



February 18, 2000

ENGROSSED HOUSE BILL No. 1326

DIGEST OF HB 1326 (Updated February 17, 2000 4:05 PM - DI 51)

Citations Affected: IC 4-22; IC 6-8.1; IC 8-1; IC 9-17; IC 9-31; IC 12-17; IC 20-12; IC 24-5; IC 24-7; IC 26-1; IC 32-1; IC 32-8.

Synopsis: Uniform Commercial Code. Adopts a revised Article 9 of the Uniform Commercial Code concerning secured transactions. Makes conforming amendments.

Effective: July 1, 2001.

Dvorak, Foley

(SENATE SPONSORS — SIMPSON, BRAY, KENLEY)

January 11, 2000, read first time and referred to Committee on Courts and Criminal Code.
January 26, 2000, amended, reported — Do Pass.
February 1, 2000, read second time, amended, ordered engrossed.
February 2, 2000, engrossed.
February 7, 2000, read third time, passed. Yeas 98, nays 0.

SENATE ACTION

February 8, 2000, read first time and referred to Committee on Judiciary.
February 17, 2000, amended, reported favorably—Do Pass.

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February 18, 2000

Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

ENGROSSED HOUSE BILL No. 1326

A BILL FOR AN ACT concerning commercial law.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-22-2-13 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 13. (a) Subject to
3 subsections (b), (c), and (d), this chapter applies to the addition,
4 amendment, or repeal of a rule in every rulemaking action.
5 (b) This chapter does not apply to the following agencies:
6 (1) Any military officer or board.
7 (2) Any state educational institution (as defined in
8 IC 20-12-0.5-1).
9 (c) This chapter does not apply to a rulemaking action that results
10 in any of the following rules:
11 (1) A resolution or directive of any agency that relates solely to
12 internal policy, internal agency organization, or internal procedure
13 and does not have the effect of law.
14 (2) A restriction or traffic control determination of a purely local
15 nature that:
16 (A) is ordered by the commissioner of the Indiana department

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- 1 of transportation;
- 2 (B) is adopted under IC 9-20-1-3(d), IC 9-21-4-7, or
- 3 IC 9-20-7; and
- 4 (C) applies only to one (1) or more particularly described
- 5 intersections, highway portions, bridge causeways, or viaduct
- 6 areas.
- 7 (3) A rule adopted by the secretary of state under ~~IC 26-1-9-408.~~
- 8 **IC 26-1-9.1-526.**
- 9 (4) An executive order or proclamation issued by the governor.
- 10 (d) Except as specifically set forth in IC 13-14-9, sections 24, 26,
- 11 27, and 29 of this chapter do not apply to rulemaking actions under
- 12 IC 13-14-9.
- 13 SECTION 2. IC 6-8.1-3-16 IS AMENDED TO READ AS
- 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 16. (a) The department
- 15 shall prepare a list of all outstanding tax warrants for listed taxes each
- 16 month. The list shall identify each taxpayer liable for a warrant by
- 17 name, address, amount of tax, and either Social Security number or
- 18 employer identification number. Unless the department renews the
- 19 warrant, the department shall exclude from the list a warrant issued
- 20 more than ten (10) years before the date of the list. The department
- 21 shall certify a copy of the list to the bureau of motor vehicles.
- 22 (b) The department shall prescribe and furnish tax release forms for
- 23 use by tax collecting officials. A tax collecting official who collects
- 24 taxes in satisfaction of an outstanding warrant shall issue to the
- 25 taxpayers named on the warrant a tax release stating that the tax has
- 26 been paid. The department may also issue a tax release:
- 27 (1) to a taxpayer who has made arrangements satisfactory to the
- 28 department for the payment of the tax; or
- 29 (2) by action of the commissioner under IC 6-8.1-8-2(k).
- 30 (c) The department may not issue or renew:
- 31 (1) a certificate under IC 6-2.5-8;
- 32 (2) a license under IC 6-6-1.1 or IC 6-6-2.5; or
- 33 (3) a permit under IC 6-6-4.1;
- 34 to a taxpayer whose name appears on the most recent monthly warrant
- 35 list, unless that taxpayer pays the tax, makes arrangements satisfactory
- 36 to the department for the payment of the tax, or a release is issued
- 37 under IC 6-8.1-8-2(k).
- 38 (d) The bureau of motor vehicles shall, before issuing the title to a
- 39 motor vehicle under IC 9-17, determine whether the purchaser's or
- 40 assignee's name is on the most recent monthly warrant list. If the
- 41 purchaser's or assignee's name is on the list, the bureau shall enter as
- 42 a lien on the title the name of the state as the lienholder unless the

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1 bureau has received notice from the commissioner under
2 IC 6-8.1-8-2(k). The tax lien on the title:

- 3 (1) is subordinate to a perfected security interest (as defined and
4 perfected in accordance with ~~IC 26-1-9~~; **IC 26-1-9.1**); and
5 (2) shall otherwise be treated in the same manner as other title
6 liens.

7 (e) The commissioner is the custodian of all titles for which the state
8 is the sole lienholder under this section. Upon receipt of the title by the
9 department, the commissioner shall notify the owner of the
10 department's receipt of the title.

11 (f) The department shall reimburse the bureau of motor vehicles for
12 all costs incurred in carrying out this section.

13 (g) Notwithstanding IC 6-8.1-8, a person who is authorized to
14 collect taxes, interest, or penalties on behalf of the department under
15 IC 6-2.1, IC 6-3, or IC 6-3.5 may not, except as provided in subsection
16 (h) or (i), receive a fee for collecting the taxes, interest, or penalties if:

- 17 (1) the taxpayer pays the taxes, interest, or penalties as
18 consideration for the release of a lien placed under subsection (d)
19 on a motor vehicle title; or
20 (2) the taxpayer has been denied a certificate or license under
21 subsection (c) within sixty (60) days before the date the taxes,
22 interest, or penalties are collected.

23 (h) In the case of a sheriff, subsection (g) does not apply if:

- 24 (1) the sheriff collects the taxes, interest, or penalties within sixty
25 (60) days after the date the sheriff receives the tax warrant; or
26 (2) the sheriff collects the taxes, interest, or penalties through the
27 sale or redemption, in a court proceeding, of a motor vehicle that
28 has a lien placed on its title under subsection (d).

29 (i) In the case of a person other than a sheriff:

- 30 (1) subsection (g)(2) does not apply if the person collects the
31 taxes, interests, or penalties within sixty (60) days after the date
32 the commissioner employs the person to make the collection; and
33 (2) subsection (g)(1) does not apply if the person collects the
34 taxes, interest, or penalties through the sale or redemption, in a
35 court proceeding, of a motor vehicle that has a lien placed on its
36 title under subsection (d).

37 **SECTION 3. IC 8-1-5-1 IS AMENDED TO READ AS FOLLOWS**
38 **[EFFECTIVE JULY 1, 2001]:** Sec. 1. (a) Notwithstanding any other
39 statute or rule of law of the state, any mortgage executed and recorded
40 by a public utility, as defined in IC 8-1-2-1, or by any corporation or
41 other business entity engaged in the railroad business or the
42 transmission of oil, gas, or petroleum products by pipeline, in the



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1 manner provided for the execution and recording of mortgages upon
2 real estate:

3 (1) may include all or any part of the property of the mortgagor,
4 real, personal, or mixed, chattels real and fixtures; and

5 (2) shall, upon its recordation, constitute a valid and perfected
6 lien upon all and every part of the property of the mortgagor
7 described in the mortgage and situated in any county in this state
8 where the mortgage is or shall be recorded in the manner
9 provided for recording real estate mortgages. Neither the
10 mortgage nor any statement respecting the mortgage or any of the
11 property described in the mortgage need be otherwise filed or
12 refiled in order to perfect or continue perfection of the lien
13 created by the mortgage.

14 (b) The term "mortgage", as used in this chapter, includes deeds of
15 trust and any and all documents creating an interest in property to
16 secure the payment of bonds, notes, debentures, and like securities, and
17 any instrument executed to supplement any mortgage.

18 (c) If it is executed and recorded as provided in this section and by
19 its terms covers some or all of the after-acquired property of the
20 mortgagor, the mortgage constitutes a valid and perfected lien upon the
21 interest of the mortgagor in the after-acquired property from the date
22 the mortgagor acquires an interest in the property.

23 (d) Notwithstanding the date of the mortgage's execution or
24 recordation, if collateral covered by ~~IC 26-1-9~~ **IC 26-1-9.1** was or is
25 perfected in compliance with the recordation requirements contained
26 in this section, the recordation was or is equivalent to the highest form
27 of filing or perfection under ~~IC 26-1-9~~ **IC 26-1-9.1**.

28 SECTION 4. IC 9-17-6-6 IS AMENDED TO READ AS FOLLOWS
29 [EFFECTIVE JULY 1, 2001]: Sec. 6. Except as otherwise provided,
30 ~~IC 26-1-9~~ **IC 26-1-9.1** applies to a security interest in a manufactured
31 home.

32 SECTION 5. IC 9-31-2-24 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. (a) A security
34 agreement covering a security interest in a watercraft that is not
35 inventory held for sale can be perfected only if the bureau indicates the
36 security interest on the certificate of title or duplicate. Except as
37 otherwise provided in this section, ~~IC 26-1-9~~ **IC 26-1-9.1** applies to
38 security interests in watercraft.

39 (b) The secured party, upon presentation of a properly completed
40 application for certificate of title to the bureau together with the fee
41 prescribed by IC 9-29-15-1, may have a notation of the lien made on
42 the face of the certificate of title to be issued by the bureau. The bureau

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1 shall enter the notation and the date of the notation and shall note the
2 lien and the date of the lien in the bureau's files.

3 (c) Whenever a lien is discharged, the holder shall note the
4 discharge on the certificate of title over the holder's signature.

5 SECTION 6. IC 12-17-2-33 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 33. (a) The bureau
7 shall, each month, prepare a list of each person against whom a child
8 support obligation lien is held under IC 31-16-16-3 (or IC 31-2-11-9
9 before its repeal). The list must identify each person liable for a lien by
10 name, address, amount of lien, and either Social Security number or
11 employer identification number. The bureau shall certify a copy of the
12 list to the bureau of motor vehicles.

13 (b) The bureau of motor vehicles shall, before issuing the title to a
14 motor vehicle under IC 9-17, determine whether the purchaser's or
15 assignee's name is on the most recent monthly lien list. If the
16 purchaser's or assignee's name is on the list, the bureau shall enter as
17 a lien on the title the name of the state as the lienholder. The state's lien
18 on a title under this section is subordinate to a prior perfected security
19 interest if the interest is defined and perfected under either of the
20 following:

21 (1) ~~IC 26-1-9~~; **IC 26-1-9.1**.

22 (2) IC 32-8.

23 (c) A lien against the title under this section must be treated in the
24 same manner as any other subordinate title lien.

25 (d) The bureau shall prescribe and furnish release forms for use by
26 the bureau. When the amount of the lien is paid, the bureau shall issue
27 to the person against whom the lien was held a release stating that the
28 amount represented by the lien has been paid. The bureau may also
29 issue a release to a person against whom the lien is held if the person
30 has made arrangements, agreed to by the bureau, for the payment of the
31 amount represented by the lien.

32 (e) The director of the bureau or the director's designee is the
33 custodian of all titles having the state as the sole lienholder under this
34 section. Upon receiving a title from the bureau of motor vehicles under
35 this section, the director shall notify the owner of the motor vehicle.

36 (f) The bureau shall reimburse the bureau of motor vehicles for all
37 costs incurred by the bureau in implementing this section.

38 SECTION 7. IC 20-12-21.2-9 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. Notwithstanding
40 IC 26-1-9-302(1)(a), a security interest in education loans is perfected
41 by:

42 (1) possession under IC 26-1-9-305; or

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1 (2) filing a financing statement in the office of the secretary of
 2 state under ~~IC 26-1-9-401~~, ~~IC 26-1-9-402~~, or ~~IC 26-1-9-403~~.
 3 **IC 26-1-9.1-501.**

4 SECTION 8. IC 24-5-16-7 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 7. As used in this
 6 chapter, "secured party" has the meaning set forth in ~~IC 26-1-9-105(m)~~.
 7 **IC 26-1-9.1-102(a)(72).**

8 SECTION 9. IC 24-5-16-8 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 8. As used in this
 10 chapter, "security agreement" has the meaning set forth in
 11 ~~IC 26-1-9-105(f)~~. **IC 26-1-9.1-102(a)(73).**

12 SECTION 10. IC 24-7-1-2 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. Except as provided
 14 in this article, the provisions of:

- 15 (1) the Federal Consumer Credit Protection Act and regulations
 16 adopted under it;
 17 (2) IC 24-4.5;
 18 (3) IC 26-1-1-201(37);
 19 (4) IC 26-1-2 concerning the creation of a security interest in
 20 property;
 21 (5) ~~IC 26-1-9~~ **IC 26-1-9.1**; and
 22 (6) rules adopted under the statutes described in subdivisions (2)
 23 through (5);

24 do not apply to a rental purchase agreement.

25 SECTION 11. IC 26-1-1-105 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 105. (1) Except as
 27 provided in this section, when a transaction bears a reasonable relation
 28 to this state and also to another state or nation the parties may agree
 29 that the law either of this state or of such other state or nation shall
 30 govern their rights and duties. Failing such agreement, IC 26-1 applies
 31 to transactions bearing an appropriate relation to this state.

32 (2) Where one of the following provisions of IC 26-1 specifies the
 33 applicable law, that provision governs and a contrary agreement is
 34 effective only to the extent permitted by the law (including the conflict
 35 of laws rules) so specified:

- 36 IC 26-1-2-402 concerning rights of creditors against sold goods.
 37 IC 26-1-2.1-105 and IC 26-1-2.1-106 concerning leases.
 38 IC 26-1-4-102 concerning bank deposits and collections.
 39 IC 26-1-4.1-507 concerning funds transfers.
 40 IC 26-1-5.1-116 concerning letters of credit.
 41 IC 26-1-6.1-103 concerning bulk sales.
 42 IC 26-1-8.1-110 concerning investment securities.

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1 ~~IC 26-1-9-103 concerning perfection of secured transactions.~~
 2 **IC 26-1-9.1-301 through IC 26-1-9.1-307 concerning the**
 3 **perfection, the effect of perfection or nonperfection, and the**
 4 **priority of security interests.**

5 SECTION 12. IC 26-1-1-201 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 201. Subject to
 7 additional definitions contained in IC 26-1-2 through IC 26-1-10 which
 8 are applicable to specific provisions, and unless the context otherwise
 9 requires, in IC 26-1:

10 (1) "Action" in the sense of a judicial proceeding includes
 11 recoupment, counterclaim, setoff, suit in equity, and any other
 12 proceedings in which rights are determined.

13 (2) "Aggrieved party" means a party entitled to resort to a remedy.

14 (3) "Agreement" means the bargain of the parties in fact as found
 15 in their language or by implication from other circumstances
 16 including course of dealing or usage of trade or course of
 17 performance as provided in IC 26-1-1-205 and IC 26-1-2-208.
 18 Whether an agreement has legal consequences is determined by
 19 the provisions of IC 26-1, if applicable; otherwise by the law of
 20 contracts (IC 26-1-1-103). (Compare "Contract".)

21 (4) "Bank" means any person engaged in the business of banking.

22 (5) "Bearer" means the person in possession of an instrument,
 23 document of title, or certificated security payable to bearer or
 24 endorsed in blank.

25 (6) "Bill of lading" means a document evidencing the receipt of
 26 goods for shipment issued by a person engaged in the business of
 27 transporting or forwarding goods, and includes an airbill. "Airbill"
 28 means a document serving for air transportation as a bill of lading
 29 does for marine or rail transportation, and includes an air
 30 consignment note or air waybill.

