that is claimed merely as proceeds of inventory subject to a security interest if (1) in good faith and in the ordinary course of the purchaser's business, the purchaser gives new value, [AND] takes possession of each authoritative tangible copy of the record evidencing the chattel paper, and [OR] obtains control under AS 45.29.105 of each authoritative electronic copy of the record evidencing [OF] the chattel paper [UNDER AS 45.29.105];

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

-49- Enrolled SB 252 * Sec.

~~SB 252 -50- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (a) This ~~chapter~~ chapter ~~does not limit the rights of a holder in due course of a negotiable~~ rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, [OR] a protected purchaser of a security, or a qualifying purchaser of a controllable account, controllable electronic record, or controllable payment intangible.

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

(f) A security interest in fixtures, whether or not perfected, has priority over a Enrolled SB 252 -50- conflicting interest of an encumbrancer or owner of the real property if (1) the encumbrancer or owner has, in a signed [AN AUTHENTICATED] record, consented to the security interest or disclaimed an interest in the goods as fixtures;

or (2) the debtor has a right to remove the goods as against the ~~SB0252A -51- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ encumbrancer or owner.

(a) Except as provided in (d) of this section, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the chattel paper, even if the -51- Enrolled SB 252 transaction does not bear any relation to the chattel paper's jurisdiction.

(1) if the authoritative electronic copy of the record evidencing chattel ~~paper, paper, or a~~ paper, paper, or a record attached ~~to or logically or logically~~ the electronic ~~electronic~~ copy and ~~SB 252 -52- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ readily available for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction for purposes of AS 45.29.301 - 45.29.346, this chapter, or the code, that jurisdiction is the chattel paper's jurisdiction;

(c) If an authoritative tangible copy of a record evidences chattel paper and the ~~chattel chattel paper is not evidenced by an~~ paper authoritative electronic copy, is while the not evidenced by an authoritative electronic copy, while the authoritative tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local law of that jurisdiction governs (1) perfection of a security interest in the chattel paper by possession under AS 45.29.345;

Enrolled SB 252 -52- (d) The local law of the jurisdiction in which the debtor is located governs perfection of a security interest in chattel paper by filing.

Law governing perfection and priority of security interests in controllable accounts, controllable electronic records, and controllable ~~SB0252A payment -53- intangibles.~~ (a) Except as SB provided in (b) of this section, the local law of the controllable 252 electronic New record's Text jurisdiction Underlined specified [DELETED in TEXT AS BRACKETED] 45.36.107(c) 34-LS0294\N and (d) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a controllable electronic record and a security interest in a controllable account or controllable payment intangibles. intangible evidenced by the controllable electronic record.

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

(a) A secured party may perfect a security interest in chattel paper by taking possession of each authoritative ~~tangible~~ tangible copy of the record copy of the record evidencing ~~the the~~ chattel chattel paper and obtaining control of each authoritative electronic copy of the electronic record evidencing the chattel paper.

A security ~~interest~~ interest in a controllable in account, controllable a electronic record, or controllable payment controllable account, controllable electronic record, or controllable payment intangible held by a secured party having control of the account, electronic record, or payment intangible has priority over a conflicting security interest held by a secured party that does not have control.

-53- Enrolled SB 252 (a) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to (b) - (e) of this section, the rights of an assignee are subject to ~~SB 252 -54- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) all terms of the agreement between the account debtor and assignor and a defense or claim in recoupment arising from the transaction that gave rise to the contract;

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

or (C) ~~the the account debtor knows that the assignment to that assignee~~ account Enrolled debtor SB knows 252 that -54- the assignment to that assignee is limited.

(c) Subject to (h) and (l) of this section, if requested by the account debtor, an ~~SB0252A -55- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ assignee shall seasonably furnish reasonable proof that the assignment has been made.

Unless the assignee complies, ~~the the account~~ account debtor may ~~discharge~~ discharge its obligation by by paying the assignor even if the account debtor has received a notification under (a) of this section.

or -55- Enrolled SB 252 (2) provides that the assignment, transfer, creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under ~~SB 252 -56- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ the account or chattel paper.

(a) Except as otherwise provided in (b) and (f) of this section, a term in a promissory note or in an agreement between an account debtor and a debtor that relates to a health care insurance receivable or a general intangible, including a contract, permit, ~~health care insurance receivable or a general intangible, including a contract, permit,~~ license, or franchise, and that prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to the assignment or transfer of, or creation, attachment, or perfection of a security interest in the promissory note, health care insurance receivable, or general intangible is ineffective to the extent that the term (1) would impair the creation, attachment, or perfection of a security interest;

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

Enrolled SB 252 -56- * Sec.

