

## HOUSE BILL No. 2621

By Committee on Judiciary

2-2

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1 AN ACT concerning the uniform commercial code; relating to secured  
2 transactions; amending K.S.A. 2011 Supp. 84-9-102, 84-9-105, 84-9-  
3 307, 84-9-311, 84-9-316, 84-9-317, 84-9-326, 84-9-406, 84-9-408, 84-  
4 9-502, 84-9-503, 84-9-507, 84-9-515, 84-9-516, 84-9-518, 84-9-607  
5 and 84-9-625 and repealing the existing sections.  
6

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

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

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

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

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

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

35 (A) Authenticated by a secured party;

36 (B) indicating the aggregate unpaid secured obligations as of a date

1 not more than 35 days earlier or 35 days later than the date of the record;  
2 and

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

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

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

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

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

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

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

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

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

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

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

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

27 (7) "Authenticate" means:

28 (A) To sign; or

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

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

37 (9) "Cash proceeds" means proceeds that are money, checks, deposit  
38 accounts, or the like.

39 (10) "Certificate of title" means a certificate of title with respect to  
40 which a statute provides for the security interest in question to be indicated  
41 on the certificate as a condition or result of the security interest's obtaining  
42 priority over the rights of a lien creditor with respect to the collateral. *The*  
43 *term includes another record maintained as an alternative to a certificate*

1 *of title by the governmental unit that issues certificates of title if a statute*  
2 *permits the security interest in question to be indicated on the record as a*  
3 *condition or result of the security interest's obtaining priority over the*  
4 *rights of a lien creditor with respect to the collateral.*

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

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

21 (A) Proceeds to which a security interest attaches;

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

24 (C) goods that are the subject of a consignment.

25 (13) "Commercial tort claim" means a claim arising in tort with  
26 respect to which:

27 (A) The claimant is an organization; or

28 (B) the claimant is an individual and the claim:

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

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

32 (14) "Commodity account" means an account maintained by a  
33 commodity intermediary in which a commodity contract is carried for a  
34 commodity customer.

35 (15) "Commodity contract" means a commodity futures contract, an  
36 option on a commodity futures contract, a commodity option, or another  
37 contract if the contract or option is:

38 (A) Traded on or subject to the rules of a board of trade that has been  
39 designated as a contract market for such a contract pursuant to federal  
40 commodities laws; or

41 (B) traded on a foreign commodity board of trade, exchange, or  
42 market, and is carried on the books of a commodity intermediary for a  
43 commodity customer.

1 (16) "Commodity customer" means a person for which a commodity  
2 intermediary carries a commodity contract on its books.

3 (17) "Commodity intermediary" means a person that:

4 (A) Is registered as a futures commission merchant under federal  
5 commodities law; or

6 (B) in the ordinary course of its business provides clearance or  
7 settlement services for a board of trade that has been designated as a  
8 contract market pursuant to federal commodities law.

9 (18) "Communicate" means:

10 (A) To send a written or other tangible record;

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

13 (C) in the case of transmission of a record to or by a filing office, to  
14 transmit a record by any means prescribed by filing-office rule.

15 (19) "Consignee" means a merchant to which goods are delivered in a  
16 consignment.

17 (20) "Consignment" means a transaction, regardless of its form, in  
18 which a person delivers goods to a merchant for the purpose of sale and:  
19 (A) The merchant:

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

22 (ii) is not an auctioneer; and

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

25 (B) with respect to each delivery, the aggregate value of the goods is  
26 \$1,000 or more at the time of delivery;

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

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

31 (21) "Consignor" means a person that delivers goods to a consignee  
32 in a consignment.

33 (22) "Consumer debtor" means a debtor in a consumer transaction.

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

36 (24) "Consumer-goods transaction" means a consumer transaction in  
37 which:

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

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

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

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

6 (27) "Continuation statement" means an amendment of a financing  
7 statement which:

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

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

12 (28) "Debtor" means:

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

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

17 (C) a consignee.

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

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

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

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

28 (33) "Equipment" means goods other than inventory, farm products,  
29 or consumer goods.

30 (34) "Farm products" means goods, other than standing timber, with  
31 respect to which the debtor is engaged in a farming operation and which  
32 are: (A) Crops grown, growing, or to be grown, including:

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

34 (ii) aquatic goods produced in aquacultural operations;

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

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

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

39 (35) "Farming operation" means raising, cultivating, propagating,  
40 fattening, grazing, or any other farming, livestock, or aquacultural  
41 operation.

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

1 amendments thereto.

2 (37) "Filing office" means an office designated in K.S.A. 2011 Supp.  
3 84-9-501, and amendments thereto as the place to file a financing  
4 statement.

5 (38) "Filing-office rule" means a rule adopted pursuant to K.S.A.  
6 2011 Supp. 84-9-526, and amendments thereto.

7 (39) "Financing statement" means a record or records composed of an  
8 initial financing statement and any filed record relating to the initial  
9 financing statement.

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

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

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

23 (43) Reserved.