31 (7) "Branch" includes a separately incorporated foreign branch of
 32 a bank.

33 (8) "Burden of establishing" a fact means the burden of
 34 persuading the triers of fact that the existence of the fact is more
 35 probable than its nonexistence.

36 (9) "Buyer in ordinary course of business" means a person ~~who~~
 37 **that buys goods** in good faith ~~and~~ without knowledge that the
 38 sale ~~to him is in violation of~~ **violates** the ownership rights or
 39 security interest of a ~~third party~~ **another person** in the goods, ~~and~~
 40 **buys** in the ordinary course from a person, **other than a**
 41 **pawnbroker**, in the business of selling goods of that kind. ~~but~~
 42 ~~does not include a pawnbroker. All persons who sell minerals or~~



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1 the like (including oil and gas) at a wellhead or minehead shall be
 2 deemed to be persons **A person buys goods in the ordinary**
 3 **course of business if the sale to the person comports with the**
 4 **usual or customary practices in the kind of business in which**
 5 **the seller is engaged or with the seller's own usual or**
 6 **customary practices. A person that sells oil, gas, or other**
 7 **minerals at the wellhead or minehead is a person in the**
 8 business of selling goods of that kind. ~~Buying~~ **A buyer in**
 9 **ordinary course of business may be buy** for cash, or by
 10 exchange of other property, or on secured or unsecured credit, and
 11 ~~includes receiving~~ **may require** goods or documents of title under
 12 a preexisting contract for sale. ~~but does not include a transfer in~~
 13 ~~bulk or as security for or in total or partial satisfaction of a money~~
 14 ~~debt.~~ **Only a buyer that takes possession of the goods or has a**
 15 **right to recover the goods from that seller under IC 26-1-2**
 16 **may be a buyer in ordinary course of business. A person that**
 17 **acquires goods in a transfer in bulk or as security for or total**
 18 **or partial satisfaction of a money debt is not a buyer in**
 19 **ordinary course of business.**

20 (10) "Conspicuous". A term or clause is conspicuous when it is so
 21 written that a reasonable person against whom it is to operate
 22 ought to have noticed it. A printed heading in capitals (as:
 23 NONNEGOTIABLE BILL OF LADING) is conspicuous.
 24 Language in the body of a form is conspicuous if it is in larger or
 25 other contrasting type or color. But in a telegram any stated term
 26 is conspicuous. Whether a term or clause is conspicuous or not is
 27 for decision by the court.

28 (11) "Contract" means the total legal obligation which results
 29 from the parties' agreement as affected by this Act and any other
 30 applicable rules of law. (Compare "Agreement".)

31 (12) "Creditor" includes a general creditor, a secured creditor, a
 32 lien creditor and any representative of creditors, including an
 33 assignee for the benefit of creditors, a trustee in bankruptcy, a
 34 receiver in equity, and an executor or administrator of an
 35 insolvent debtor's or assignor's estate.

36 (13) "Defendant" includes a person in the position of defendant
 37 in a cross-action or counterclaim.

38 (14) "Delivery" with respect to instruments, documents of title,
 39 chattel paper, or certificated securities means voluntary transfer
 40 of possession.

41 (15) "Document of title" includes bill of lading, dock warrant,
 42 dock receipt, warehouse receipt, or order for the delivery of goods

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1 and also any other document, which in the regular course of
 2 business or financing, is treated as adequately evidencing that the
 3 person in possession of it is entitled to receive, hold, and dispose
 4 of the document and the goods it covers. To be a document of
 5 title, a document must purport to be issued by or addressed to a
 6 bailee and purport to cover goods in the bailee's possession which
 7 are either identified or are fungible portions of an identified mass.

8 (16) "Fault" means wrongful act, omission, or breach.

9 (17) "Fungible" with respect to goods or securities means goods
 10 or securities of which any unit is, by nature or usage of trade, the
 11 equivalent of any other like unit. Goods which are not fungible
 12 shall be deemed fungible for the purposes of IC 26-1 to the extent
 13 that under a particular agreement or document unlike units are
 14 treated as equivalents.

15 (18) "Genuine" means free of forgery or counterfeiting.

16 (19) "Good faith" means honesty in fact in the conduct or
 17 transaction concerned.

18 (20) "Holder" with respect to a negotiable instrument, means the
 19 person in possession if the instrument is payable to bearer or, in
 20 the case of an instrument, payable to an identified person if the
 21 identified person is in possession. "Holder" with respect to a
 22 document of title, means the person in possession if the goods are
 23 deliverable to bearer or to the order of the person in possession.

24 (21) To "honor" is to pay or to accept and pay or where a credit so
 25 engages to purchase or discount a draft complying with the terms
 26 of the credit.

27 (22) "Insolvency proceedings" includes any assignment for the
 28 benefit of creditors or other proceedings intended to liquidate or
 29 rehabilitate the estate of the person involved.

30 (23) A person is "insolvent" who either has ceased to pay his
 31 debts in the ordinary course of business or cannot pay his debts as
 32 they become due or is insolvent within the meaning of the federal
 33 bankruptcy law.

34 (24) "Money" means a medium of exchange authorized or
 35 adopted by a domestic or foreign government and includes a
 36 monetary unit of account established by an intergovernmental
 37 organization or by agreement between two (2) or more nations.

38 (25) A person has "notice" of a fact when:

39 (a) he has actual knowledge of it; or

40 (b) he has received a notice or notification of it; or

41 (c) from all the facts and circumstances known to him at the
 42 time in question he has reason to know that it exists.

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A person "knows" or has "knowledge" of a fact when he has actual knowledge of it. "Discover" or "learn" or a word or phrase of similar import refers to knowledge rather than to reason to know. The time and circumstances under which a notice or notification may cease to be effective are not determined by IC 26-1.

(26) A person "notifies" or "gives" a notice or notification to another by taking such steps as may be reasonably required to inform the other in ordinary course whether or not such other actually comes to know of it. A person "receives" a notice or notification when:

- (a) it comes to his attention; or
- (b) it is duly delivered at the place of business through which the contract was made or at any other place held out by him as the place for receipt of such communications.

(27) Notice, knowledge, or a notice of notification received by an organization is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction and, in any event, from the time when it would have been brought to his attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the organization to communicate information unless such communication is part of his regular duties or unless he has reason to know of the transaction and that the transaction would be materially affected by the information.

(28) "Organization" includes a corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two (2) or more persons having a joint or common interest, or any other legal or commercial entity.

(29) "Party", as distinct from "third party", means a person who has engaged in a transaction or made an agreement within IC 26-1.

(30) "Person" includes an individual or an organization. (See IC 26-1-1-102.)

(31) "Presumption" or "presumed" means that the trier of fact must find the existence of the fact presumed unless and until evidence is introduced which would support a finding of its nonexistence.

(32) "Purchase" includes taking by sale, discount, negotiation,

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- 1 mortgage, pledge, lien, **security interest**, issue or reissue, gift, or
 2 any other voluntary transaction creating an interest in property.
 3 (33) "Purchaser" means a person who takes by purchase.
 4 (33a) "Registered mail" includes certified mail.
 5 (34) "Remedy" means any remedial right to which an aggrieved
 6 party is entitled with or without resort to a tribunal.
 7 (35) "Representative" includes an agent, an officer of a
 8 corporation or association, and a trustee, executor, or
 9 administrator of an estate, or any other person empowered to act
 10 for another.
 11 (36) "Rights" includes remedies.
 12 (37) "Security interest" means an interest in personal property or
 13 fixtures which secures payment or performance of an obligation.
 14 ~~The retention or reservation of title by a seller of goods~~
 15 ~~notwithstanding shipment or delivery to the buyer (IC~~
 16 ~~26-1-2-401) is limited in effect to a reservation of a security~~
 17 ~~interest. The term also includes any interest of a consignor and~~
 18 ~~a buyer of accounts, or chattel paper, which a payment~~
 19 ~~intangible, or a promissory note in a transaction that is subject~~
 20 ~~to IC 26-1-9: IC 26-1-9.1. The special property interest of a buyer~~
 21 ~~of goods on identification of such goods to a contract for sale~~
 22 ~~under IC 26-1-2-401 is not a security interest, but a buyer may~~
 23 ~~also acquire a security interest by complying with IC 26-1-9:~~
 24 ~~Unless a lease or consignment is intended as security, reservation~~
 25 ~~of title thereunder is not a security interest but a consignment is~~
 26 ~~in any event subject to the provisions on consignment sales (IC~~
 27 ~~26-1-2-326). IC 26-1-9.1. Except as otherwise provided in~~
 28 ~~IC 26-1-2-505, the right of a seller or lessor of goods under~~
 29 ~~IC 26-1-2 or IC 26-1-2.1 to retain or acquire possession of the~~
 30 ~~goods is not a "security interest", but a seller or lessor may~~
 31 ~~also acquire a "security interest" by complying with~~
 32 ~~IC 26-1-9.1. The retention or reservation of title by a seller of~~
 33 ~~goods notwithstanding shipment or delivery to the buyer (IC~~
 34 ~~26-1-2-401) is limited in effect to a reservation of a "security~~
 35 ~~interest". Whether a transaction creates a lease or security~~
 36 ~~interest is determined by the facts of each case. However, a~~
 37 ~~transaction creates a security interest if the consideration the~~
 38 ~~lessee is to pay the lessor for the right to possession and use of the~~
 39 ~~goods is an obligation for the term of the lease not subject to~~
 40 ~~termination by the lessee and:~~
 41 (a) the original term of the lease is equal to or greater than the
 42 remaining economic life of the goods;



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- 1 (b) the lessee is bound to renew the lease for the remaining
- 2 economic life of the goods or is bound to become the owner of
- 3 the goods;
- 4 (c) the lessee has an option to renew the lease for the
- 5 remaining economic life of the goods for no additional
- 6 consideration or nominal additional consideration upon
- 7 compliance with the lease agreement; or
- 8 (d) the lessee has an option to become the owner of the goods
- 9 for no additional consideration or nominal additional
- 10 consideration upon compliance with the lease agreement.

11 A transaction does not create a security interest merely because
 12 it provides that:

- 13 (a) the present value of the consideration the lessee is
- 14 obligated to pay the lessor for the right to possession and use
- 15 of the goods is substantially equal to or is greater than the fair
- 16 market value of the goods at the time the lease is entered into;
- 17 (b) the lessee assumes risk of loss of the goods, or agrees to
- 18 pay taxes, insurance, filing, recording, or registration fees, or
- 19 service or maintenance costs with respect to the goods;
- 20 (c) the lessee has an option to renew the lease or to become the
- 21 owner of the goods;
- 22 (d) the lessee has an option to renew the lease for a fixed rent
- 23 that is equal to or greater than the reasonably predictable fair
- 24 market rent for the use of the goods for the term of the renewal
- 25 at the time the option is to be performed; or
- 26 (e) the lessee has an option to become the owner of the goods
- 27 for a fixed price that is equal to or greater than the reasonably
- 28 predictable fair market value of the goods at the time the
- 29 option is to be performed.

30 For purposes of this subsection:

- 31 (x) Additional consideration is not nominal if:
- 32 (i) when the option to renew the lease is granted to the lessee
- 33 the rent is stated to be the fair market rent for the use of the
- 34 goods for the term of the renewal determined at the time the
- 35 option is to be performed; or
- 36 (ii) when the option to become the owner of the goods is
- 37 granted to the lessee the price is stated to be the fair market
- 38 value of the goods determined at the time the option is to be
- 39 performed.

40 Additional consideration is nominal if it is less than the
 41 lessee's reasonably predictable cost of performing under the
 42 lease agreement if the option is not exercised.

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- 1 (y) "Reasonably predictable" and "remaining economic life of
2 the goods" are to be determined with reference to the facts and
3 circumstances at the time the transaction is entered into. ~~and~~
4 (z) "Present value" means the amount as of a date certain of
5 one (1) or more sums payable in the future, discounted to the
6 date certain. The discount is determined by the interest rate
7 specified by the parties if the rate is not manifestly
8 unreasonable at the time the transaction is entered into.
9 Otherwise, the discount is determined by a commercially
10 reasonable rate that takes into account the facts and
11 circumstances of each case at the time the transaction was
12 entered into.
- 13 (38) "Send" in connection with any writing or notice means to
14 deposit in the mail or deliver for transmission by any other usual
15 means of communication with postage or cost of transmission
16 provided for and properly addressed and, in the case of an
17 instrument, to an address specified thereon or otherwise agreed
18 or, if there be none, to any address reasonable under the
19 circumstances. The receipt of any writing or notice within the
20 time at which it would have arrived if properly sent has the effect
21 of a proper sending.
- 22 (39) "Signed" includes any symbol executed or adopted by a party
23 with present intention to authenticate a writing.
- 24 (40) "Surety" includes guarantor.
- 25 (41) "Telegram" includes a message transmitted by radio,
26 teletype, cable, any mechanical method of transmission, or the
27 like.
- 28 (42) "Term" means that portion of an agreement which relates to
29 a particular matter.
- 30 (43) "Unauthorized" signature means one made without actual,
31 implied, or apparent authority and includes a forgery.
- 32 (44) "Value". Except as otherwise provided with respect to
33 negotiable instruments and bank collections (IC 26-1-3.1-303,
34 IC 26-1-4-208, and IC 26-1-4-209) a person gives value for rights
35 if he acquires them:
- 36 (a) in return for a binding commitment to extend credit or for
37 the extension of immediately available credit whether or not
38 drawn upon and whether or not a chargeback is provided for
39 in the event of difficulties in collection;
- 40 (b) as security for or in total or partial satisfaction of a
41 preexisting claim;
- 42 (c) by accepting delivery pursuant to a preexisting contract for

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purchase; or
(d) generally, in return for any consideration sufficient to support a simple contract.
(45) "Warehouse receipt" means a receipt issued by a person engaged in the business of storing goods for hire.
(46) "Written" or "writing" includes printing, typewriting, or any other intentional reduction to tangible form.

SECTION 13. IC 26-1-1-206 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 206. (1) Except in the cases described in subsection (2), a contract for the sale of personal property is not enforceable by way of action or defense beyond five thousand dollars (\$5,000) in amount or value of remedy unless there is some writing which indicates that a contract for sale has been made between the parties at a defined or stated price, reasonably identifies the subject matter, and is signed by the party against whom enforcement is sought or by his authorized agent.