(c) Except as otherwise provided in (f) of this section, a [A] rule of law, ~~SB0252A -57- SB 252 New Text~~

~~Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ statute, or regulation that prohibits, restricts, or requires the consent of a government, a governmental body or official, a person obligated on a promissory note, or an account debtor to the assignment or transfer of or creation of a security interest in a promissory note, health care insurance receivable, or general intangible, including a contract, permit, license, or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or regulation (1) would impair the creation, attachment, or perfection of a security interest;

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

(b) By signing [AUTHENTICATING] or becoming bound as debtor by a ~~-57- Enrolled SB 252~~ security agreement, a debtor or new debtor authorizes the filing of an initial financing statement and an amendment covering ~~SB 252 -58- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) the collateral described in the security agreement;

(b) To comply with (a) of this section, a secured party shall cause the secured party of record to file the termination statement (1) ~~within one month after there is no obligation secured by the collateral~~ within one month after there is no obligation secured covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

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

~~Enrolled SB 252 -58-~~ (b) A secured party in possession of collateral or control of collateral under AS 45.07.116, AS 45.29.104, 45.29.105, 45.29.106, [OR] 45.29.107, 45.29.111, or ~~SB0252A -50- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ 45.29.112 has the rights and duties provided in AS 45.29.207.

(b) A secured party owes a duty based on its status as a secured party to a person ~~if, at the time the secured party obtains control of collateral that is a controllable account, the time the secured party obtains control of collateral that is a controllable account,~~ controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later, (1) the person is a debtor or obligor;

(1) a secured party shall pay or pay over for application the cash proceeds of collection or enforcement under AS 45.29.607 in the following order to (A) the reasonable expenses of collection and enforcement and, ~~-59- Enrolled SB 252~~ to the extent provided for by agreement and not prohibited by law, reasonable attorney fees and legal expenses incurred by the secured party;

~~SB 252 -60- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (B) ~~the satisfaction~~ satisfaction of obligations secured by ~~the security~~ security interest or agricultural lien under which the collection or enforcement is made;

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

(c) To comply with (b) of this section, the secured party shall send a signed [AN AUTHENTICATED] notification of disposition to ~~SB0252A Enrolled -61- SB 252 New -60- Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) the debtor;

~~SB -61- 252 Enrolled -62- SB SB0252A 252- New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ Sec.

(Name of each debtor) ~~SB0252A -63- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (2) We will sell (describe collateral) (to the highest qualified bidder) at public sale.

The sale ~~Enrolled SB 252 -62-~~ will be held as follows:

~~SB 252 -64- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ * Sec.

Contents and form of notification before disposition of ~~-63- Enrolled SB 252~~ collateral in consumer goods transaction.

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

~~SB0252A -65- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (2) We will sell (describe collateral) at private sale sometime after (date).

(3) The money that we get from the sale, after paying our costs, will ~~Enrolled SB 252 -64-~~ reduce the amount you owe.

~~To learn the~~ learn the exact amount you must pay, call us at (telephone number).

(Names of all other debtors and obligors, if any) ~~SB 252 -66- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ [End of Form] (4) a notification in the form set out in (3) of this subsection is sufficient even if additional information appears at the end of the form;

(5) a notification in the form set out in (3) of this subsection is sufficient -65- Enrolled SB 252 even if it includes errors in information not required by (1) of this subsection unless the error is misleading with respect to rights arising under this chapter;

(7) include and complete item (8) of the form only if a written ~~SB0252A -67- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ explanation is included in item (5) of the form as a method for communicating the explanation and the sender will charge the recipient for another written explanation; in addition, the sender may Enrolled SB 252 -66- include and complete the additional method of communication, electronic communication, for the recipient of the notification to communicate with the sender;

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

(a) In this section, ~~SB 252 -68- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) "explanation" means a record [WRITING] that (A) states the amount of the surplus or deficiency;

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

-67- Enrolled SB 252 (C) states, if applicable, that future debits, credits, charges, including additional credit ~~service service charges charges or interest, or rebates, and interest, rebates, and~~ expenses may affect the amount of the surplus or deficiency;

(1) the aggregate amount of obligations secured by the security interest ~~SB0252A -69- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ under which the disposition was made, and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date (A) if the secured party takes or receives possession of the Enrolled SB 252 -68- collateral after default, not more than 35 days before the secured party takes or receives possession;

(a) In this section, "transfer statement" means a record signed [AUTHENTICATED] by a secured party stating (1) ~~that that the debtor has defaulted in connection with the an obligation secured debtor has defaulted in connection with an obligation secured~~ by specified collateral;

~~SB 252 -70- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ * Sec.