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

41 (45) "Governmental unit" means a subdivision, agency, department,  
42 county, parish, municipality, or other unit of the government of the United  
43 States, a state, or a foreign country. The term includes an organization

1 having a separate corporate existence if the organization is eligible to issue  
2 debt on which interest is exempt from income taxation under the laws of  
3 the United States.

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

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

18 (48) "Inventory" means goods, other than farm products, which:

19 (A) Are leased by a person as lessor;

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

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

23 (D) consist of raw materials, work in process, or materials used or  
24 consumed in a business.

25 (49) "Investment property" means a security, whether certificated or  
26 uncertificated, security entitlement, securities account, commodity  
27 contract, or commodity account.

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

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

36 (52) "Lien creditor" means:

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

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

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

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

43 (53) "Manufactured home" means a structure, transportable in one or

1 more sections, which, in the traveling mode, is eight body feet or more in  
2 width or 40 body feet or more in length, or, when erected on site, is 320 or  
3 more square feet, and which is built on a permanent chassis and designed  
4 to be used as a dwelling with or without a permanent foundation when  
5 connected to the required utilities, and includes the plumbing, heating, air  
6 conditioning, and electrical systems contained therein. The term includes  
7 any structure that meets all of the requirements of this paragraph except  
8 the size requirements and with respect to which the manufacturer  
9 voluntarily files a certification required by the United States secretary of  
10 housing and urban development and complies with the standards  
11 established under title 42 of the United States code.

12 (54) "Manufactured-home transaction" means a secured transaction:

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

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

17 (55) "Mortgage" means a consensual interest in real property,  
18 including fixtures, which secures payment or performance of an  
19 obligation.

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

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

27 (58) "Noncash proceeds" means proceeds other than cash proceeds.

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

35 (60) "Original debtor" except as used in K.S.A. 2011 Supp. 84-9-  
36 310(c), and amendments thereto, means a person that, as debtor, entered  
37 into a security agreement to which a new debtor has become bound under  
38 ~~subsection (d)~~ of K.S.A. 2011 Supp. 84-9-203(d), and amendments thereto.

39 (61) "Payment intangible" means a general intangible under which  
40 the account debtor's principal obligation is a monetary obligation.

41 (62) "Person related to," with respect to an individual, means:

42 (A) The spouse of the individual;

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



1 (C) an ancestor or lineal descendant of the individual or the  
2 individual's spouse; or

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

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

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

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

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

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

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

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

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

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

22 (C) rights arising out of collateral;

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

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

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

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

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

41 (A) *A record consisting of the record initially filed with or issued by a*  
42 *state or the United States to form or organize an organization and any*  
43 *record filed with or issued by the state or the United States which amends*

1 *or restates the initial record;*

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

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

11 ~~(67)~~ (68) "Pursuant to commitment," with respect to an advance made  
12 or other value given by a secured party, means pursuant to the secured  
13 party's obligation, whether or not a subsequent event of default or other  
14 event not within the secured party's control has relieved or may relieve the  
15 secured party from its obligation.

16 ~~(68)~~ (69) "Record," except as used in "for record," "of record,"  
17 "record or legal title," and "record owner," means information that is  
18 inscribed on a tangible medium or which is stored in an electronic or other  
19 medium and is retrievable in perceivable form.

20 ~~(69)~~ (70) "Registered organization" means an organization *formed or*  
21 *organized solely under the law of a single state or the United States and as*  
22 *to which the state or the United States must maintain a public record*  
23 *showing the organization to have been organized by the filing of a public*  
24 *organic record with, the issuance of a public organic record by, or the*  
25 *enactment of legislation by, the state or the United States. The term*  
26 *includes a business trust that is formed or organized under the law of a*  
27 *single state if a law of the state governing business trusts requires that the*  
28 *business trust's organic record be filed with the state.*

29 ~~(70)~~ (71) "Secondary obligor" means an obligor to the extent that:

30 (A) The obligor's obligation is secondary; or

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

34 ~~(71)~~ (72) "Secured party" means:

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

38 (B) a person that holds an agricultural lien;

39 (C) a consignor;

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

42 (E) a trustee, indenture trustee, agent, collateral agent, or other  
43 representative in whose favor a security interest or agricultural lien is

1 created or provided for; or

2 (F) a person that holds a security interest arising under K.S.A. 84-2-  
3 401, 84-2-505, ~~subsection (3) of 84-2-711(3), subsection (5) of 84-2a-~~  
4 508(5), 84-4-210 and 84-5-118, and amendments thereto.

5 ~~(72)~~ (73) "Security agreement" means an agreement that creates or  
6 provides for a security interest.

7 ~~(73)~~ (74) "Send," in connection with a record or notification, means:

8 (A) To deposit in the mail, deliver for transmission, or transmit by  
9 any other usual means of communication, with postage or cost of  
10 transmission provided for, addressed to any address reasonable under the  
11 circumstances; or

12 (B) to cause the record or notification to be received within the time  
13 that it would have been received if properly sent under subparagraph (A).