(2) Subsection (1) does not apply to contracts for the sale of goods (IC 26-1-2-201) nor to security agreements (~~IC 26-1-9-203~~): **(IC 26-1-9.1-201).**

SECTION 14. IC 26-1-1.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

- Chapter 1.5. UCC Forms**
- Sec. 1. The forms in this chapter may be used for filings under IC 26-1.**
- Sec. 2. The following forms are set forth below:**
 - (1) IC 26-1-9.1 financing statement.**
 - (2) IC 26-1-9.1 financing statement amendment.**

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UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT FILER (optional)	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
+ ,	
. -	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		1f. JURISDICTION OF ORGANIZATION		1g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		1e. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

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

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		2e. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured part name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		3f. JURISDICTION OF ORGANIZATION		3g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		3e. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attached Addendum [if applicable] 7. Check to REQUEST SEARCH REPORTS(S) on Debtor(s) [ADDITIONAL FEE] [optional] All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY —NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 04/23/98)

EH 1326—LS 6756/DI 69+



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UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT		
9a. ORGANIZATION'S NAME		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX
10. MISCELLANEOUS:		

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -insert only <u>one</u> debtor name (11a or 11b) - do not abbreviate or combine names					
11a. ORGANIZATION'S NAME					
OR					
11b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME SUFFIX	
11c. MAILING ADDRESS			CITY	STATE	POSTAL CODE COUNTRY
ADDL INFO RE ORGANIZATION DEBTOR		11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION		11g. ORGANIZATION ID#, if any <input type="checkbox"/> NONE
12. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S or <input type="checkbox"/> ASSIGNOR S/P/S NAME - insert only <u>one</u> name (12a or 12b)					
12a. ORGANIZATION'S NAME					
OR					
12b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME SUFFIX	
12c. MAILING ADDRESS			CITY	STATE	POSTAL CODE COUNTRY
13. This FINANCING STATEMENT covers <input type="checkbox"/> arbor to be out or <input type="checkbox"/> as-extracted collateral, or is filed as a <input type="checkbox"/> future filing.			16. Additional collateral description:		
14. Description of real estate:					
15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):					
17. Check only if applicable and check only one box. Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to property held in trust or <input type="checkbox"/> Decedent's Estate					
18. Check only if applicable and check only one box. <input type="checkbox"/> Debtor is a TRANSMITTING UTILITY <input type="checkbox"/> Filed in connection with a Manufactured-Home Transaction —effective 30 years <input type="checkbox"/> Filed in connection with a Public-Finance Transaction —effective 30 years					

FILING OFFICE COPY—NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad)(REV. 04/23/98)

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END OF IC 26-1-9.1 FINANCING STATEMENT

EH 1326—LS 6756/DI 69+



Copy



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT FILER (optional)
B. SEND ACKNOWLEDGMENT TO: (Name and Address)
+
.
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THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # _____

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

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

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

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment effects Debtor or Secured party of record. Check only one of these boxes. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

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

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME _____

OR

6b. INDIVIDUAL'S NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME _____

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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7d. ADDL INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATION ID#, if any	<input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): Check only one box. Describe collateral Deleted or Added, or give entire restated collateral description, or describe collateral assigned.

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

9a. ORGANIZATION'S NAME _____

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA _____

FILING OFFICE COPY —NATIONAL UCC FINANCING STATEMENT AMENDMENT(FORM UCC3) (REV. 04/23/98)

COPY



UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11. INITIAL FINANCING STATEMENT FILE # (same as item 1a on amendment form)

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)

12a ORGANIZATION'S NAME

OR

12b INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME, SUFFIX

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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FILING OFFICE COPY —NATIONAL UCC FINANCING STATEMENT AMENDMENT ADDENDUM(FORM UCC3Ad) (REV. 04/23/98)

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END OF IC 26-1-9.1 FINANCING STATEMENT AMENDMENT

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1 SECTION 15. IC 26-1-2-103 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 103. (1) In IC 26-1-2,
3 unless the context otherwise requires:

4 (a) "Buyer" means a person who buys or contracts to buy goods.

5 (b) "Good faith" in the case of a merchant means honesty in fact
6 and observance of reasonable commercial standards of fair
7 dealing in the trade.

8 (c) "Receipt" of goods means taking physical possession of them.

9 (d) "Seller" means a person who sells or contracts to sell goods.

10 (2) Other definitions applying to IC 26-1-2, or to specified parts
11 thereof, and the sections in which they appear are:

12 "Acceptance". IC 26-1-2-606.

13 "Banker's credit". IC 26-1-2-325.

14 "Between merchants". IC 26-1-2-104.

15 "Cancellation". IC 26-1-2-106(4).

16 "Commercial unit". IC 26-1-2-105.

17 "Confirmed credit". IC 26-1-2-325.

18 "Conforming to contract". IC 26-1-2-106.

19 "Contract for sale". IC 26-1-2-106.

20 "Cover". IC 26-1-2-712.

21 "Entrusting". IC 26-1-2-403.

22 "Financing agency". IC 26-1-2-104.

23 "Future goods". IC 26-1-2-105.

24 "Goods". IC 26-1-2-105.

25 "Identification". IC 26-1-2-501.

26 "Installment contract". IC 26-1-2-612.

27 "Letter of credit". IC 26-1-2-325.

28 "Lot". IC 26-1-2-105.

29 "Merchant". IC 26-1-2-104.

30 "Overseas". IC 26-1-2-323.

31 "Person in the position of seller". IC 26-1-2-707.

32 "Present sale". IC 26-1-2-106.

33 "Sale". IC 26-1-2-106.

34 "Sale on approval". IC 26-1-2-326.

35 "Sale or return". IC 26-1-2-326.

36 "Termination". IC 26-1-2-106.

37 (3) The following definitions apply to IC 26-1-2:

38 "Check". IC 26-1-3.1-104.

39 "Consignee". IC 26-1-7-102.

40 "Consignor". IC 26-1-7-102.

41 "Consumer goods". ~~IC 26-1-9-109~~; **IC 26-1-9.1-102.**

42 "Dishonor". IC 26-1-3.1-502.

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1 "Draft". IC 26-1-3.1-104.

2 (4) In addition, IC 26-1-1 contains general definitions and principles
3 of construction and interpretation applicable throughout IC 26-1-2.

4 SECTION 16. IC 26-1-2-210 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 210. (1) A party may
6 perform his duty through a delegate, unless otherwise agreed, or unless
7 the other party has a substantial interest in having his original promisor
8 perform or control the acts required by the contract. No delegation of
9 performance relieves the party delegating of any duty to perform or any
10 liability for breach.

11 (2) Unless otherwise agreed, all rights of either seller or buyer can
12 be assigned except where the assignment would materially change the
13 duty of the other party, or increase materially the burden or risk
14 imposed on him by his contract, or impair materially his chance of
15 obtaining return performance. A right to damages for breach of the
16 whole contract or a right arising out of the assignor's due performance
17 of his entire obligation can be assigned despite agreement otherwise.

18 (3) **The creation, attachment, perfection, or enforcement of a**
19 **security interest in the seller's interest under a contract is not a**
20 **transfer that materially changes the duty of or increases materially**
21 **the burden or risk imposed on the buyer or impairs materially the**
22 **buyer's chance of obtaining return performance within the**
23 **purview of subsection (2) unless, and then only to the extent that,**
24 **enforcement actually results in a delegation of material**
25 **performance of the seller. Even in that event, the creation,**
26 **attachment, perfection, and enforcement of the security interest**
27 **remain effective, but (i) the seller is liable to the buyer for damages**
28 **caused by the delegation to the extent that the damages could not**
29 **reasonably be prevented by the buyer, and (ii) a court having**
30 **jurisdiction may grant other appropriate relief, including**
31 **cancellation of the contract for sale or an injunction against**
32 **enforcement of the security interest or consummation of the**
33 **enforcement.**

34 (4) Unless the circumstances indicate the contrary, a prohibition of
35 assignment of "the contract" is to be construed as barring only the
36 delegation to the assignee of the assignor's performance.

37 ~~(4)~~ (5) An assignment of "the contract" or of "all my rights under the
38 contract" or an assignment in similar general terms is an assignment of
39 rights, and unless the language or the circumstances (as in an
40 assignment for security) indicate the contrary, it is a delegation of
41 performance of the duties of the assignor, and its acceptance by the
42 assignee constitutes a promise by him to perform those duties. This



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1 promise is enforceable by either the assignor or the other party to the
2 original contract.

3 ~~(5)~~ (6) The other party may treat any assignment which delegates
4 performance as creating reasonable grounds for insecurity and may,
5 without prejudice to his rights against the assignor, demand assurances
6 from the assignee (IC 26-1-2-609).

7 SECTION 17. IC 26-1-2-326 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 326. (1) Unless
9 otherwise agreed, if delivered goods may be returned by the buyer even
10 though they conform to the contract, the transaction is:

11 (a) a "sale on approval" if the goods are delivered primarily for
12 use; and

13 (b) a "sale or return" if the goods are delivered primarily for
14 resale.

15 (2) Except as provided in subsection ~~(3)~~; Goods held on approval
16 are not subject to the claims of the buyer's creditors until acceptance.
17 Goods held on sale or return are subject to such claims while in the
18 buyer's possession.

19 ~~(3) Where goods are delivered to a person for sale and such person~~
20 ~~maintains a place of business at which he deals in goods of the kind~~
21 ~~involved; under a name other than the name of the person making~~
22 ~~delivery; then with respect to claims of creditors of the person~~
23 ~~conducting the business the goods are deemed to be on sale or return.~~
24 ~~The provisions of this subsection are applicable even though an~~
25 ~~agreement purports to reserve title to the person making delivery until~~
26 ~~payment or resale or uses such words as "on consignment" or "on~~
27 ~~memorandum." However, this subsection is not applicable if the person~~
28 ~~making delivery:~~

29 (a) complies with an applicable law providing for a consignor's
30 interest or the like to be evidenced by a sign; or

31 (b) establishes that the person conducting the business is
32 generally known by his creditors to be substantially engaged in
33 selling the goods of others; or

34 (c) complies with the filing provisions of IC 26-1-9 on secured
35 transactions.

36 ~~(4)~~ (3) Any "or return" term of a contract for sale is to be treated as
37 a separate contract for sale within the statute of frauds section (IC
38 26-2-2-201) and as contradicting the sale aspect of the contract within
39 the provisions of IC 26-1-2-202 on parol or extrinsic evidence.

40 SECTION 18. IC 26-1-2-401 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 401. Each provision of
42 IC 26-1-2 with regard to the rights, obligations, and remedies of the

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1 seller, the buyer, purchasers, or other third parties applies irrespective
 2 of title to the goods, except where the provision refers to such title.
 3 Insofar as situations are not covered by the other provisions of
 4 IC 26-1-2 and matters concerning title become material, the following
 5 rules apply:

6 (1) Title to goods cannot pass under a contract for sale prior to
 7 their identification to the contract (IC 26-1-2-501), and unless
 8 otherwise explicitly agreed, the buyer acquires by their
 9 identification a special property as limited by IC 26-1. Any
 10 retention or reservation by the seller of the title (property) in
 11 goods shipped or delivered to the buyer is limited in effect to a
 12 reservation of a security interest. Subject to these provisions and
 13 to the provisions of ~~IC 26-1-9~~ **IC 26-1-9.1** on secured
 14 transactions, title to goods passes from the seller to the buyer in
 15 any manner and on any conditions explicitly agreed on by the
 16 parties.

17 (2) Unless otherwise explicitly agreed, title passes to the buyer at
 18 the time and place at which the seller completes his performance
 19 with reference to the physical delivery of the goods, despite any
 20 reservation of a security interest and even though a document of
 21 title is to be delivered at a different time or place, and in
 22 particular despite any reservation of a security interest by the bill
 23 of lading:

24 (a) if the contract requires or authorizes the seller to send the
 25 goods to the buyer but does not require him to deliver them at
 26 destination, title passes to the buyer at the time and place of
 27 shipment; but

28 (b) if the contract requires delivery at destination, title passes
 29 on tender there.

30 (3) Unless otherwise explicitly agreed, where delivery is to be
 31 made without moving the goods:

32 (a) if the seller is to deliver a document of title, title passes at
 33 the time when and the place where he delivers such
 34 documents; or

35 (b) if the goods are at the time of contracting already identified
 36 and no documents are to be delivered, title passes at the time
 37 and place of contracting.

38 (4) A rejection or other refusal by the buyer to receive or retain
 39 the goods, whether or not justified, or a justified revocation of
 40 acceptance revests title to the goods in the seller. Such revesting
 41 occurs by operation of law and is not a "sale".

42 SECTION 19. IC 26-1-2-402 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 402. (1) Except as
 2 provided in subsections (2) and (3), rights of unsecured creditors of the
 3 seller with respect to goods which have been identified to a contract for
 4 sale are subject to the buyer's rights to recover the goods under
 5 IC 26-1-2-502 and IC 26-1-2-716.

6 (2) A creditor of the seller may treat a sale or an identification of
 7 goods to a contract for sale as void if as against him a retention of
 8 possession by the seller is fraudulent under any rule of law of the state
 9 where the goods are situated, except that retention of possession in
 10 good faith and current course of trade by a merchant-seller for a
 11 commercially reasonable time after a sale or identification is not
 12 fraudulent.

13 (3) Nothing in IC 26-1-2 shall be deemed to impair the rights of
 14 creditors of the seller:

15 (a) under the provisions of ~~IC 26-1-9~~ **IC 26-1-9.1** on secured
 16 transactions; or

17 (b) where identification to the contract or delivery is made not in
 18 current course of trade but in satisfaction of or as security for a
 19 pre-existing claim for money, security, or the like and is made
 20 under circumstances which under any rule of law of the state
 21 where the goods are situated would apart from IC 26-1-2
 22 constitute the transaction a fraudulent transfer or voidable
 23 preference.

24 SECTION 20. IC 26-1-2-403 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 403. (1) A purchaser
 26 of goods acquires all title which his transferor had or had power to
 27 transfer, except that a purchaser of a limited interest acquires rights
 28 only to the extent of the interest purchased. A person with voidable title
 29 has power to transfer a good title to a good faith purchaser for value.
 30 When goods have been delivered under a transaction of purchase, the
 31 purchaser has such power even though:

32 (a) the transferor was deceived as to the identity of the purchaser;
 33 or

34 (b) the delivery was in exchange for a check which is later
 35 dishonored; or

36 (c) it was agreed that the transaction was to be a "cash sale"; or

37 (d) the delivery was procured through fraud punishable as theft
 38 under the criminal law.

39 (2) Any entrusting of possession of goods to a merchant who deals
 40 in goods of that kind gives him power to transfer all rights of the
 41 entruster to a buyer in ordinary course of business.

42 (3) "Entrusting" includes any delivery and any acquiescence in

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1 retention of possession regardless of any condition expressed between
 2 the parties to the delivery or acquiescence and regardless of whether
 3 the procurement of the entrusting or the possessor's disposition of the
 4 goods have been such as to be theft under the criminal law.

5 (4) The rights of other purchasers of goods and of lien creditors are
 6 governed by ~~IC 26-1-9~~ **IC 26-1-9.1** on secured transactions,
 7 IC 26-1-6.1 on bulk sales, and IC 26-1-7 on documents of title.

8 SECTION 21. IC 26-1-2-502 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 502. (1) Subject to
 10 ~~subsection~~ **subsections (2) and (3)** and even though the goods have not
 11 been shipped, a buyer who has paid a part or all of the price of goods
 12 in which he has a special property under the provisions of
 13 IC 26-1-2-501 may on making and keeping good a tender of any unpaid
 14 portion of their price recover them from the seller if:

15 **(a) in the case of goods bought for personal, family, or**
 16 **household purposes, the seller repudiates or fails to deliver as**
 17 **required by the contract; or**

18 **(b) in other cases,** the seller becomes insolvent within ten (10)
 19 days after receipt of the first installment on their price.

20 (2) **The buyer's right to recover the goods under subsection**
 21 **(1)(a) vests upon acquisition of a special property, even if the seller**
 22 **had not then repudiated or failed to deliver.**

23 (3) If the identification creating his special property has been made
 24 by the buyer, he acquires the right to recover the goods only if they
 25 conform to the contract for sale.

26 SECTION 22. IC 26-1-2-716 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 716. (1) Specific
 28 performance may be decreed where the goods are unique or in other
 29 proper circumstances.

30 (2) The decree for specific performance may include such terms and
 31 conditions as to payment of the price, damages, or other relief as the
 32 court may deem just.