-69- Enrolled SB 252 (2) the secured party does not receive, within the time set out in (d) of this section, a notification of objection to the proposal signed [AUTHENTICATED] by (A) a person to which the secured party was required to send a proposal under AS 45.29.621;

and (2) in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record signed [AUTHENTICATED] after default or the secured party ~~SB0252A -71- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (A) sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

and (C) does not receive a notification of objection signed Enrolled SB 252 -70- [AUTHENTICATED] by the debtor within 20 days after the proposal is sent.

~~SB 252 -72- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ Sec.

-71- Enrolled SB 252 (c) Except in a consumer goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under AS 45.29.623 only by an agreement to that effect entered into and signed [AUTHENTICATED] after default.

~~SB0252A -73- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (f) Subsections (a) and (b) of this section do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment ~~intangible intangible or~~ or at the ~~time time the security the security~~ interest attaches ~~to to the the~~ collateral, whichever is later, (1) the person is a debtor or obligor; and (2) the secured party knows that the information specified in (b)(1)(A), (B), or (C) of this section relating to the person is not provided by the collateral, a record Enrolled SB 252 -72- attached to or logically associated with the collateral, or the system in which the collateral is recorded.

(a) On or after July 1, 2001, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective date financing statement only in accordance with the law of the jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.346 ~~SB 252 -74- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ [AS 45.29.301 - 45.29.342].

(d) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective date financing statement filed in this state may be terminated on or after July 1, 2001, by filing a termination statement in the office in which the pre-effective date financing statement is filed, unless an initial financing -73- Enrolled SB 252 statement that satisfies AS 45.29.706(c) has been filed in the office specified by the law of the jurisdiction governing perfection as provided in AS 45.29.301 - 45.29.346 [AS 45.29.301 - 45.29.342] as the office in which to file a financing statement.

~~SB0252A -75- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (8) "investment property"

has the meaning given in AS 45.29.102(a);

(9) "qualifying purchaser" means purchaser of a controllable electronic record or an interest in a controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record;

Enrolled SB 252 -74- (11) "value" has the meaning given in AS 45.03.303(a), as if references in that subsection to an "instrument" were references to a controllable account, controllable electronic record, or controllable payment intangible.

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

(b) To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains ~~SB 252 -76- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.

(e) A qualifying purchaser acquires its rights in the controllable electronic -75- Enrolled SB 252 record free of a claim of a property right in the controllable electronic record.

(g) An action may not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim ~~of a property right in another controllable electronic record, whether the action~~ is framed in conversion, replevin, constructive trust, equitable lien, or other theory.

and (B) exclusive power, subject to (b) of this section, to (i) prevent others from availing themselves of ~~SB0252A -77- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ substantially all the benefit from the electronic record;

(b) Subject to (c) of this section, a power is exclusive under (a)(1)(B)(i) and (ii) of this section even if (1) the controllable electronic record, a record attached to or logically Enrolled SB 252 -76- associated with the electronic record, or a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record;

or (B) ~~is the transfer to the person of an interest in the controllable~~ transfer to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record.

(e) A person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record ~~SB 252 -78- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) has control of the electronic record and acknowledges that it has control on behalf of the person;

-77- Enrolled SB 252 Sec.

(b) Subject to (d) of this section, the account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that (1) is ~~signed by a person~~ signed by a person that formerly had control ~~or the person to which control was transferred;~~

~~SB0252A -79- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (c) After receipt of a notification that complies with (b) of this section, the account debtor may discharge its obligation by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

(d) Subject to (h) of this section, notification is ineffective under (b) of this section (1) unless, before the notification is sent, the account debtor and the person that, at that time, had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in a signed record to a commercially reasonable method by which a person may furnish reasonable proof that Enrolled SB 252 -78- control has been transferred;

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

Unless the person complies with the request, the account debtor may discharge its obligation by paying ~~a person~~ that formerly had control, even if the account debtor has received a notification under (b) of this section.