14 ~~(74)~~ (75) "Software" means a computer program and any supporting  
15 information provided in connection with a transaction relating to the  
16 program. The term does not include a computer program that is included in  
17 the definition of goods.

18 ~~(75)~~ (76) "State" means a state of the United States, the District of  
19 Columbia, Puerto Rico, the United States Virgin Islands; or any territory or  
20 insular possession subject to the jurisdiction of the United States.

21 ~~(76)~~ (77) "Statutory lien" means liens created by K.S.A. 2-1319, 2-  
22 2608, 2-3007, 34-239, 47-836, 58-201, 58-203, 58-204, 58-207, 58-218,  
23 58-220, 58-221, 58-241, 58-242, 58-2524, 58-2525, 58-2526, 58-2527 and  
24 58-2528, and K.S.A. 2011 Supp. 84-7-209, and amendments thereto.

25 ~~(77)~~ (78) "Supporting obligation" means a letter-of-credit right or  
26 secondary obligation that supports the payment or performance of an  
27 account, chattel paper, a document, a general intangible, an instrument, or  
28 investment property.

29 ~~(78)~~ (79) "Tangible chattel paper" means chattel paper evidenced by a  
30 record or records consisting of information that is inscribed on a tangible  
31 medium.

32 ~~(79)~~ (80) "Termination statement" means an amendment of a  
33 financing statement which:

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

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

38 ~~(80)~~ (81) "Transmitting utility" means a person primarily engaged in  
39 the business of:

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

41 (B) transmitting communications electrically, electromagnetically, or  
42 by light;

43 (C) transmitting goods by pipeline or sewer; or

1	(D) transmitting or producing and transmitting electricity, steam, gas,	
2	or water.	
3	(b) <b>Definitions in other articles.</b> The following definitions in other	
4	articles apply to this article:	
5	"Applicant"	K.S.A. 84-5-102,
6		and amendments thereto
7	"Beneficiary"	K.S.A. 84-5-102,
8		and amendments thereto
9	"Broker"	K.S.A. 84-8-102,
10		and amendments thereto
11	"Certificated security"	K.S.A. 84-8-102,
12		and amendments thereto
13	"Check"	K.S.A. 84-3-104,
14		and amendments thereto
15	"Clearing corporation"	K.S.A. 84-8-102,
16		and amendments thereto
17	"Contract for sale"	K.S.A. 84-2-106,
18		and amendments thereto
19	"Customer"	K.S.A. 84-4-104,
20		and amendments thereto
21	"Entitlement holder"	K.S.A. 84-8-102,
22		and amendments thereto
23	"Financial asset"	K.S.A. 84-8-102,
24		and amendments thereto
25	"Holder in due course"	K.S.A. 84-3-302,
26		and amendments thereto
27	"Issuer" (with respect to a letter	
28	of credit or letter-of-credit	
29	right)	K.S.A. 84-5-102,
30		and amendments thereto
31	"Issuer" (with respect to	
32	a security)	K.S.A. 84-8-102,
33		and amendments thereto
34	"Issuer" (with respect to	
35	documents of title)	K.S.A. 2011 Supp. 84-7-102,
36		and amendments thereto
37	"Lease"	K.S.A. 84-2a-103,
38		and amendments thereto
39	"Lease agreement"	K.S.A. 84-2a-103,
40		and amendments thereto
41	"Lease contract"	K.S.A. 84-2a-103,
42		and amendments thereto
43	"Leasehold interest"	K.S.A. 84-2a-103,

1		and amendments thereto
2	"Lessee"	K.S.A. 84-2a-103,
3		and amendments thereto
4	"Lessee in ordinary	
5	course of business"	K.S.A. 84-2a-103,
6		and amendments thereto
7	"Lessor"	K.S.A. 84-2a-103,
8		and amendments thereto
9	"Lessor's residual interest"	K.S.A. 84-2a-103,
10		and amendments thereto
11	"Letter of credit"	K.S.A. 84-5-102,
12		and amendments thereto
13	"Merchant"	K.S.A. 84-2-104,
14		and amendments thereto
15	"Negotiable instrument"	K.S.A. 84-3-104,
16		and amendments thereto
17	"Nominated person"	K.S.A. 84-5-102,
18		and amendments thereto
19	"Note"	K.S.A. 84-3-104,
20		and amendments thereto
21	"Proceeds of a letter of credit"	K.S.A. 84-5-114,
22		and amendments thereto
23	"Prove"	K.S.A. 84-3-103,
24		and amendments thereto
25	"Sale"	K.S.A. 84-2-106,
26		and amendments thereto
27	"Securities account"	K.S.A. 84-8-501,
28		and amendments thereto
29	"Securities intermediary"	K.S.A. 84-8-102,
30		and amendments thereto
31	"Security"	K.S.A. 84-8-102,
32		and amendments thereto
33	"Security certificate"	K.S.A. 84-8-102,
34		and amendments thereto
35	"Security entitlement"	K.S.A. 84-8-102,
36		and amendments thereto
37	"Uncertificated security"	K.S.A. 84-8-102,
38		and amendments thereto

40 (c) **Article 1 of chapter 84 of the Kansas Statutes Annotated, and**  
 41 **amendments thereto, definitions and principles.** Article 1 of chapter 84  
 42 of the Kansas Statutes Annotated, and amendments thereto, contains  
 43 general definitions and principles of construction and interpretation

1 applicable throughout this article.