33 (3) The buyer has a right of replevin for goods identified to the
 34 contract if after reasonable effort he is unable to effect cover for such
 35 goods or the circumstances reasonably indicate that such effort will be
 36 unavailing or if the goods have been shipped under reservation and
 37 satisfaction of the security interest in them has been made or tendered.
 38 **In the case of goods bought for personal, family, or household**
 39 **purposes, the buyer's right of replevin vests upon acquisition of a**
 40 **special property, even if the seller had not then repudiated or failed**
 41 **to deliver.**

42 SECTION 23. IC 26-1-2.1-103 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 103. (1) Unless the
2 context otherwise requires, in IC 26-1-2.1:

3 (a) "Buyer in ordinary course of business" means a person who in
4 good faith and without knowledge that the sale to the person is in
5 violation of the ownership rights or security interest or leasehold
6 interest of a third party in the goods, buys in ordinary course from
7 a person in the business of selling goods of that kind but does not
8 include a pawnbroker. "Buying" may be for cash or by exchange
9 of other property or on secured or unsecured credit and includes
10 receiving goods or documents of title under a pre-existing
11 contract for sale but does not include a transfer in bulk or as
12 security for or in total or partial satisfaction of a money debt.

13 (b) "Cancellation" occurs when either party puts an end to the
14 lease contract for default by the other party.

15 (c) "Commercial unit" means such a unit of goods as by
16 commercial usage is a single whole for purposes of lease and
17 division of which materially impairs its character or value on the
18 market or in use. A commercial unit may be a single article, as a
19 machine, or a set of articles, as a suite of furniture or a line of
20 machinery, or a quantity, as a gross or carload, or any other unit
21 treated in use or in the relevant market as a single whole.

22 (d) "Conforming" goods or performance under a lease contract
23 means goods or performance that are in accordance with the
24 obligations under the lease contract.

25 (e) "Consumer lease" means a lease that a lessor regularly
26 engaged in the business of leasing or selling makes to a lessee
27 who is an individual and who takes under the lease primarily for
28 a personal, family, or household purpose if the total payments to
29 be made under the lease contract, excluding payments for options
30 to renew or buy, do not exceed twenty-five thousand dollars
31 (\$25,000).

32 (f) "Fault" means wrongful act, omission, breach, or default.

33 (g) "Finance lease" means a lease with respect to which:

- 34 (i) the lessor does not select, manufacture, or supply the goods;
35 (ii) the lessor acquires the goods or the right to possession and
36 use of the goods in connection with the lease; and
37 (iii) one (1) of the following occurs:

38 (A) the lessee receives a copy of the contract by which the
39 lessor acquired the goods or the right to possession and use
40 of the goods before signing the lease contract;

41 (B) the lessee's approval of the contract by which the lessor
42 acquired the goods or the right to possession and use of the

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- 1 goods is a condition to effectiveness of the lease contract;
 2 (C) the lessee, before signing the lease contract, receives an
 3 accurate and complete statement designating the promises
 4 and warranties, and any disclaimers of warranties,
 5 limitations, or modifications of remedies, or liquidated
 6 damages, including those of a third party, such as the
 7 manufacturer of the goods, provided to the lessor by the
 8 person supplying the goods in connection with or as part of
 9 the contract by which the lessor acquired the goods or the
 10 right to possession and use of the goods; or
 11 (D) if the lease is not a consumer lease, the lessor, before the
 12 lessee signs the lease contract, informs the lessee in writing:
 13 (a) of the identity of the person supplying the goods to the
 14 lessor, unless the lessee has selected that person and
 15 directed the lessor to acquire the goods or the right to
 16 possession and use of the goods from that person; (b) that
 17 the lessee is entitled under IC 26-1-2.1 to the promises and
 18 warranties, including those of any third party, provided to
 19 the lessor by the person supplying the goods in connection
 20 with or as part of the contract by which the lessor acquired
 21 the goods or the right to possession and use of the goods;
 22 and (c) that the lessee may communicate with the person
 23 supplying the goods to the lessor and receive an accurate
 24 and complete statement of those promises and warranties,
 25 including any disclaimers and limitations of them or of
 26 remedies.
- 27 (h) "Goods" means all things that are movable at the time of
 28 identification to the lease contract, or are fixtures (IC
 29 26-1-2.1-309), but the term does not include money, documents,
 30 instruments, accounts, chattel paper, general intangibles, or
 31 minerals or the like, including oil and gas, before extraction. The
 32 term also includes the unborn young of animals.
- 33 (i) "Installment lease contract" means a lease contract that
 34 authorizes or requires the delivery of goods in separate lots to be
 35 separately accepted, even though the lease contract contains a
 36 clause "each delivery is a separate lease" or its equivalent.
- 37 (j) "Lease" means a transfer of the right to possession and use of
 38 goods for a term in return for consideration, but a sale, including
 39 a sale on approval or a sale or return, or retention or creation of a
 40 security interest is not a lease. Unless the context clearly indicates
 41 otherwise, the term includes a sublease.
- 42 (k) "Lease agreement" means the bargain, with respect to the

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- 1 lease, of the lessor and the lessee in fact as found in their
 2 language or by implication from other circumstances including
 3 course of dealing or usage of trade or course of performance as
 4 provided in IC 26-1-2.1. Unless the context clearly indicates
 5 otherwise, the term includes a sublease agreement.
- 6 (l) "Lease contract" means the total legal obligation that results
 7 from the lease agreement as affected by IC 26-1-2.1 and any other
 8 applicable rules of law. Unless the context clearly indicates
 9 otherwise, the term includes a sublease contract.
- 10 (m) "Leasehold interest" means the interest of the lessor or the
 11 lessee under a lease contract.
- 12 (n) "Lessee" means a person who acquires the right to possession
 13 and use of goods under a lease. Unless the context clearly
 14 indicates otherwise, the term includes a sublessee.
- 15 (o) "Lessee in ordinary course of business" means a person who
 16 in good faith and without knowledge that the lease to the person
 17 is in violation of the ownership rights or security interest or
 18 leasehold interest of a third party in the goods leases in ordinary
 19 course from a person in the business of selling or leasing goods of
 20 that kind but does not include a pawnbroker. "Leasing" may be for
 21 cash or by exchange of other property or on secured or unsecured
 22 credit and includes receiving goods or documents of title under a
 23 pre-existing lease contract but does not include a transfer in bulk
 24 or as security for or in total or partial satisfaction of a money debt.
- 25 (p) "Lessor" means a person who transfers the right to possession
 26 and use of goods under a lease. Unless the context clearly
 27 indicates otherwise, the term includes a sublessor.
- 28 (q) "Lessor's residual interest" means the lessor's interest in the
 29 goods after expiration, termination, or cancellation of the lease
 30 contract.
- 31 (r) "Lien" means a charge against or interest in goods to secure
 32 payment of a debt or performance of an obligation, but the term
 33 does not include a security interest.
- 34 (s) "Lot" means a parcel or a single article that is the subject
 35 matter of a separate lease or delivery, whether or not it is
 36 sufficient to perform the lease contract.
- 37 (t) "Merchant lessee" means a lessee that is a merchant with
 38 respect to goods of the kind subject to the lease.
- 39 (u) "Present value" means the amount as of a date certain of one
 40 (1) or more sums payable in the future, discounted to the date
 41 certain. The discount is determined by the interest rate specified
 42 by the parties if the rate was not manifestly unreasonable at the

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- 1 time the transaction was entered into; otherwise, the discount is
 2 determined by a commercially reasonable rate that takes into
 3 account the facts and circumstances of each case at the time the
 4 transaction was entered into.
- 5 (v) "Purchase" includes taking by sale, lease, mortgage, security
 6 interest, pledge, gift, or any other voluntary transaction creating
 7 an interest in goods.
- 8 (w) "Sublease" means a lease of goods the right to possession and
 9 use of which was acquired by the lessor as a lessee under an
 10 existing lease.
- 11 (x) "Supplier" means a person from whom a lessor buys or leases
 12 goods to be leased under a finance lease.
- 13 (y) "Supply contract" means a contract under which a lessor buys
 14 or leases goods to be leased.
- 15 (z) "Termination" occurs when either party pursuant to a power
 16 created by agreement or law puts an end to the lease contract
 17 otherwise than for default.
- 18 (2) Other definitions applying to IC 26-1-2.1 and the sections in
 19 which they appear are:
- 20 "Accessions". IC 26-1-2.1-310(1).
 21 "Construction mortgage". IC 26-1-2.1-309(1)(d).
 22 "Encumbrance". IC 26-1-2.1-309(1)(e).
 23 "Fixtures". IC 26-1-2.1-309(1)(a).
 24 "Fixture filing". IC 26-1-2.1-309(1)(b).
 25 "Purchase money lease". IC 26-1-2.1-309(1)(c).
- 26 (3) The following definitions in other chapters apply to IC 26-1-2.1:
 27 "Account". ~~IC 26-1-9-106~~; **IC 26-1-9.1-102(a)(2)**.
 28 "Between merchants". IC 26-1-2-104(3).
 29 "Buyer". IC 26-1-2-103(1)(a).
 30 "Chattel paper". ~~IC 26-1-9-105(1)(b)~~; **IC 26-1-9.1-102(a)(11)**.
 31 "Consumer goods". ~~IC 26-1-9-109(1)~~; **IC 26-1-9.1-102(a)(23)**.
 32 "Document". ~~IC 26-1-9-105(1)(f)~~; **IC 26-1-9.1-102(a)(30)**.
 33 "Entrusting". IC 26-1-2-403(3).
 34 "General intangibles". ~~IC 26-1-9-106~~; **IC 26-1-9.1-102(a)(42)**.
 35 "Good faith". IC 26-1-2-103(1)(b).
 36 "Instrument". ~~IC 26-1-9-105(1)(i)~~; **IC 26-1-9.1-102(a)(47)**.
 37 "Merchant". IC 26-1-2-104(1).
 38 "Mortgage". ~~IC 26-1-9-105(1)(j)~~; **IC 26-1-9.1-102(a)(55)**.
 39 "Pursuant to commitment". ~~IC 26-1-9-105(1)(k)~~;
 40 **IC 26-1-9.1-102(a)(68)**.
 41 "Receipt". IC 26-1-2-103(1)(c).
 42 "Sale". IC 26-1-2-106(1).



1 "Sale on approval". IC 26-1-2-326.

2 "Sale or return". IC 26-1-2-326.

3 "Seller". IC 26-1-2-103(1)(d).

4 (4) In addition, IC 26-1-1 contains general definitions and principles
5 of construction and interpretation applicable throughout IC 26-1-2.1.

6 SECTION 24. IC 26-1-2.1-303 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 303. (1) As used in this
8 section, "creation of a security interest" includes the sale of a lease
9 contract that is subject to IC 26-1-9, by reason of ~~IC 26-1-9-102(1)(b)~~.
10 **IC 26-1-9.1-109(a)(3).**

11 (2) Except as provided in ~~subsections subsection~~ (3) and ~~(4)~~;
12 **IC 26-1-9.1-407**, a provision in a lease agreement which (i) prohibits
13 the voluntary or involuntary transfer, including a transfer by sale,
14 sublease, creation or enforcement of a security interest, or attachment,
15 levy, or other judicial process, of an interest of a party under the lease
16 contract or of the lessor's residual interest in the goods, or (ii) makes
17 such a transfer an event of default, gives rise to the rights and remedies
18 provided in subsection ~~(5)~~; **(4)**, but a transfer that is prohibited or is an
19 event of default under the lease agreement is otherwise effective.

20 ~~(3) A provision in a lease agreement which (i) prohibits the creation~~
21 ~~or enforcement of a security interest in an interest of a party under the~~
22 ~~lease contract or in the lessor's residual interest in the goods; or (ii)~~
23 ~~makes such a transfer an event of default; is not enforceable unless; and~~
24 ~~then only to the extent that; there is an actual transfer by the lessee of~~
25 ~~the lessee's right of possession or use of the goods in violation of the~~
26 ~~provision or an actual delegation of a material performance of either~~
27 ~~party to the lease contract in violation of the provision. Neither the~~
28 ~~granting nor the enforcement of a security interest in (i) the lessor's~~
29 ~~interest under the lease contract or (ii) the lessor's residual interest in~~
30 ~~the goods is a transfer that materially impairs the prospect of obtaining~~
31 ~~return performance by; materially changes the duty of; or materially~~
32 ~~increases the burden or risk imposed on; the lessee within the purview~~
33 ~~of subsection (5) unless; and then only to the extent that; there is an~~
34 ~~actual delegation of a material performance of the lessor.~~

35 ~~(4)~~ **(3)** A provision in a lease agreement which (i) prohibits a
36 transfer of a right to damages for default with respect to the whole lease
37 contract or of a right to payment arising out of the transferor's due
38 performance of the transferor's entire obligation, or (ii) makes such a
39 transfer an event of default, is not enforceable, and such a transfer is
40 not a transfer that materially impairs the prospect of obtaining return
41 performance by, materially changes the duty of, or materially increases
42 the burden or risk imposed on, the other party to the lease contract



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1 within the purview of subsection ~~(5)~~: **(4)**.

2 ~~(5)~~ **(4)** Subject to ~~subsections~~ **subsection** (3) and ~~(4)~~
3 **IC 26-1-9.1-407:**

4 (a) if a transfer is made which is made an event of default under
5 a lease agreement, the party to the lease contract not making the
6 transfer, unless that party waives the default or otherwise agrees,
7 has the rights and remedies described in IC 26-1-2.1-501(2); **or**
8 (b) if subdivision (a) is not applicable and if a transfer is made
9 that (i) is prohibited under a lease agreement or (ii) materially
10 impairs the prospect of obtaining return performance by,
11 materially changes the duty of, or materially increases the burden
12 or risk imposed on, the other party to the lease contract, unless the
13 party not making the transfer agrees at any time to the transfer in
14 the lease contract or otherwise, then, except as limited by
15 contract, (i) the transferor is liable to the party not making the
16 transfer for damages caused by the transfer to the extent that the
17 damages could not reasonably be prevented by the party not
18 making the transfer and (ii) a court having jurisdiction may grant
19 other appropriate relief, including cancellation of the lease
20 contract or an injunction against the transfer.

21 ~~(6)~~ **(5)** A transfer of "the lease" or of "all my rights under the lease",
22 or a transfer in similar general terms, is a transfer of rights and, unless
23 the language or the circumstances, as in a transfer for security, indicate
24 the contrary, the transfer is a delegation of duties by the transferor to
25 the transferee. Acceptance by the transferee constitutes a promise by
26 the transferee to perform those duties. The promise is enforceable by
27 either the transferor or the other party to the lease contract.

28 ~~(7)~~ **(6)** Unless otherwise agreed by the lessor and the lessee, a
29 delegation of performance does not relieve the transferor as against the
30 other party of any duty to perform or of any liability for default.

31 ~~(8)~~ **(7)** In a consumer lease, to prohibit the transfer of an interest of
32 a party under the lease contract or to make a transfer an event of
33 default, the language must be specific, by a writing, and conspicuous.

34 SECTION 25. IC 26-1-2.1-307 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 307. (1) Except as
36 otherwise provided in IC 26-1-2.1-306, a creditor of a lessee takes
37 subject to the lease contract.

38 (2) Except as otherwise provided in ~~subsections~~ **subsection** (3) ~~and~~
39 ~~(4)~~ and in IC 26-1-2.1-306 and IC 26-1-2.1-308, a creditor of a lessor
40 takes subject to the lease contract unless

41 ~~(a)~~ the creditor holds a lien that attached to the goods before the
42 lease contract became enforceable.



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1 (b) the creditor holds a security interest in the goods and the
 2 lessee did not give value and receive delivery of the goods
 3 without knowledge of the security interest; or

4 (c) the creditor holds a security interest in the goods which was
 5 perfected (~~IC 26-1-2.1-303~~) before the lease contract became
 6 enforceable.

7 (3) A lessee in the ordinary course of business takes the leasehold
 8 interest free of a security interest in the goods created by the lessor
 9 even though the security interest is perfected (~~IC 26-1-2.1-303~~) and the
 10 lessee knows of its existence.