(f) A person furnishes reasonable proof under (e) of this section that control has been transferred if the person demonstrates, using the method in the agreement referred to in (d)(1) of this section, that the transferee has the power to ~~SB 252 -80- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (1) avail itself of substantially all the benefit from the controllable electronic record;

(h) This section is subject to law other than this chapter that establishes a -79- Enrolled SB 252 different rule for an account ~~debtor~~~~debtorwho~~ who is an individual and ~~who~~~~who~~incurred ~~incurred~~~~the obligation~~ the obligation primarily for personal, family, or household purposes.

~~SB0252A -81- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ (3) if (1) and (2) of this subsection do not apply and the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that the controllable electronic record is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction;

Enrolled SB 252 -80- (5) if (1) - (4) of this subsection do not apply, the controllable electronic record's jurisdiction is the District of Columbia.

Except as provided in AS 45.36.204 - 45.36.209, a transaction validly entered into before the effective date of this Act and ~~SB 252 -82- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than the code or, if applicable, the code, as though secs.

(a) Except as provided in AS 45.36.204 - 45.36.209, AS 45.29, as that chapter read on the effective ~~date~~~~date of~~ of this Act, and this chapter apply ~~to~~~~to a~~ a transaction, lien, ~~or~~~~or other interest~~ other in property, ~~interest in property~~, even if the transaction, lien, or interest was entered into, created, or acquired before the effective date of this Act.

(b) Except as provided in (c) of this section and AS 45.36.205 - 45.36.209, -81- Enrolled SB 252 (1) a transaction, lien, or interest in property that was validly entered into, created, or transferred before the effective date of this Act and was not governed by the code, but would be subject to AS 45.29, as that chapter read on the effective date of this Act, or this chapter if it had been entered into, created, or transferred on or after the effective date of this Act, including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after the effective date of this Act;

150, ~~SB0252A -83- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ and secs.

151 - 188 of this Act are not satisfied on the effective date of this Act, the security interest (1) is a perfected security interest until the earlier of the time perfection would have ceased under the law in effect immediately before the effective date or the Enrolled SB 252 -82- date one year after the effective date of this Act;

147, AS ~~45.29.408(g)~~, 45.29.408(g), enacted ~~enacted by sec. by sec.~~ by sec.

~~150, 150, and and~~ secs.

151 ~~-188~~ 188 ~~of this of this~~ Act ~~are are~~ satisfied ~~satisfied~~ before the time specified in (1) of this subsection.

~~Sec. Sec. 45.36.206. Security interest unperfected before effective date. A security interest that is enforceable immediately before the effective date of this Act but is unperfected at that time (1) remains an enforceable security interest until the date one year after the effective date of this Act; 45.36.206.~~

~~Security interest unperfected before effective date.~~

~~A security interest that is enforceable immediately before the effective date of this Act but is unperfected at that time (1) remains an enforceable security interest until the date one year after the effective date of this Act;~~

146, AS 45.29.406(l) ~~SB 252 -84- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ and (m), enacted by sec.

151 - 188 of this Act before the date one year after the effective date of this -83- Enrolled SB 252 Act.

(b) Subject to (c) of this section, if the priorities of claims to collateral were ~~SB0252A -85- SB 252 New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ established before the effective date of this Act, AS 45.29, as that chapter read before the effective date of this Act, determines priority.

(a) Subject to (b) and (c) of this section, this chapter determines the priority of conflicting claims to controllable accounts, controllable electronic records, or Enrolled SB 252 -84- controllable payment intangibles when the priority rules set out in AS 45.29, as that chapter read on the effective date of this Act, do not apply.

(a) If a contract for sale or lease of consumer goods or services on credit entered into between a retail seller and a retail buyer requires or involves the execution of a promissory note or instrument or other evidence of indebtedness of the buyer, the note, instrument, or evidence of indebtedness shall have printed on its face the words ~~SB 252 -86- SB0252A New Text Underlined [DELETED TEXT BRACKETED] 34-LS0294\N~~ "consumer paper," and the note, instrument, or evidence of indebtedness with the words "consumer paper" printed on it is not a negotiable instrument, within the meaning of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, [AND] AS 45.29, and AS 45.36 (Uniform Commercial Code).

(2) within seven days after receiving the purchased property, the buyer -85- Enrolled SB 252 returns the

purchased property and makes a written request for the refund, credit, or replacement;

~~SB0252A~~Enrolled ~~-87-~~SB 252 ~~New~~-86-~~Text Underlined [DELETED TEXT BRACKETED]~~

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