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

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

11 (1) A single authoritative copy of the record or records exists which is  
12 unique, identifiable and, except as otherwise provided in paragraphs (4),  
13 (5), and (6), unalterable;

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

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

18 (4) copies or ~~revisions~~ *amendments* that add or change an identified  
19 assignee of the authoritative copy can be made only with the ~~participation~~  
20 *consent* of the secured party;

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

23 (6) any ~~revision~~ *amendment* of the authoritative copy is readily  
24 identifiable as an authorized or unauthorized ~~revision~~.

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

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

30 (1) A debtor who is an individual is located at the individual's  
31 principal residence.

32 (2) A debtor that is an organization and has only one place of  
33 business is located at its place of business.

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

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

1 (d) **Continuation of location: Cessation of existence, etc.** A person  
2 that ceases to exist, have a residence, or have a place of business continues  
3 to be located in the jurisdiction specified by subsections (b) and (c).

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

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

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

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

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

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

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

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

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

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

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

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

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

1 to:

2 (1) A statute, regulation, or treaty of the United States whose  
3 requirements for a security interest's obtaining priority over the rights of a  
4 lien creditor with respect to the property preempt K.S.A. 2011 Supp. 84-9-  
5 310(a), and amendments thereto;

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

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

20 (b) **Compliance with other law.** Compliance with the requirements  
21 of a statute, regulation, or treaty described in subsection (a) for obtaining  
22 priority over the rights of a lien creditor is equivalent to the filing of a  
23 financing statement under this article. Except as otherwise provided in  
24 subsection (d) and K.S.A. 2011 Supp. 84-9-313 and 84-9-316(d) and (e),  
25 and amendments thereto, for goods covered by a certificate of title, a  
26 security interest in property subject to a statute, regulation, or treaty  
27 described in subsection (a) may be perfected only by compliance with  
28 those requirements, and a security interest so perfected remains perfected  
29 notwithstanding a change in the use or transfer of possession of the  
30 collateral.

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

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

43 Sec. 5. K.S.A. 2011 Supp. 84-9-316 is hereby amended to read as



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

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

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

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

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

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

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

25 (2) thereafter the collateral is brought into another jurisdiction; and

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

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

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

42 (1) The time the security interest would have become unperfected  
43 under the law of the other jurisdiction had the goods not become covered

1 by a certificate of title from this state; or

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

4 (f) **Change in jurisdiction of bank, issuer, nominated person,**  
5 **securities intermediary, or commodity intermediary.** A security interest  
6 in deposit accounts, letter-of-credit rights; or investment property which is  
7 perfected under the law of the bank's jurisdiction, the issuer's jurisdiction,  
8 a nominated person's jurisdiction, the securities intermediary's jurisdiction,  
9 or the commodity intermediary's jurisdiction, as applicable, remains  
10 perfected until the earlier of:

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

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

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

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

27 (1) *A financing statement filed before the change pursuant to law of*  
28 *the jurisdiction designated in K.S.A. 2011 Supp. 84-9-301(1) or 84-9-*  
29 *305(c), and amendments thereto, is effective to perfect a security interest*  
30 *in the collateral if the financing statement would have been effective to*  
31 *perfect a security interest in the collateral had the debtor not changed its*  
32 *location.*

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

43 (i) **Effect of change in governing law on financing statement filed**

1 **against original debtor.** *If a financing statement naming an original*  
2 *debtor is filed pursuant to the law of the jurisdiction designated in K.S.A.*  
3 *2011 Supp. 84-9-301(1) or 84-9-305(c), and amendments thereto, and the*  
4 *new debtor is located in another jurisdiction, the following rules apply:*

5 (1) *The financing statement is effective to perfect a security interest*  
6 *in collateral acquired by the new debtor before, and within four months*  
7 *after, the new debtor becomes bound under K.S.A. 2011 Supp. 84-9-*  
8 *203(d), and amendments thereto, if the financing statement would have*  
9 *been effective to perfect a security interest in the collateral had the*  
10 *collateral been acquired by the original debtor.*

11 (2) *A security interest perfected by the financing statement and which*  
12 *becomes perfected under the law of the other jurisdiction before the*  
13 *earlier of the time the financing statement would have become ineffective*  
14 *under the law of the jurisdiction designated in K.S.A. 2011 Supp. 84-9-*  
15 *301(1) or 84-9-305(c), and amendments thereto, or the expiration of the*  
16 *four-month period remains perfected thereafter. A security interest that is*  
17 *perfected by the financing statement but which does not become perfected*  
18 *under the law of the other jurisdiction before the earlier time or event*  
19 *becomes unperfected and is deemed never to have been perfected as*  
20 *against a purchaser of the collateral for value.*

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

25 (1) A person entitled to priority under K.S.A. 2011 Supp. 84-9-322,  
26 and amendments thereto; and

27 (2) except as otherwise provided in subsection (e), a person that  
28 becomes a lien creditor before the earlier of the time:

29 (A) The security interest or agricultural lien is perfected; or

30 (B) on the conditions specified in K.S.A. 2011 Supp. 84-9-203(b)(3),  
31 and amendments thereto, is met and a financing statement covering the  
32 collateral is filed.