11 (4) A lessee other than a lessee in the ordinary course of business
 12 takes the leasehold interest free of a security interest to the extent that
 13 it secures future advances made after the secured party acquires
 14 knowledge of the lease or more than forty-five (45) days after the lease
 15 contract becomes enforceable, whichever first occurs; unless the future
 16 advances are made pursuant to a commitment entered into without
 17 knowledge of the lease and before the expiration of the forty-five (45)
 18 day period.

19 (3) **Except as otherwise provided in IC 26-1-9.1-317,**
 20 **IC 26-1-9.1-321, and IC 26-1-9.1-323, a lessee takes a leasehold**
 21 **interest subject to a security interest held by a creditor of the**
 22 **lessor.**

23 SECTION 26. IC 26-1-2.1-309 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 309. (1) In this section:

25 (a) goods are "fixtures" when they become so related to particular
 26 real estate that an interest in them arises under real estate law;

27 (b) a "fixture filing" is the filing, in the office where a mortgage
 28 on the real estate would be filed or recorded, of a financing
 29 statement covering goods that are or are to become fixtures and
 30 conforming to the requirements of ~~IC 26-1-9-402(4)~~;
 31 **IC 26-1-9.1-502(a) and IC 26-1-9.1-502(b)**;

32 (c) a lease is a "purchase money lease" unless the lessee has
 33 possession or use of the goods or the right to possession or use of
 34 the goods before the lease agreement is enforceable;

35 (d) a mortgage is a "construction mortgage" to the extent it
 36 secures an obligation incurred for the construction of an
 37 improvement on land including the acquisition cost of the land, if
 38 the recorded writing so indicates; and

39 (e) "encumbrance" includes real estate mortgages and other liens
 40 on real estate and all other rights in real estate that are not
 41 ownership interests.

42 (2) Under IC 26-1-2.1 a lease may be of goods that are fixtures or

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1 may continue in goods that become fixtures, but no lease exists under
2 IC 26-1-2.1 of ordinary building materials incorporated into an
3 improvement on land.

4 (3) IC 26-1-2.1 does not prevent creation of a lease of fixtures
5 pursuant to real estate law.

6 (4) The perfected interest of a lessor of fixtures has priority over a
7 conflicting interest of an encumbrancer or owner of the real estate if:

8 (a) the lease is a purchase money lease, the conflicting interest of
9 the encumbrancer or owner arises before the goods become
10 fixtures, the interest of the lessor is perfected by a fixture filing
11 before the goods become fixtures or within ten (10) days
12 thereafter, and the lessee has an interest of record in the real
13 estate or is in possession of the real estate; or

14 (b) the interest of the lessor is perfected by a fixture filing before
15 the interest of the encumbrancer or owner is of record, the lessor's
16 interest has priority over any conflicting interest of a predecessor
17 in title of the encumbrancer or owner, and the lessee has an
18 interest of record in the real estate or is in possession of the real
19 estate.

20 (5) The interest of a lessor of fixtures, whether or not perfected, has
21 priority over the conflicting interest of an encumbrancer or owner of
22 the real estate if:

23 (a) the fixtures are readily removable factory or office machines,
24 readily removable equipment that is not primarily used or leased
25 for use in the operation of the real estate, or readily removable
26 replacements of domestic appliances that are goods subject to a
27 consumer lease, and before the goods become fixtures the lease
28 contract is enforceable; or

29 (b) the conflicting interest is a lien on the real estate obtained by
30 legal or equitable proceedings after the lease contract is
31 enforceable; or

32 (c) the encumbrancer or owner has consented in writing to the
33 lease or has disclaimed an interest in the goods as fixtures; or

34 (d) the lessee has a right to remove the goods as against the
35 encumbrancer or owner. If the lessee's right to remove terminates,
36 the priority of the interest of the lessor continues for a reasonable
37 time.

38 (6) Notwithstanding subsection 4(a) but otherwise subject to
39 subsections (4) and (5), the interest of a lessor of fixtures, including the
40 lessor's residual interest, is subordinate to the conflicting interest of an
41 encumbrancer of the real estate under a construction mortgage recorded
42 before the goods become fixtures if the goods become fixtures before



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1 the completion of the construction. To the extent given to refinance a
 2 construction mortgage, the conflicting interest of an encumbrancer of
 3 the real estate under a mortgage has this priority to the same extent as
 4 the encumbrancer of the real estate under the construction mortgage.

5 (7) In cases not within the preceding subsections, priority between
 6 the interest of a lessor of fixtures, including the lessor's residual
 7 interest, and the conflicting interest of an encumbrancer or owner of the
 8 real estate who is not the lessee is determined by the priority rules
 9 governing conflicting interests in real estate.

10 (8) If the interest of a lessor of fixtures, including the lessor's
 11 residual interest, has priority over all conflicting interests of all owners
 12 and encumbrancers of the real estate, the lessor or the lessee may (i) on
 13 default, expiration, termination, or cancellation of the lease agreement
 14 but subject to the lease agreement and IC 26-1-2.1, or (ii) if necessary
 15 to enforce other rights and remedies of the lessor or lessee under
 16 IC 26-1-2.1, remove the goods from the real estate, free and clear of all
 17 conflicting interests of all owners and encumbrancers of the real estate,
 18 but the lessor or lessee must reimburse any encumbrancer or owner of
 19 the real estate who is not the lessee and who has not otherwise agreed
 20 for the cost of repair of any physical injury, but not for any diminution
 21 in value of the real estate caused by the absence of the goods removed
 22 or by any necessity of replacing them. A person entitled to
 23 reimbursement may refuse permission to remove until the party seeking
 24 removal gives adequate security for the performance of this obligation.

25 (9) Even though the lease agreement does not create a security
 26 interest, the interest of a lessor of fixtures, including the lessor's
 27 residual interest, is perfected by filing a financing statement as a fixture
 28 filing for leased goods that are or are to become fixtures in accordance
 29 with the relevant provisions of ~~IC 26-1-9~~ **IC 26-1-9.1**.

30 SECTION 27. IC 26-1-3.1-102 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 102. (a) IC 26-1-3.1
 32 applies to negotiable instruments. It does not apply to money, to
 33 payment orders governed by IC 26-1-4.1, or to securities governed by
 34 IC 26-1-8.1.

35 (b) If there is conflict between IC 26-1-3.1 and IC 26-1-4 or
 36 ~~IC 26-1-9~~ **IC 26-1-9.1**, IC 26-1-4, and ~~IC 26-1-9~~ **IC 26-1-9.1** govern.

37 (c) Regulations of the Board of Governors of the Federal Reserve
 38 System and operating circulars of the Federal Reserve Banks supersede
 39 any inconsistent provision of IC 26-1-3.1 to the extent of the
 40 inconsistency.

41 SECTION 28. IC 26-1-3.1-605 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 605. (a) In this section,

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1 the term "endorser" includes a drawer having the obligation described
2 in IC 26-1-3.1-414(d).

3 (b) Discharge, under IC 26-1-3.1-604, of the obligation of a party to
4 pay an instrument does not discharge the obligation of an endorser or
5 accommodation party having a right of recourse against the discharged
6 party.

7 (c) If a person entitled to enforce an instrument agrees, with or
8 without consideration, to an extension of the due date of the obligation
9 of a party to pay the instrument, the extension discharges an endorser
10 or accommodation party having a right of recourse against the party
11 whose obligation is extended to the extent the endorser or
12 accommodation party proves that the extension caused loss to the
13 endorser or accommodation party with respect to the right of recourse.

14 (d) If a person entitled to enforce an instrument agrees, with or
15 without consideration, to a material modification of the obligation of
16 a party other than an extension of the due date, the modification
17 discharges the obligation of an endorser or accommodation party
18 having a right of recourse against the person whose obligation is
19 modified to the extent the modification causes loss to the endorser or
20 accommodation party with respect to the right of recourse. The loss
21 suffered by the endorser or accommodation party as a result of the
22 modification is equal to the amount of the right of recourse unless the
23 person enforcing the instrument proves that no loss was caused by the
24 modification or that the loss caused by the modification was an amount
25 less than the amount of the right of recourse.

26 (e) If the obligation of a party to pay an instrument is secured by an
27 interest in collateral and a person entitled to enforce the instrument
28 impairs the value of the interest in collateral, the obligation of an
29 endorser or accommodation party having a right of recourse against the
30 obligor is discharged to the extent of the impairment. The value of an
31 interest in collateral is impaired to the extent:

- 32 (1) the value of the interest is reduced to an amount less than the
33 amount of the right of recourse of the party asserting discharge;
34 or
35 (2) the reduction in value of the interest causes an increase in the
36 amount by which the amount of the right of recourse exceeds the
37 value of the interest.

38 The burden of proving impairment is on the party asserting discharge.

39 (f) If the obligation of a party is secured by an interest in collateral
40 not provided by an accommodation party and a person entitled to
41 enforce the instrument impairs the value of the interest in collateral, the
42 obligation of any party who is jointly and severally liable with respect

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1 to the secured obligation is discharged to the extent the impairment
 2 causes the party asserting discharge to pay more than that party would
 3 have been obliged to pay, taking into account rights of contribution, if
 4 impairment had not occurred. If the party asserting discharge is an
 5 accommodation party not entitled to discharge under subsection (e), the
 6 party is considered to have a right to contribution based on joint and
 7 several liability rather than a right to reimbursement. The burden of
 8 proving impairment is on the party asserting discharge.

9 (g) Under subsection (e) or (f), impairing value of an interest in
 10 collateral includes:

- 11 (1) failure to obtain or maintain perfection or recordation of the
- 12 interest in collateral;
- 13 (2) release of collateral without substitution of collateral of equal
- 14 value;
- 15 (3) failure to perform a duty to preserve the value of collateral
- 16 owed, under ~~IC 26-1-9~~ **IC 26-1-9.1** or other law, to a debtor or
- 17 surety or other person secondarily liable; or
- 18 (4) failure to comply with applicable law in disposing of
- 19 collateral.

20 (h) An accommodation party is not discharged under subsection (c),
 21 (d), or (e) unless the person entitled to enforce the instrument knows of
 22 the accommodation or has notice under IC 26-1-3.1-419(c) that the
 23 instrument was signed for accommodation.

24 (i) A party is not discharged under this section if:

- 25 (1) the party asserting discharge consents to the event or conduct
- 26 that is the basis of the discharge; or
- 27 (2) the instrument or a separate agreement of the party provides
- 28 for waiver of discharge under this section either specifically or by
- 29 general language indicating that parties waive defenses based on
- 30 suretyship or impairment of collateral.

31 **SECTION 29. IC 26-1-4-210 IS AMENDED TO READ AS**
 32 **FOLLOWS [EFFECTIVE JULY 1, 2001]:** Sec. 210. (a) A collecting
 33 bank has a security interest in an item and any accompanying
 34 documents or the proceeds of either:

- 35 (1) in the case of an item deposited in an account, to the extent to
- 36 which credit given for the item has been withdrawn or applied;
- 37 (2) in the case of an item for which it has given credit available
- 38 for withdrawal as of right, to the extent of the credit given,
- 39 whether or not the credit is drawn upon or there is a right of
- 40 charge-back; or
- 41 (3) if it makes an advance on or against the item.

42 (b) If credit given for several items received at one (1) time or under

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1 a single agreement is withdrawn or applied in part, the security interest
 2 remains upon all the items, any accompanying documents, or the
 3 proceeds of either. For the purpose of this section, credits first given
 4 are first withdrawn.

5 (c) Receipt by a collecting bank of a final settlement for an item is
 6 a realization on its security interest in the item, accompanying
 7 documents, and proceeds. So long as the bank does not receive final
 8 settlement for the item or give up possession of the item or
 9 accompanying documents for purposes other than collection, the
 10 security interest continues to that extent and is subject to IC 26-1-9,
 11 but:

12 (1) no security agreement is necessary to make the security
 13 interest enforceable (~~IC 26-1-9-203(1)(a)~~); **(IC**
 14 **26-1-9.1-203(b)(3)(A)**);

15 (2) no filing is required to perfect the security interest; and

16 (3) the security interest has priority over conflicting perfected
 17 security interests in the item, accompanying documents, or
 18 proceeds.

19 SECTION 30. IC 26-1-5.1-114 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 114. (a) In this section,
 21 "proceeds of a letter of credit" means the cash, check, accepted draft,
 22 or other item of value paid or delivered upon honor or giving of value
 23 by the issuer or any nominated person under the letter of credit. The
 24 term does not include a beneficiary's drawing rights or documents
 25 presented by the beneficiary.

26 (b) A beneficiary may assign its right to part or all of the proceeds
 27 of a letter of credit. The beneficiary may do so before presentation as
 28 a present assignment of its right to receive proceeds contingent upon
 29 its compliance with the terms and conditions of the letter of credit.

30 (c) An issuer or nominated person need not recognize an assignment
 31 of proceeds of a letter of credit until it consents to the assignment.

32 (d) An issuer or nominated person has no obligation to give or
 33 withhold its consent to an assignment of proceeds of a letter of credit,
 34 but consent may not be unreasonably withheld if the assignee possesses
 35 and exhibits the letter of credit and presentation of the letter of credit
 36 is a condition to honor.

37 (e) Rights of a transferee beneficiary or nominated person are
 38 independent of the beneficiary's assignment of the proceeds of a letter
 39 of credit and are superior to the assignee's right to the proceeds.

40 (f) Neither the rights recognized by this section between an assignee
 41 and an issuer, transferee beneficiary, or nominated person nor the
 42 issuer's or nominated person's payment of proceeds to an assignee or a

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1 third person affects the rights between the assignee and any person
 2 other than the issuer, transferee beneficiary, or nominated person. The
 3 mode of creating and perfecting a security interest in or granting an
 4 assignment of a beneficiary's rights to proceeds is governed by
 5 ~~IC 26-1-9~~ **IC 26-1-9.1** or other law. Against persons other than the
 6 issuer, transferee beneficiary, or nominated person, the rights and
 7 obligations arising upon the creation of a security interest or other
 8 assignment of a beneficiary's right to proceeds and its perfection are
 9 governed by ~~IC 26-1-9~~ **IC 26-1-9.1** or other law.

10 SECTION 31. IC 26-1-5.1-116 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 116. (a) The liability of
 12 an issuer, nominated person, or adviser for action or omission is
 13 governed by the law of the jurisdiction chosen by an agreement in the
 14 form of a record signed or otherwise authenticated by the affected
 15 parties in the manner provided in IC 26-1-5.1-104 or by a provision in
 16 the person's letter of credit, confirmation, or other undertaking. The
 17 jurisdiction whose law is chosen need not bear any relation to the
 18 transaction.

19 (b) Unless subsection (a) applies, the liability of an issuer,
 20 nominated person, or adviser for action or omission is governed by the
 21 law of the jurisdiction in which the person is located. The person is
 22 considered to be located at the address indicated in the person's
 23 undertaking. If more than one (1) address is indicated, the person is
 24 considered to be located at the address from which the person's
 25 undertaking was issued. For the purpose of jurisdiction, choice of law,
 26 and recognition of interbranch letters of credit, but not enforcement of
 27 a judgment, all branches of a bank are considered separate juridical
 28 entities and a bank is considered to be located at the place where its
 29 relevant branch is considered to be located under this subsection.