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

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

1 and before it is perfected.

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

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

16 Sec. 7. K.S.A. 2011 Supp. 84-9-326 is hereby amended to read as  
17 follows: 84-9-326. (a) **Subordination of security interest created by new**  
18 **debtor.** Subject to subsection (b), a security interest *that is* created by a  
19 new debtor ~~which is in collateral in which the new debtor has or acquires~~  
20 ~~rights and is perfected solely~~ by a filed financing statement ~~that is effective~~  
21 ~~solely under K.S.A. 2011 Supp. 84-9-508 and amendments thereto, in~~  
22 ~~collateral in which a new debtor has or acquires rights would be ineffective~~  
23 ~~to perfect the security interest but for the application of K.S.A. 2011 Supp.~~  
24 ~~84-9-316(i)(1) or 84-9-508, and amendments thereto,~~ is subordinate to a  
25 security interest in the same collateral which is perfected other than by  
26 *such* a filed financing statement ~~that is effective solely under K.S.A. 2011~~  
27 ~~Supp. 84-9-508 and amendments thereto.~~

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

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

1 payment is to be made to the assignee. After receipt of the notification, the  
2 account debtor may discharge the account debtor's obligation by paying  
3 the assignee and may not discharge the obligation by paying the assignor.

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

6 (1) If it does not reasonably identify the rights assigned;

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

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

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

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

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

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

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

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

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

39 (e) **Inapplicability of subsection (d) to certain sales.** Subsection (d)  
40 does not apply to the sale of a payment intangible or promissory note,  
41 *other than a sale pursuant to a disposition under K.S.A. 2011 Supp. 84-9-*  
42 *610, and amendments thereto, or an acceptance of collateral under K.S.A.*  
43 *2011 Supp. 84-9-620, and amendments thereto.*

1 (f) **Legal restrictions on assignment generally ineffective.** Except  
2 as otherwise provided in K.S.A. 84-2a-303 and K.S.A. 2011 Supp. 84-9-  
3 407, and amendments thereto, and subject to subsections (h) and (i), a rule  
4 of law, statute, or regulation that prohibits, restricts, or requires the consent  
5 of a government, governmental body or official, or account debtor to the  
6 assignment or transfer of, or creation of a security interest in, an account or  
7 chattel paper is ineffective to the extent that the rule of law, statute, or  
8 regulation:

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

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

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

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

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

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

28 Sec. 9. K.S.A. 2011 Supp. 84-9-408 is hereby amended to read as  
29 follows: 84-9-408. (a) **Term restricting assignment generally**

30 **ineffective.** Except as otherwise provided in subsection (b), a term in a  
31 promissory note or in an agreement between an account debtor and a  
32 debtor which relates to a health-care-insurance receivable or a general  
33 intangible, including a contract, permit, license, or franchise, and which  
34 term prohibits, restricts, or requires the consent of the person obligated on  
35 the promissory note or the account debtor to, the assignment or transfer of,  
36 or creation, attachment, or perfection of a security interest in, the  
37 promissory note, health-care-insurance receivable, or general intangible, is  
38 ineffective to the extent that the term:

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

41 (2) provides that the assignment or transfer or the creation,  
42 attachment, or perfection of the security interest may give rise to a default,  
43 breach, right of recoupment, claim, defense, termination, right of

1 termination, or remedy under the promissory note, health-care-insurance  
2 receivable, or general intangible.

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

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

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

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

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

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

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

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

41 (4) does not entitle the secured party to use or assign the debtor's  
42 rights under the promissory note, health-care-insurance receivable, or  
43 general intangible, including any related information or materials

1 furnished to the debtor in the transaction giving rise to the promissory  
2 note, health-care-insurance receivable, or general intangible;

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

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

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

12 Sec. 10. K.S.A. 2011 Supp. 84-9-502 is hereby amended to read as  
13 follows: 84-9-502. (a) **Sufficiency of financing statement.** Subject to  
14 subsection (b), a financing statement is sufficient only if it:

15 (1) Provides the name of the debtor;

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

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

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

25 (1) Indicate that it covers this type of collateral;

26 (2) indicate that it is to be filed in the real property records;

27 (3) provide a description of the real property to which the collateral is  
28 related; and

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

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

35 (1) The record indicates the goods or accounts that it covers;

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

39 (3) the record satisfies the requirements for a financing statement in  
40 this section ~~other than an indication~~, but:

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

43 (B) *the record sufficiently provides the name of a debtor who is an*



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

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

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

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

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

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

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

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

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

36 (A) Provides, as the name of the debtor:

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

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

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

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

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

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

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

13       (4) (6) if the debtors are married debtors jointly engaged in business  
14 and it is unclear whether a partnership exists, the financing statement may  
15 be filed in the names of the individual debtors; and

16       (5) (7) in other cases:

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

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

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

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

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

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

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

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

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

42       (g) **Multiple drivers' licenses or identification cards.** If this state has  
43 issued to an individual more than one driver's license or identification

1 card of a kind described in subsection (a)(4), the one that was issued most  
2 recently is the one to which subsection (a)(4) refers.

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

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

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

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

17 (b) **Information becoming seriously misleading.** Except as  
18 otherwise provided in subsection (c) and K.S.A. 2011 Supp. 84-9-508, and  
19 amendments thereto, a financing statement is not rendered ineffective if,  
20 after the financing statement is filed, the information provided in the  
21 financing statement becomes seriously misleading under K.S.A. 2011  
22 Supp. 84-9-506, and amendments thereto.

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

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

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

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

41 (b) **Manufactured-home transaction.** Except as otherwise provided  
42 in subsections (e), (f); and (g), an initial financing statement filed in  
43 connection with a manufactured-home transaction is effective for a period

1 of 30 years after the date of filing if it indicates that it is filed in  
2 connection with a manufactured-home transaction.

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

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

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

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

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

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

41 (b) **Refusal to accept record; filing does not occur.** Filing does not  
42 occur with respect to a record that a filing office refuses to accept because:

43 (1) The record is not communicated by a method or medium of

- 1 communication authorized by the filing office;
- 2 (2) an amount equal to or greater than the applicable filing fee is not  
3 tendered;
- 4 (3) the filing office is unable to index the record because:
- 5 (A) In the case of an initial financing statement, the record does not  
6 provide a name for the debtor;
- 7 (B) in the case of an amendment or ~~correction~~ *information* statement,  
8 the record:
- 9 (i) Does not identify the initial financing statement as required by  
10 K.S.A. 2011 Supp. 84-9-512 or 84-9-518, and amendments thereto, as  
11 applicable; or
- 12 (ii) identifies an initial financing statement whose effectiveness has  
13 lapsed under K.S.A. 2011 Supp. 84-9-515, and amendments thereto;
- 14 (C) in the case of an initial financing statement that provides the  
15 name of a debtor identified as an individual or an amendment that provides  
16 a name of a debtor identified as an individual which was not previously  
17 provided in the financing statement to which the record relates, the record  
18 does not identify the debtor's ~~last name~~ *surname*; or
- 19 (D) in the case of a record filed *or recorded* in the filing office  
20 described in K.S.A. 2011 Supp. 84-9-501(a)(1), and amendments thereto,  
21 the record does not provide a sufficient description of the real property to  
22 which it relates;
- 23 (4) in the case of an initial financing statement or an amendment that  
24 adds a secured party of record, the record does not provide a name and  
25 mailing address for the secured party of record;
- 26 (5) in the case of an initial financing statement or an amendment that  
27 provides a name of a debtor which was not previously provided in the  
28 financing statement to which the amendment relates, the record does not:
- 29 (A) Provide a mailing address for the debtor; *or*
- 30 (B) indicate whether the *name provided as the name of the* debtor is  
31 *the name of* an individual or an organization; ~~or~~
- 32 ~~(C) if the financing statement indicates that the debtor is an~~  
33 ~~organization, provide:~~
- 34 ~~(i) a type of organization for the debtor;~~
- 35 ~~(ii) a jurisdiction of organization for the debtor; or~~
- 36 ~~(iii) an organizational identification number for the debtor or indicate~~  
37 ~~that the debtor has none;~~
- 38 (6) in the case of an assignment reflected in an initial financing  
39 statement under K.S.A. 2011 Supp. 84-9-514(a), and amendments thereto,  
40 or an amendment filed under K.S.A. 2011 Supp. 84-9-514(b), and  
41 amendments thereto, the record does not provide a name and mailing  
42 address for the assignee; or
- 43 (7) in the case of a continuation statement, the record is not filed

1 within the six-month period prescribed by K.S.A. 2011 Supp. 84-9-515(d),  
2 and amendments thereto.

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

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

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

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

17 Sec. 15. K.S.A. 2011 Supp. 84-9-518 is hereby amended to read as  
18 follows: 84-9-518. (a) ~~Correction statement.~~ **Statement with respect to**  
19 **record indexed under person's name.** A person may file in the filing  
20 office a ~~correction~~ *an information* statement with respect to a record  
21 indexed there under the person's name if the person believes that the  
22 record is inaccurate or was wrongfully filed.