30 (c) Except as otherwise provided in this subsection, the liability of
 31 an issuer, nominated person, or adviser is governed by any rules of
 32 custom or practice, such as the Uniform Customs and Practice for
 33 Documentary Credits, to which the letter of credit, confirmation, or
 34 other undertaking is expressly made subject. If:

35 (i) IC 26-1-5.1 would govern the liability of an issuer, nominated
 36 person, or adviser under subsection (a) or (b);

37 (ii) the relevant undertaking incorporates rules of custom or
 38 practice; and

39 (iii) there is conflict between IC 26-1-5.1 and those rules as
 40 applied to that undertaking;

41 those rules govern except to the extent of any conflict with the
 42 nonvariable provisions specified in IC 26-1-5.1-103(c).



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1 (d) If there is conflict between IC 26-1-5.1 and IC 26-1-3.1,
2 IC 26-1-4, IC 26-1-4.1, or ~~IC 26-1-9~~ **IC 26-1-9.1**, IC 26-1-5.1 governs.

3 (e) The forum for settling disputes arising out of an undertaking
4 within IC 26-1-5.1 may be chosen in the manner and with the binding
5 effect that governing law may be chosen in accordance with subsection
6 (a).

7 SECTION 32. IC 26-1-5.1-118 IS ADDED TO THE INDIANA
8 CODE AS A NEW SECTION TO READ AS FOLLOWS
9 [EFFECTIVE JULY 1, 2001]: **Sec. 118. (a) An issuer or nominated**
10 **person has a security interest in a document presented under a**
11 **letter of credit to the extent that the issuer or nominated person**
12 **honors or gives value for the presentation.**

13 (b) **So long as and to the extent that an issuer or nominated**
14 **person has not been reimbursed or has not otherwise recovered the**
15 **value given with respect to a security interest in a document under**
16 **subsection (a), the security interest continues and is subject to**
17 **IC 26-1-9.1, but:**

18 (1) **a security agreement is not necessary to make the security**
19 **interest enforceable under IC 26-1-9.1-203(b)(3);**

20 (2) **if the document is presented in a medium other than a**
21 **written or other tangible medium, the security interest is**
22 **perfected; and**

23 (3) **if the document is presented in a written or other tangible**
24 **medium and is not a certificated security, chattel paper, a**
25 **document of title, an instrument, or a letter of credit, the**
26 **security interest is perfected and has priority over a**
27 **conflicting security interest in the document so long as the**
28 **debtor does not have possession of the document.**

29 SECTION 33. IC 26-1-6.1-102, AS AMENDED BY P.L.154-1999,
30 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2001]: **Sec. 102. (1) In this chapter, unless the context**
32 **otherwise requires:**

33 (a) "Assets" means the inventory that is the subject of a bulk sale
34 and any tangible and intangible personal property used or held for
35 use primarily in, or arising from, the seller's business and sold in
36 connection with that inventory, but the term does not include:

37 (i) fixtures ~~(IC 26-1-9-313(1)(a))~~ **(IC 26-1-9.1-102(a)(41))**

38 other than readily removable factory and office machines;

39 (ii) the lessee's interest in a lease of real property; or

40 (iii) property to the extent it is generally exempt from creditor
41 process under nonbankruptcy law.

42 (b) "Auctioneer" means a person whom the seller engages to

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1 direct, conduct, control, or be responsible for a sale by auction.

2 (c) "Bulk sale" means:

3 (i) in the case of a sale by auction or a sale or series of sales
4 conducted by a liquidator on the seller's behalf, a sale or series
5 of sales not in the ordinary course of the seller's business of
6 more than half of the seller's inventory, as measured by value
7 on the date of the bulk-sale agreement, if on that date the
8 auctioneer or liquidator has notice, or after reasonable inquiry
9 would have had notice, that the seller will not continue to
10 operate the same or a similar kind of business after the sale or
11 series of sales; and

12 (ii) in all other cases, a sale not in the ordinary course of the
13 seller's business of more than half the seller's inventory, as
14 measured by value on the date of the bulk-sale agreement, if
15 on that date the buyer has notice, or after reasonable inquiry
16 would have had notice, that the seller will not continue to
17 operate the same or a similar kind of business after the sale.

18 (d) "Claim" means a right to payment from the seller, whether or
19 not the right is reduced to judgment, liquidated, fixed, matured,
20 disputed, secured, legal, or equitable. The term includes costs of
21 collection and attorney's fees only to the extent that the laws of
22 this state permit the holder of the claim to recover them in an
23 action against the obligor.

24 (e) "Claimant" means a person holding a claim incurred in the
25 seller's business other than:

26 (i) an unsecured and unmatured claim for employment
27 compensation and benefits, including commissions and
28 vacation, severance, and sick-leave pay; and

29 (ii) a claim for injury to an individual or to property, or for
30 breach of warranty, unless:

31 (A) a right of action for the claim has accrued;

32 (B) the claim has been asserted against the seller; and

33 (C) the seller knows the identity of the person asserting the
34 claim and the basis upon which the person has asserted it.

35 (f) "Creditor" means a claimant or other person holding a claim.

36 (g) (i) "Date of the bulk sale" means:

37 (A) if the sale is by auction or is conducted by a liquidator
38 on the seller's behalf, the date on which more than ten
39 percent (10%) of the net proceeds is paid to or for the
40 benefit of the seller; and

41 (B) in all other cases, the later of the date on which:

42 (I) more than ten percent (10%) of the net contract price is

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- 1 paid to or for the benefit of the seller; or
 2 (II) more than ten percent (10%) of the assets, as measured
 3 by value, are transferred to the buyer.
 4 (ii) For purposes of this subsection:
 5 (A) delivery of a negotiable instrument (IC
 6 26-1-3.1-104(a)(1)) to or for the benefit of the seller in
 7 exchange for assets constitutes payment of the contract price
 8 pro tanto;
 9 (B) to the extent that the contract price is deposited in an
 10 escrow, the contract price is paid to or for the benefit of the
 11 seller when the seller acquires the unconditional right to
 12 receive the deposit or when the deposit is delivered to the
 13 seller or for the benefit of the seller, whichever is earlier;
 14 and
 15 (C) an asset is transferred when a person holding an
 16 unsecured claim can no longer obtain through judicial
 17 proceedings rights to the asset that are superior to those of
 18 the buyer arising as a result of the bulk sale. A person
 19 holding an unsecured claim can obtain those superior rights
 20 to a tangible asset at least until the buyer has an
 21 unconditional right, under the bulk-sale agreement, to
 22 possess the asset, and a person holding an unsecured claim
 23 can obtain those superior rights to an intangible asset at least
 24 until the buyer has an unconditional right, under the
 25 bulk-sale agreement, to use the asset.
 26 (h) "Date of the bulk-sale agreement" means:
 27 (i) in the case of a sale by auction or conducted by a liquidator
 28 (subsection (c)(i)), the date on which the seller engages the
 29 auctioneer or liquidator; and
 30 (ii) in all other cases, the date on which a bulk-sale agreement
 31 becomes enforceable between the buyer and the seller.
 32 (i) "Debt" means liability on a claim.
 33 (j) "Liquidator" means a person who is regularly engaged in the
 34 business of disposing of assets for businesses contemplating
 35 liquidation or dissolution.
 36 (k) "Net contract price" means the new consideration the buyer is
 37 obligated to pay for the assets less:
 38 (i) the amount of any proceeds of the sale of an asset, to the
 39 extent the proceeds are applied in partial or total satisfaction
 40 of a debt secured by the asset; and
 41 (ii) the amount of any debt to the extent it is secured by a
 42 security interest or lien that is enforceable against the asset

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1 before and after it has been sold to a buyer. If a debt is secured
 2 by an asset and other property of the seller, the amount of the
 3 debt secured by a security interest or lien that is enforceable
 4 against the asset is determined by multiplying the debt by a
 5 fraction, the numerator of which is the value of the new
 6 consideration for the asset on the date of the bulk sale and the
 7 denominator of which is the value of all property securing the
 8 debt on the date of the bulk sale.

9 (l) "Net proceeds" means the new consideration received for
 10 assets sold at a sale by auction or a sale conducted by a liquidator
 11 on the seller's behalf less:

12 (i) commissions and reasonable expenses of the sale;

13 (ii) the amount of any proceeds of the sale of an asset, to the
 14 extent the proceeds are applied in partial or total satisfaction
 15 of a debt secured by the asset; and

16 (iii) the amount of any debt to the extent it is secured by a
 17 security interest or lien that is enforceable against the asset
 18 before and after it has been sold to a buyer. If a debt is secured
 19 by an asset and other property of the seller, the amount of the
 20 debt secured by a security interest or lien that is enforceable
 21 against the asset is determined by multiplying the debt by a
 22 fraction, the numerator of which is the value of the new
 23 consideration for the asset on the date of the bulk sale and the
 24 denominator of which is the value of all property securing the
 25 debt on the date of the bulk sale.

26 (m) A sale is "in the ordinary course of the seller's business" if the
 27 sale comports with usual or customary practices in the kind of
 28 business in which the seller is engaged or with the seller's own
 29 usual or customary practices.

30 (n) "United States" includes its territories and possessions and the
 31 Commonwealth of Puerto Rico.

32 (o) "Value" means fair market value.

33 (p) "Verified" means signed and sworn to or affirmed.

34 (2) The following definitions apply to this chapter:

35 (a) "Buyer." IC 26-1-2-103(1)(a).

36 (b) "Equipment." ~~IC 26-1-9-109(2)~~; **IC 26-1-9.1-102(a)(33)**.

37 (c) "Inventory." ~~IC 26-1-9-109(4)~~; **IC 26-1-9.1-102(a)(48)**.

38 (d) "Sale." IC 26-1-2-106(1).

39 (e) "Seller". IC 26-1-2-103(1)(d).

40 (3) In addition, IC 26-1-1 contains general definitions and principles
 41 of construction and interpretation applicable throughout this chapter.

42 SECTION 34. IC 26-1-6.1-103 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 103. (1) Except as
 2 otherwise provided in subsection (3), this chapter applies to a bulk sale
 3 if:

4 (a) the seller's principal business is the sale of inventory from
 5 stock; and

6 (b) on the date of the bulk-sale agreement the seller is located in
 7 Indiana or, if the seller is located in a jurisdiction that is not a part
 8 of the United States, the seller's major executive office in the
 9 United States is in Indiana.

10 (2) A seller is deemed to be located at the seller's place of business.
 11 If a seller has more than one (1) place of business, the seller is deemed
 12 located at the seller's chief executive office.

13 (3) This chapter does not apply to:

14 (a) a transfer made to secure payment or performance of an
 15 obligation;

16 (b) a transfer of collateral to a secured party pursuant to
 17 ~~IC 26-1-9-503~~; **IC 26-1-9.1-609**;

18 (c) a sale of collateral pursuant to ~~IC 26-1-9-504~~;
 19 **IC 26-1-9.1-610**;

20 (d) retention of collateral pursuant to ~~IC 26-1-9-505~~;
 21 **IC 26-1-9.1-620**;

22 (e) a sale of an asset encumbered by a security interest or lien if
 23 (i) all the proceeds of the sale are applied in partial or total
 24 satisfaction of the debt secured by the security interest or lien, or
 25 (ii) the security interest or lien is enforceable against the asset
 26 after it has been sold to the buyer and the net contract price is zero
 27 (0);

28 (f) a general assignment for the benefit of creditors or to a
 29 subsequent transfer by the assignee;

30 (g) a sale by an executor, administrator, receiver, trustee in
 31 bankruptcy, or any public officer under judicial process;

32 (h) a sale made in the course of judicial or administrative
 33 proceedings for the dissolution or reorganization of an
 34 organization;

35 (i) a sale to a buyer whose principal place of business is in the
 36 United States and who:

37 (i) not earlier than twenty-one (21) days before the date of the
 38 bulk sale, (A) obtains from the seller a verified and dated list
 39 of claimants of whom the seller has notice three (3) days
 40 before the seller sends or delivers the list to the buyer or (B)
 41 conducts a reasonable inquiry to discover the claimants;

42 (ii) assumes in full the debts owed to claimants of whom the

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- 1 buyer has knowledge on the date the buyer receives the list of
 2 claimants from the seller or on the date the buyer completes
 3 the reasonable inquiry, as the case may be;
 4 (iii) is not insolvent after the assumption; and
 5 (iv) gives written notice of the assumption not later than thirty
 6 (30) days after the date of the bulk sale by sending or
 7 delivering a notice to the claimants identified in subparagraph
 8 (ii) or by filing a notice in the office of the secretary of state;
 9 (j) a sale to a buyer whose principal place of business is in the
 10 United States and who:
 11 (i) assumes in full the debts that were incurred in the seller's
 12 business before the date of the bulk sale;
 13 (ii) is not insolvent after the assumption; and
 14 (iii) gives written notice of the assumption not later than thirty
 15 (30) days after the date of the bulk sale by sending or
 16 delivering a notice to each creditor whose debt is assumed or
 17 by filing a notice in the office of the secretary of state;
 18 (k) a sale to a new organization that is organized to take over and
 19 continue the business of the seller and that has its principal place
 20 of business in the United States if:
 21 (i) the buyer assumes in full the debts that were incurred in the
 22 seller's business before the date of the bulk sale;
 23 (ii) the seller receives nothing from the sale except an interest
 24 in the new organization that is subordinate to the claims
 25 against the organization arising from the assumption; and
 26 (iii) the buyer gives written notice of the assumption not later
 27 than thirty (30) days after the date of the bulk sale by sending
 28 or delivering a notice to each creditor whose debt is assumed
 29 or by filing a notice in the office of the secretary of state;
 30 (l) a sale of assets having:
 31 (i) a value, net of liens, and security interests of less than ten
 32 thousand dollars (\$10,000). If a debt is secured by assets and
 33 other property of the seller, the net value of the assets is
 34 determined by subtracting from their value an amount equal to
 35 the product of the debt multiplied by a fraction, the numerator
 36 of which is the value of the assets on the date of the bulk sale
 37 and the denominator of which is the value of all property
 38 securing the debt on the date of the bulk sale; or
 39 (ii) a value of more than twenty-five million dollars
 40 (\$25,000,000);
 41 on the date of the bulk-sale agreement; or
 42 (m) a sale required by, and made pursuant to, statute.

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- 1 (4) The notice under subsection (3)(i)(iv) must state:
 2 (i) that a sale that may constitute a bulk sale has been or will
 3 be made;
 4 (ii) the date or prospective date of the bulk sale;
 5 (iii) the individual, partnership, or corporate names and the
 6 addresses of the seller and buyer;
 7 (iv) the address to which inquiries about the sale may be made,
 8 if different from the seller's address; and
 9 (v) that the buyer has assumed or will assume in full the debts
 10 owed to claimants of whom the buyer has knowledge on the
 11 date the buyer receives the list of claimants from the seller or
 12 completes a reasonable inquiry to discover the claimants.
- 13 (5) The notice under subsections (3)(j)(iii) and (3)(k)(iii) must state:
 14 (i) that a sale that may constitute a bulk sale has been or will
 15 be made;
 16 (ii) the date or prospective date of the bulk sale;
 17 (iii) the individual, partnership, or corporate names and the
 18 addresses of the seller and buyer;
 19 (iv) the address to which inquiries about the sale may be made,
 20 if different from the seller's address; and
 21 (v) that the buyer has assumed or will assume the debts that
 22 were incurred in the seller's business before the date of the
 23 bulk sale.
- 24 (6) For purposes of subsection (3)(l), the value of assets is presumed
 25 to be equal to the price the buyer agrees to pay for the assets. However,
 26 in a sale by auction or a sale conducted by a liquidator on the seller's
 27 behalf, the value of assets is presumed to be the amount the auctioneer
 28 or liquidator reasonably estimates the assets will bring at auction or
 29 upon liquidation.
- 30 SECTION 35. IC 26-1-6.1-109 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 109. (1) Presentation
 32 of a notice or list of claimants for filing and tender of the filing fee or
 33 acceptance of the notice or list by the secretary of state constitutes
 34 filing under IC 26-1-6.1.
- 35 (2) The secretary of state shall:
 36 (a) mark each notice or list with a file number and with the date
 37 and hour of filing;
 38 (b) hold the notice or list or a copy for public inspection;
 39 (c) index the notice or list according to each name given for the
 40 seller and for the buyer; and
 41 (d) note in the index the file number and the addresses of the
 42 seller and buyer given in the notice or list.