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

26 (1) Identify the record to which it relates by the file number assigned  
27 to the initial financing statement to which the record relates;

28 (2) indicate that it is a ~~correction~~ *an information* statement; and

29 (3) provide the basis for the person's belief that the record is  
30 inaccurate and indicate the manner in which the person believes the record  
31 should be amended to cure any inaccuracy or provide the basis for the  
32 person's belief that the record was wrongfully filed.

33 (c) **Statement by secured party of record.** *A person may file in the*  
34 *filing office an information statement with respect to a record filed there if*  
35 *the person is a secured party of record with respect to the financing*  
36 *statement to which the record relates and believes that the person that*  
37 *filed the record was not entitled to do so under K.S.A. 2011 Supp. 84-9-*  
38 *509(d), and amendments thereto.*

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

41 (1) *Identify the record to which it relates by the file number assigned*  
42 *to the initial financing statement to which the record relates;*

43 (2) *indicate that it is an information statement; and*

1       (3) *provide the basis for the person's belief that the person that filed*  
2 *the record was not entitled to do so under K.S.A. 2011 Supp. 84-9-509(d),*  
3 *and amendments thereto.*

4       (e) **Record not affected by ~~correction~~ information statement.**

5       The filing of ~~a correction~~ *an information* statement does not affect the  
6 effectiveness of an initial financing statement or other filed record.

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

10       (1) May notify an account debtor or other person obligated on  
11 collateral to make payment or otherwise render performance to or for the  
12 benefit of the secured party;

13       (2) may take any proceeds to which the secured party is entitled under  
14 K.S.A. 2011 Supp. 84-9-315, and amendments thereto;

15       (3) may enforce the obligations of an account debtor or other person  
16 obligated on collateral and exercise the rights of the debtor with respect to  
17 the obligation of the account debtor or other person obligated on collateral  
18 to make payment or otherwise render performance to the debtor, and with  
19 respect to any property that secures the obligations of the account debtor  
20 or other person obligated on the collateral;

21       (4) if it holds a security interest in a deposit account perfected by  
22 control under K.S.A. 2011 Supp. 84-9-104(a)(1), and amendments thereto,  
23 may apply the balance of the deposit account to the obligation secured by  
24 the deposit account; and

25       (5) if it holds a security interest in a deposit account perfected by  
26 control under K.S.A. 2011 Supp. 84-9-104(a)(2) or (3), and amendments  
27 thereto, may instruct the bank to pay the balance of the deposit account to  
28 or for the benefit of the secured party.

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

33       (1) A copy of the security agreement that creates or provides for a  
34 security interest in the obligation secured by the mortgage; and

35       (2) the secured party's sworn affidavit in recordable form stating that:

36       (A) A default has occurred *with respect to the obligation secured by*  
37 *the mortgage*; and

38       (B) the secured party is entitled to enforce the mortgage  
39 nonjudicially.

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

43       (1) Undertakes to collect from or enforce an obligation of an account

1 debtor or other person obligated on collateral; and

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

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

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

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

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

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

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

28 (2) if the collateral is consumer goods, a person that was a debtor or a  
29 secondary obligor at the time a secured party failed to comply with this  
30 part may recover for that failure in any event an amount not less than the  
31 credit service charge plus ~~40 percent~~ 10% of the principal amount of the  
32 obligation or the time-price differential plus ~~40 percent~~ 10% of the cash  
33 price.

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

42 (e) **Statutory damages: Noncompliance with specified provisions.**  
43 In addition to any damages recoverable under subsection (b), the debtor,



1 consumer obligor, or person named as a debtor in a filed record, as  
2 applicable, may recover \$500 in each case from a person that:

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

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

7 (3) files a record that the person is not entitled to file under K.S.A.  
8 2011 Supp. 84-9-509(a), and amendments thereto;

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

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

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

17 (f) **Statutory damages: Noncompliance with K.S.A. 2011 Supp.**  
18 **84-9-210, and amendments thereto.** A debtor or consumer obligor may  
19 recover damages under subsection (b) and, in addition, \$500 in each case  
20 from a person that, without reasonable cause, fails to comply with a  
21 request under K.S.A. 2011 Supp. 84-9-210, and amendments thereto. A  
22 recipient of a request under K.S.A. 2011 Supp. 84-9-210, and amendments  
23 thereto, which never claimed an interest in the collateral or obligations that  
24 are the subject of a request under that section has a reasonable excuse for  
25 failure to comply with the request within the meaning of this subsection.

26 (g) **Limitation of security interest: Noncompliance with K.S.A.**  
27 **2011 Supp. 84-9-210, and amendments thereto.** If a secured party fails  
28 to comply with a request regarding a list of collateral or a statement of  
29 account under K.S.A. 2011 Supp. 84-9-210, and amendments thereto, the  
30 secured party may claim a security interest only as shown in the list or  
31 statement included in the request as against a person that is reasonably  
32 misled by the failure.