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1 (3) If the person filing a notice or list furnishes the secretary of state
2 with a copy, the secretary of state upon request shall note upon the copy
3 the file number and date and hour of the filing of the original and send
4 or deliver the copy to the person.

5 (4) The fee for filing and indexing and for stamping a copy
6 furnished by the person filing to show the date and place of filing is set
7 forth in ~~IC 26-1-9-401~~. **IC 26-1-9.1.**

8 (5) Upon request of any person, the secretary of state shall issue a
9 certificate showing whether any notice or list with respect to a
10 particular seller or buyer is on file on the date and hour stated in the
11 certificate. If a notice or list is on file, the certificate must give the date
12 and hour of filing of each notice or list and the name and address of
13 each seller, buyer, auctioneer, or liquidator. The fee for the certificate
14 is set forth in IC 26-1-9-401. Upon request of any person, the secretary
15 of state shall furnish a copy of any filed notice or list for the fee that is
16 set forth in IC 26-1-9-401.

17 (6) The secretary of state shall keep each notice or list for two (2)
18 years after it is filed.

19 SECTION 36. IC 26-1-7-209 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 209. (1) A
21 warehouseman has a lien against the bailor on the goods covered by a
22 warehouse receipt or on the proceeds thereof in his possession for
23 charges for storage or transportation (including demurrage and terminal
24 charges), insurance, labor, or charges present or future in relation to the
25 goods, and for expenses necessary for preservation of the goods or
26 reasonably incurred in their sale pursuant to law. If the person on
27 whose account the goods are held is liable for like charges or expenses
28 in relation to other goods whenever deposited and it is stated in the
29 receipt that a lien is claimed for charges and expenses in relation to
30 other goods, the warehouseman also has a lien against him for such
31 charges and expenses whether or not the other goods have been
32 delivered by the warehouseman. But against a person to whom a
33 negotiable warehouse receipt is duly negotiated, a warehouseman's lien
34 is limited to charges in an amount or at a rate specified on the receipt
35 or if no charges are so specified then to a reasonable charge for storage
36 of the goods covered by the receipt subsequent to the date of the
37 receipt.

38 (2) The warehouseman may also reserve a security interest against
39 the bailor for a maximum amount specified on the receipt for charges
40 other than those specified in subsection (1), such as for money
41 advanced and interest. Such a security interest is governed by ~~IC 26-1-9~~
42 **IC 26-1-9.1** on secured transactions.



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1 (3) A warehouseman's lien for charges and expenses under
 2 subsection (1) or a security interest under subsection (2) is also
 3 effective against any person who so entrusted the bailor with
 4 possession of the goods that a pledge of them by him to a good faith
 5 purchaser for value would have been valid but is not effective against
 6 a person as to whom the document confers no right in the goods
 7 covered by it under IC 26-1-7-503.

8 (4) A warehouseman loses his lien on any goods which he
 9 voluntarily delivers or which he unjustifiably refuses to deliver.

10 SECTION 37. IC 26-1-7-503 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 503. (1) A document
 12 of title confers no right in goods against a person who before issuance
 13 of the document had a legal interest or a perfected security interest in
 14 them and who neither:

15 (a) delivered or entrusted them or any document of title covering
 16 them to the bailor or his nominee with actual or apparent authority
 17 to ship, store, or sell or with power to obtain delivery under
 18 IC 26-1-7-403 or with power of disposition under IC 26-1-2-403,
 19 ~~IC 26-1-9-307~~ **IC 26-1-9.1-320**, or other statute or rule of law; nor

20 (b) acquiesced in the procurement by the bailor or his nominee of
 21 any document of title.

22 (2) Title to goods based upon an unaccepted delivery order is
 23 subject to the rights of anyone to whom a negotiable warehouse receipt
 24 or bill of lading covering the goods has been duly negotiated. Such a
 25 title may be defeated under IC 26-1-7-504 to the same extent as the
 26 rights of the issuer or a transferee from the issuer.

27 (3) Title to goods based upon a bill of lading issued to a freight
 28 forwarder is subject to the rights of anyone to whom a bill issued by the
 29 freight forwarder covering such goods has been duly negotiated, but
 30 delivery by the carrier in accordance with IC 26-1-7-401 through
 31 IC 26-1-7-404 pursuant to its own bill of lading discharges the carrier's
 32 obligation to deliver.

33 SECTION 38. IC 26-1-8.1-103 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 103. (a) A share or
 35 similar equity interest issued by a corporation, business trust, joint
 36 stock company, or similar entity is a security.

37 (b) An "investment company security" is a security. "Investment
 38 company security" means a share or similar equity interest issued by an
 39 entity that is registered as an investment company under the federal
 40 investment company laws, an interest in a unit investment trust that is
 41 so registered, or a face amount certificate issued by a face amount
 42 certificate company that is so registered. Investment company security

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1 does not include an insurance policy or endowment policy or annuity
2 contract issued by an insurance company.

3 (c) An interest in a partnership or limited liability company is not a
4 security unless it is dealt in or traded on securities exchanges or in
5 securities markets, its terms expressly provide that it is a security
6 governed by IC 26-1-8.1, or it is an investment company security.
7 However, an interest in a partnership or limited liability company is a
8 financial asset if it is held in a securities account.

9 (d) A writing that is a security certificate is governed by IC 26-1-8.1
10 and not by IC 26-1-3.1, even though it also meets the requirements of
11 that article. However, a negotiable instrument governed by IC 26-1-3.1
12 is a financial asset if it is held in a securities account.

13 (e) An option or a similar obligation issued by a clearing corporation
14 to its participants is not a security, but it is a financial asset.

15 (f) A commodity contract (as defined in ~~IC 26-1-9-115~~)
16 **IC 26-1-9.1-102(a)(15)**) is not a security or a financial asset.

17 SECTION 39. IC 26-1-8.1-105 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 105. (a) A person has
19 notice of an adverse claim if:

- 20 (1) the person knows of the adverse claim;
21 (2) the person is aware of facts sufficient to indicate that there is
22 a significant probability that the adverse claim exists and
23 deliberately avoids information that would establish the existence
24 of the adverse claim; or
25 (3) the person has a duty, imposed by statute or regulation, to
26 investigate whether an adverse claim exists, and the investigation
27 so required would establish the existence of the adverse claim.

28 (b) Having knowledge that a financial asset or interest therein is or
29 has been transferred by a representative imposes no duty of inquiry into
30 the rightfulness of a transaction and is not notice of an adverse claim.
31 However, a person who knows that a representative has transferred a
32 financial asset or interest therein in a transaction that is, or whose
33 proceeds are being used, for the individual benefit of the representative
34 or otherwise in breach of duty has notice of an adverse claim.

35 (c) An act or event that creates a right to immediate performance of
36 the principal obligation represented by a security certificate or sets a
37 date on or after which the certificate is to be presented or surrendered
38 for redemption or exchange does not itself constitute notice of an
39 adverse claim except in the case of a transfer more than:

- 40 (1) one (1) year after a date set for presentment or surrender for
41 redemption or exchange; or
42 (2) six (6) months after a date set for payment of money against

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- 1 presentation or surrender of the certificate, if money was available
 2 for payment on that date.
- 3 (d) A purchaser of a certificated security has notice of an adverse
 4 claim if the security certificate:
- 5 (1) whether in bearer or registered form, has been endorsed "for
 6 collection" or "for surrender" or for some other purpose not
 7 involving transfer; or
- 8 (2) is in bearer form and has on it an unambiguous statement that
 9 it is the property of a person other than the transferor, but the
 10 mere writing of a name on the certificate is not such a statement.
- 11 (e) Filing of a financing statement under ~~IC 26-1-9~~ **IC 26-1-9.1** is
 12 not notice of an adverse claim to a financial asset.
- 13 SECTION 40. IC 26-1-8.1-106 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 106. (a) A purchaser
 15 has "control" of a certificated security in bearer form if the certificated
 16 security is delivered to the purchaser.
- 17 (b) A purchaser has "control" of a certificated security in registered
 18 form if the certificated security is delivered to the purchaser, and:
- 19 (1) the certificate is endorsed to the purchaser or in blank by an
 20 effective endorsement; or
- 21 (2) the certificate is registered in the name of the purchaser, upon
 22 original issue or registration of transfer by the issuer.
- 23 (c) A purchaser has "control" of an uncertificated security if:
- 24 (1) the uncertificated security is delivered to the purchaser; or
- 25 (2) the issuer has agreed that it will comply with instructions
 26 originated by the purchaser without further consent by the
 27 registered owner.
- 28 (d) A purchaser has "control" of a security entitlement if:
- 29 (1) the purchaser becomes the entitlement holder; ~~or~~
- 30 (2) the securities intermediary has agreed that it will comply with
 31 entitlement orders originated by the purchaser without further
 32 consent by the entitlement holder; ~~or~~
- 33 **(3) another person has control of the security entitlement on**
 34 **behalf of the purchaser or, having previously acquired control**
 35 **of the security entitlement, acknowledges that it has control**
 36 **on behalf of the purchaser.**
- 37 (e) If an interest in a security entitlement is granted by the
 38 entitlement holder to the entitlement holder's own securities
 39 intermediary, the securities intermediary has control.
- 40 (f) A purchaser who has satisfied the requirements of subsection
 41 ~~(c)(2)~~ (c) or ~~(d)(2)~~ (d) has control even if the registered owner in the
 42 case of subsection ~~(c)(2)~~ (c) or the entitlement holder in the case of

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1 subsection ~~(d)(2)~~ **(d)** retains the right to make substitutions for the
 2 uncertificated security or security entitlement, to originate instructions
 3 or entitlement orders to the issuer or a securities intermediary, or
 4 otherwise to deal with the uncertificated security or security
 5 entitlement.

6 (g) An issuer or a securities intermediary may not enter into an
 7 agreement of the kind described in subsection (c)(2) or (d)(2) without
 8 the consent of the registered owner or entitlement holder, but an issuer
 9 or a securities intermediary is not required to enter into such an
 10 agreement even though the registered owner or entitlement holder so
 11 directs. An issuer or securities intermediary that has entered into such
 12 an agreement is not required to confirm the existence of the agreement
 13 to another party unless requested to do so by the registered owner or
 14 entitlement holder.

15 SECTION 41. IC 26-1-8.1-110 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 110. (a) The local law
 17 of the issuer's jurisdiction, as specified in subsection (d), governs:

- 18 (1) the validity of a security;
- 19 (2) the rights and duties of the issuer with respect to registration
 20 of transfer;
- 21 (3) the effectiveness of registration of transfer by the issuer;
- 22 (4) whether the issuer owes any duties to an adverse claimant to
 23 a security; and
- 24 (5) whether an adverse claim can be asserted against a person to
 25 whom transfer of a certificated or uncertificated security is
 26 registered or a person who obtains control of an uncertificated
 27 security.

28 (b) The local law of the securities intermediary's jurisdiction, as
 29 specified in subsection (e), governs:

- 30 (1) acquisition of a security entitlement from the securities
 31 intermediary;
- 32 (2) the rights and duties of the securities intermediary and
 33 entitlement holder arising out of a security entitlement;
- 34 (3) whether the securities intermediary owes any duties to an
 35 adverse claimant to a security entitlement; and
- 36 (4) whether an adverse claim can be asserted against a person
 37 who acquires a security entitlement from the securities
 38 intermediary or a person who purchases a security entitlement or
 39 interest therein from an entitlement holder.

40 (c) The local law of the jurisdiction in which a security certificate
 41 is located at the time of delivery governs whether an adverse claim can
 42 be asserted against a person to whom the security certificate is



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1 delivered.

2 (d) "Issuer's jurisdiction" means the jurisdiction under which the
3 issuer of the security is organized or, if permitted by the law of that
4 jurisdiction, the law of another jurisdiction specified by the issuer. An
5 issuer organized under the law of this state may specify the law of
6 another jurisdiction as the law governing the matters specified in
7 subsection (a)(2) through (a)(5).

8 (e) The following rules determine a "securities intermediary's
9 jurisdiction" for purposes of this section:

10 (1) If an agreement between the securities intermediary and its
11 entitlement holder ~~specifies that it is governed by the law of a~~
12 ~~particular jurisdiction; governing the securities account~~
13 ~~expressly provides that a particular jurisdiction is the~~
14 ~~securities intermediary's jurisdiction for purposes of~~
15 ~~IC 26-1-8.1-101 through IC 26-1-8.1-116, that jurisdiction is the~~
16 securities intermediary's jurisdiction.

17 (2) ~~If subdivision (1) does not apply, and an agreement~~
18 ~~between the securities intermediary and its entitlement holder~~
19 ~~expressly provides that the agreement is governed by the law~~
20 ~~of a particular jurisdiction, that jurisdiction is the securities~~
21 ~~intermediary's jurisdiction.~~

22 (3) ~~If neither subdivision (1) nor subdivision (2) applies, and~~
23 ~~an agreement between the securities intermediary and its~~
24 ~~entitlement holder does not specify the governing law as provided~~
25 ~~in subdivision (1); but governing the securities account~~
26 ~~expressly specifies provides that the securities account is~~
27 ~~maintained at an office in a particular jurisdiction, that~~
28 ~~jurisdiction is the securities intermediary's jurisdiction.~~

29 (3) (4) ~~If an agreement between the securities intermediary and its~~
30 ~~entitlement holder does not specify a jurisdiction as provided in~~
31 ~~subdivision (1) or (2), none of the preceding subdivisions apply,~~
32 ~~the securities intermediary's jurisdiction is the jurisdiction in~~
33 ~~which is located the office identified in an account statement as~~
34 ~~the office serving the entitlement holder's account is located.~~

35 (4) (5) ~~If an agreement between the securities intermediary and its~~
36 ~~entitlement holder does not specify a jurisdiction as provided in~~
37 ~~subdivision (1) or (2) and an account statement does not identify~~
38 ~~an office serving the entitlement holder's account as provided in~~
39 ~~subdivision (3); none of the preceding subdivisions apply, the~~
40 ~~securities intermediary's jurisdiction is the jurisdiction in which~~
41 ~~is located the chief executive office of the securities intermediary~~
42 ~~is located.~~



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1 (f) A securities intermediary's jurisdiction is not determined by the
 2 physical location of certificates representing financial assets, or by the
 3 jurisdiction in which is organized the issuer of the financial asset with
 4 respect to which an entitlement holder has a security entitlement, or by
 5 the location of facilities for data processing or other record keeping
 6 concerning the account.

7 SECTION 42. IC 26-1-8.1-301 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 301. (a) Delivery of a
 9 certificated security to a purchaser occurs when:

- 10 (1) the purchaser acquires possession of the security certificate;
 11 (2) another person, other than a securities intermediary, either
 12 acquires possession of the security certificate on behalf of the
 13 purchaser or, having previously acquired possession of the
 14 certificate, acknowledges that it holds for the purchaser; or
 15 (3) a securities intermediary acting on behalf of the purchaser
 16 acquires possession of the security certificate, only if the
 17 certificate is in registered form and ~~has been~~ **is (i) registered in**
 18 **the name of the purchaser, (ii) payable to the order of the**
 19 **purchaser, or (iii) specially endorsed to the purchaser by an**
 20 **effective endorsement and has not been endorsed to the**
 21 **securities intermediary or in blank.**

22 (b) Delivery of an uncertificated security to a purchaser occurs
 23 when:

- 24 (1) the issuer registers the purchaser as the registered owner, upon
 25 original issue or registration of transfer; or
 26 (2) another person, other than a securities intermediary, either
 27 becomes the registered owner of the uncertificated security on
 28 behalf of the purchaser or, having previously become the
 29 registered owner, acknowledges that it holds for the purchaser.