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

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

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

42 New Sec. 20. **Continuing perfection: Perfection requirements**  
43 **satisfied.** (a) A security interest that is a perfected security interest

1 immediately before July 1, 2013, is a perfected security interest under  
2 article 9 of chapter 84 of the Kansas Statutes Annotated, as amended by  
3 this act, if, on July 1, 2013, the applicable requirements for attachment and  
4 perfection under article 9 of chapter 84 of the Kansas Statutes Annotated,  
5 as amended by this act, are satisfied without further action.

6 **(b) Continuing perfection: Perfection requirements not satisfied.**

7 Except as otherwise provided in section 23, and amendments thereto, if  
8 immediately before July 1, 2013, a security interest is a perfected security  
9 interest, but the applicable requirements for perfection under article 9 of  
10 chapter 84 of the Kansas Statutes Annotated, as amended by this act, are  
11 not satisfied on July 1, 2013, the security interest remains perfected  
12 thereafter only if the applicable requirements for perfection under article 9  
13 of chapter 84 of the Kansas Statutes Annotated, as amended by this act, are  
14 satisfied within one year after July 1, 2013.

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

18 (1) Without further action, on July 1, 2013, if the applicable  
19 requirements for perfection under article 9 of chapter 84 of the Kansas  
20 Statutes Annotated, as amended by this act, are satisfied on or before July  
21 1, 2013; or

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

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

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

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

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

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

1 (B) June 30, 2018.

2 (c) **Continuation statement.** The filing of a continuation statement  
3 after July 1, 2013, does not continue the effectiveness of a financing  
4 statement filed before this act takes effect. However, upon the timely filing  
5 of a continuation statement after July 1, 2013, and in accordance with the  
6 law of the jurisdiction governing perfection as provided in article 9 of  
7 chapter 84 of the Kansas Statutes Annotated, as amended by this act, the  
8 effectiveness of a financing statement filed in the same office in that  
9 jurisdiction before July 1, 2013, continues for a period provided by the law  
10 of that jurisdiction.

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

21 (e) **Application of part 5.** A financing statement that includes a  
22 financing statement filed before July 1, 2013, and a continuation statement  
23 filed after July 1, 2013, is effective only to the extent that it satisfies the  
24 requirements of part 5 of article 9 of chapter 84 of the Kansas Statutes  
25 Annotated, as amended by this act, for an initial financing statement. A  
26 financing statement that indicates that the debtor is a decedent's estate  
27 indicates that the collateral is being administered by a personal  
28 representative within the meaning of K.S.A. 2011 Supp. 84-9-503(a)(2), as  
29 amended by this act. A financing statement that indicates that the debtor is  
30 a trust or trustee acting with respect to property held in trust indicates that  
31 the collateral is held in a trust within the meaning of K.S.A. 2011 Supp.  
32 84-9-503(a)(3), as amended by this act.

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

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

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

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

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

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

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

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

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

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

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

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

26 (b) **Applicable law.** After July 1, 2013, a person may add or delete  
27 collateral covered by, continue or terminate the effectiveness of, or  
28 otherwise amend the information provided in, a pre-effective-date  
29 financing statement only in accordance with the law of the jurisdiction  
30 governing perfection as provided in article 9 of chapter 84 of the Kansas  
31 Statutes Annotated, as amended by this act. However, the effectiveness of  
32 a pre-effective-date financing statement also may be terminated in  
33 accordance with the law of the jurisdiction in which the financing  
34 statement is filed.

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

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

42 (2) an amendment is filed in the office specified in K.S.A. 2011 Supp.  
43 84-9-501, and amendments thereto, concurrently with, or after the filing in

1 that office of, an initial financing statement that satisfies subsection (c) of  
2 section 24, and amendments thereto; or

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

7 (d) **Method of amending: Continuation.** If the law of this state  
8 governs perfection of a security interest, the effectiveness of a pre-  
9 effective-date financing statement may be continued only under  
10 subsections (c) and (e) of section 23, and amendments thereto, or section  
11 24, and amendments thereto.

12 (e) **Method of amending: Additional termination rule.** Whether or  
13 not the law of this state governs perfection of a security interest, the  
14 effectiveness of a pre-effective-date financing statement filed in this state  
15 may be terminated after July 1, 2013, by filing a termination statement in  
16 the office in which the pre-effective-date financing statement is filed,  
17 unless an initial financing statement that satisfies subsection (c) of section  
18 24, and amendments thereto, has been filed in the office specified by the  
19 law of the jurisdiction governing perfection as provided in article 9 of  
20 chapter 84 of the Kansas Statutes Annotated, as amended by this act, as the  
21 office in which to file a financing statement.

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

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

25 (2) the filing is necessary under this part:

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

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

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

33 Sec. 27. K.S.A. 2011 Supp. 84-9-102, 84-9-105, 84-9-307, 84-9-311,  
34 84-9-316, 84-9-317, 84-9-326, 84-9-406, 84-9-408, 84-9-502, 84-9-503,  
35 84-9-507, 84-9-515, 84-9-516, 84-9-518, 84-9-607 and 84-9-625 are  
36 hereby repealed.

37 Sec. 28. This act shall take effect and be in force from and after July  
38 1, 2013, and its publication in the statute book.

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