30 SECTION 43. IC 26-1-8.1-302 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 302. (a) Except as
 32 otherwise provided in subsections (b) and (c), ~~upon delivery a~~
 33 **purchaser** of a certificated or uncertificated security ~~to a purchaser, the~~
 34 **purchaser** acquires all rights in the security that the transferor had or
 35 had power to transfer.

36 (b) A purchaser of a limited interest acquires rights only to the
 37 extent of the interest purchased.

38 (c) A purchaser of a certificated security who as a previous holder
 39 had notice of an adverse claim does not improve its position by taking
 40 from a protected purchaser.

41 SECTION 44. IC 26-1-8.1-510 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 510. (a) **In a case not**

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1 covered by the priority rules in IC 26-1-9.1 or the rules stated in
 2 subsection (c), an action based on an adverse claim to a financial asset
 3 or security entitlement, whether framed in conversion, replevin,
 4 constructive trust, equitable lien, or other theory, may not be asserted
 5 against a person who purchases a security entitlement, or an interest
 6 therein, from an entitlement holder if the purchaser gives value, does
 7 not have notice of the adverse claim, and obtains control.

8 (b) If an adverse claim could not have been asserted against an
 9 entitlement holder under IC 26-1-8.1-502, the adverse claim cannot be
 10 asserted against a person who purchases a security entitlement, or an
 11 interest therein, from the entitlement holder.

12 (c) In a case not covered by the priority rules in ~~IC 26-1-9;~~
 13 **IC 26-1-9.1**, a purchaser for value of a security entitlement, or an
 14 interest therein, who obtains control has priority over a purchaser of a
 15 security entitlement, or an interest therein, who does not obtain control.
 16 **Except as otherwise provided in subsection (d), purchasers who have**
 17 **control rank equally; except that according to priority in time of:**

18 (1) the purchaser's becoming the person for whom the
 19 securities account, in which the security entitlement is carried,
 20 is maintained, if the purchaser obtained control under
 21 IC 26-1-8.1-106(d)(1);

22 (2) the securities intermediary's agreement to comply with the
 23 purchaser's entitlement orders with respect to security
 24 entitlements carried or to be carried in the securities account
 25 in which the security entitlement is carried, if the purchaser
 26 obtained control under IC 26-1-8.1-106(d)(2); or

27 (3) if the purchaser obtained control through another person
 28 under IC 26-1-8.1-106(d)(3), the time on which priority would
 29 be based under this subsection if the other person were the
 30 secured party.

31 (d) A securities intermediary as purchaser has priority over a
 32 conflicting purchaser who has control unless otherwise agreed by the
 33 securities intermediary.

34 SECTION 45. IC 26-1-9.1 IS ADDED TO THE INDIANA CODE
 35 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2001]:

37 **Chapter 9.1. Secured Transactions**

38 **Sec. 101. IC 26-1-9.1 may be cited as Uniform Commercial**
 39 **Code—Secured Transactions.**

40 **Sec. 102. (a) In IC 26-1-9.1:**

41 (1) "Accession" means goods that are physically united with
 42 other goods in such a manner that the identity of the original

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- 1 goods is not lost.
- 2 (2) "Account", except as used in "account for", means a right
- 3 to payment of a monetary obligation, whether or not earned
- 4 by performance (i) for property that has been or is to be sold,
- 5 leased, licensed, assigned, or otherwise disposed of, (ii) for
- 6 services rendered or to be rendered, (iii) for a policy of
- 7 insurance issued or to be issued, (iv) for a secondary
- 8 obligation incurred or to be incurred, (v) for energy provided
- 9 or to be provided, (vi) for the use or hire of a vessel under a
- 10 charter or other contract, (vii) arising out of the use of a
- 11 credit or charge card or information contained on or for use
- 12 with the card, or (viii) as winnings in a lottery or other game
- 13 of chance operated or sponsored by a state, governmental unit
- 14 of a state, or person licensed or authorized to operate the
- 15 game by a state or governmental unit of a state. The term
- 16 includes health-care-insurance receivables. The term does not
- 17 include (i) rights to payment evidenced by chattel paper or an
- 18 instrument, (ii) commercial tort claims, (iii) deposit accounts,
- 19 (iv) investment property, (v) letter-of-credit rights or letters
- 20 of credit, or (vi) rights to payment for money or funds
- 21 advanced or sold, other than rights arising out of the use of a
- 22 credit or charge card or information contained on or for use
- 23 with the card.
- 24 (3) "Account debtor" means a person obligated on an
- 25 account, chattel paper, or general intangible. The term does
- 26 not include persons obligated to pay a negotiable instrument,
- 27 even if the instrument constitutes part of chattel paper.
- 28 (4) "Accounting", except as used in "accounting for", means
- 29 a record:
- 30 (A) authenticated by a secured party;
- 31 (B) indicating the aggregate unpaid secured obligations as
- 32 of a date not more than thirty-five (35) days earlier or
- 33 thirty-five (35) days later than the date of the record; and
- 34 (C) identifying the components of the obligations in
- 35 reasonable detail.
- 36 (5) "Agricultural lien" means an interest, other than a
- 37 security interest, in farm products:
- 38 (A) that secures payment or performance of an obligation
- 39 for:
- 40 (i) goods or services furnished in connection with a
- 41 debtor's farming operation; or
- 42 (ii) rent on real property leased by a debtor in



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- 1 connection with the debtor's farming operation;
 2 (B) that is created by statute in favor of a person that:
 3 (i) in the ordinary course of its business furnished goods
 4 or services to a debtor in connection with the debtor's
 5 farming operation; or
 6 (ii) leased real property to a debtor in connection with
 7 the debtor's farming operation; and
 8 (C) whose effectiveness does not depend on the person's
 9 possession of the personal property.
- 10 (6) "As-extracted collateral" means:
 11 (A) oil, gas, or other minerals that are subject to a security
 12 interest that:
 13 (i) is created by a debtor having an interest in the
 14 minerals before extraction; and
 15 (ii) attaches to the minerals as extracted; or
 16 (B) accounts arising out of the sale at the wellhead or
 17 minehead of oil, gas, or other minerals in which the debtor
 18 had an interest before extraction.
- 19 (7) "Authenticate" means:
 20 (A) to sign; or
 21 (B) to execute or otherwise adopt a symbol, or encrypt or
 22 similarly process a record in whole or in part, with the
 23 present intent of the authenticating person to identify the
 24 person and adopt or accept a record.
- 25 (8) "Bank" means an organization that is engaged in the
 26 business of banking. The term includes savings banks, savings
 27 and loan associations, credit unions, and trust companies.
- 28 (9) "Cash proceeds" means proceeds that are money, checks,
 29 deposit accounts, or the like.
- 30 (10) "Certificate of title" means a certificate of title with
 31 respect to which a statute provides for the security interest in
 32 question to be indicated on the certificate as a condition or
 33 result of the security interest's obtaining priority over the
 34 rights of a lien creditor with respect to the collateral.
- 35 (11) "Chattel paper" means a record or records that evidence
 36 both a monetary obligation and a security interest in specific
 37 goods, a security interest in specific goods and software used
 38 in the goods, a security interest in specific goods and license
 39 of software used in the goods, a lease of specific goods, or a
 40 lease of specific goods and license of software used in the
 41 goods. In this subdivision, "monetary obligation" means a
 42 monetary obligation secured by the goods or owed under a



1 lease of the goods and includes a monetary obligation with
 2 respect to software used in the goods. The term "chattel
 3 paper" does not include: (i) charters or other contracts
 4 involving the use or hire of a vessel; or (ii) records that
 5 evidence a right to payment arising out of the use of a credit
 6 or charge card or information contained on or for use with
 7 the card. If a transaction is evidenced by records that include
 8 an instrument or series of instruments, the group of records
 9 taken together constitutes chattel paper.

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

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

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

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

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

18 (A) the claimant is an organization; or

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

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

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

24 (14) "Commodity account" means an account maintained by
 25 a commodity intermediary in which a commodity contract is
 26 carried for a commodity customer.

27 (15) "Commodity contract" means a commodity futures
 28 contract, an option on a commodity futures contract, a
 29 commodity option, or another contract if the contract or
 30 option is:

31 (A) traded on or subject to the rules of a board of trade
 32 that has been designated as a contract market for such a
 33 contract pursuant to federal commodities laws; or

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

37 (16) "Commodity customer" means a person for which a
 38 commodity intermediary carries a commodity contract on its
 39 books.

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

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

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- 1 (B) in the ordinary course of its business provides
 2 clearance or settlement services for a board of trade that
 3 has been designated as a contract market pursuant to
 4 federal commodities law.
- 5 (18) "Communicate" means:
 6 (A) to send a written or other tangible record;
 7 (B) to transmit a record by any means agreed upon by the
 8 persons sending and receiving the record; or
 9 (C) in the case of transmission of a record to or by a filing
 10 office, to transmit a record by any means prescribed by
 11 filing-office rule.
- 12 (19) "Consignee" means a merchant to which goods are
 13 delivered in a consignment.
- 14 (20) "Consignment" means a transaction, regardless of its
 15 form, in which a person delivers goods to a merchant for the
 16 purpose of sale and:
 17 (A) the merchant:
 18 (i) deals in goods of that kind under a name other than
 19 the name of the person making delivery;
 20 (ii) is not an auctioneer; and
 21 (iii) is not generally known by its creditors to be
 22 substantially engaged in selling the goods of others;
 23 (B) with respect to each delivery, the aggregate value of the
 24 goods is one thousand dollars (\$1,000) or more at the time
 25 of delivery;
 26 (C) the goods are not consumer goods immediately before
 27 delivery; and
 28 (D) the transaction does not create a security interest that
 29 secures an obligation.
- 30 (21) "Consignor" means a person that delivers goods to a
 31 consignee in a consignment.
- 32 (22) "Consumer debtor" means a debtor in a consumer
 33 transaction.
- 34 (23) "Consumer goods" means goods that are used or bought
 35 for use primarily for personal, family, or household purposes.
- 36 (24) "Consumer-goods transaction" means a consumer
 37 transaction in which:
 38 (A) an individual incurs an obligation primarily for
 39 personal, family, or household purposes; and
 40 (B) a security interest in consumer goods secures the
 41 obligation.
- 42 (25) "Consumer obligor" means an obligor who is an

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- 1 individual and who incurred the obligation as part of a
 2 transaction entered into primarily for personal, family, or
 3 household purposes.
- 4 (26) "Consumer transaction" means a transaction in which (i)
 5 an individual incurs an obligation primarily for personal,
 6 family, or household purposes, (ii) a security interest secures
 7 the obligation, and (iii) the collateral is held or acquired
 8 primarily for personal, family, or household purposes. The
 9 term includes consumer-goods transactions.
- 10 (27) "Continuation statement" means an amendment of a
 11 financing statement that:
- 12 (A) identifies, by its file number, the initial financing
 13 statement to which it relates; and
- 14 (B) indicates that it is a continuation statement for, or that
 15 it is filed to continue the effectiveness of, the identified
 16 financing statement.
- 17 (28) "Debtor" means:
- 18 (A) a person having an interest, other than a security
 19 interest or other lien, in the collateral, whether or not the
 20 person is an obligor;
- 21 (B) a seller of accounts, chattel paper, payment intangibles,
 22 or promissory notes; or
- 23 (C) a consignee.
- 24 (29) "Deposit account" means a demand, time, savings,
 25 passbook, or similar account maintained with a bank. The
 26 term does not include investment property or accounts
 27 evidenced by an instrument.
- 28 (30) "Document" means a document of title or a receipt of the
 29 type described in IC 26-1-7-201(2).
- 30 (31) "Electronic chattel paper" means chattel paper
 31 evidenced by a record or records consisting of information
 32 stored in an electronic medium.
- 33 (32) "Encumbrance" means a right, other than an ownership
 34 interest, in real property. The term includes mortgages and
 35 other liens on real property.
- 36 (33) "Equipment" means goods other than inventory, farm
 37 products, or consumer goods.
- 38 (34) "Farm products" means goods, other than standing
 39 timber, with respect to which the debtor is engaged in a
 40 farming operation and which are:
- 41 (A) crops grown, growing, or to be grown, including:
 42 (i) crops produced on trees, vines, and bushes; and



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- 1 (ii) aquatic goods produced in aquacultural operations;
2 (B) livestock, born or unborn, including aquatic goods
3 produced in aquacultural operations;
4 (C) supplies used or produced in a farming operation; or
5 (D) products of crops or livestock in their unmanufactured
6 states.
- 7 (35) "Farming operation" means raising, cultivating,
8 propagating, fattening, grazing, or any other farming,
9 livestock, or aquacultural operation.
- 10 (36) "File number" means the number assigned to an initial
11 financing statement pursuant to IC 26-1-9.1-519(a).
- 12 (37) "Filing office" means an office designated in
13 IC 26-1-9.1-501 as the place to file a financing statement.
- 14 (38) "Filing-office rule" means a rule adopted pursuant to
15 IC 26-1-9.1-526.
- 16 (39) "Financing statement" means a record or records
17 composed of an initial financing statement and any filed
18 record relating to the initial financing statement.
- 19 (40) "Fixture filing" means the filing of a financing statement
20 covering goods that are or are to become fixtures and
21 satisfying IC 26-1-9.1-502(a) and IC 26-1-9.1-502(b). The term
22 includes the filing of a financing statement covering goods of
23 a transmitting utility which are or are to become fixtures.
- 24 (41) "Fixtures" means goods that have become so related to
25 particular real property that an interest in them arises under
26 real property law.
- 27 (42) "General intangible" means any personal property,
28 including things in action, other than accounts, chattel paper,
29 commercial tort claims, deposit accounts, documents, goods,
30 instruments, investment property, letter-of-credit rights,
31 letters of credit, money, and oil, gas, or other minerals before
32 extraction. The term includes payment intangibles and
33 software.
- 34 (43) "Good faith" means honesty in fact and the observance
35 of reasonable commercial standards of fair dealing.
- 36 (44) "Goods" means all things that are movable when a
37 security interest attaches. The term includes (i) fixtures, (ii)
38 standing timber that is to be cut and removed under a
39 conveyance or contract for sale, (iii) the unborn young of
40 animals, (iv) crops grown, growing, or to be grown, even if the
41 crops are produced on trees, vines, or bushes, and (v)
42 manufactured homes. The term also includes a computer



1 program embedded in goods and any supporting information
2 provided in connection with a transaction relating to the
3 program if (i) the program is associated with the goods in
4 such a manner that it customarily is considered part of the
5 goods, or (ii) by becoming the owner of the goods, a person
6 acquires a right to use the program in connection with the
7 goods. The term does not include a computer program
8 embedded in goods that consist solely of the medium in which
9 the program is embedded. The term also does not include
10 accounts, chattel paper, commercial tort claims, deposit
11 accounts, documents, general intangibles, instruments,
12 investment property, letter-of-credit rights, letters of credit,
13 money, or oil, gas, or other minerals before extraction.

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

21 (46) "Health-care-insurance receivable" means an interest in
22 or claim under a policy of insurance that is a right to payment
23 of a monetary obligation for health-care goods or services
24 provided.

25 (47) "Instrument" means a negotiable instrument or any
26 other writing that evidences a right to the payment of a
27 monetary obligation, is not itself a security agreement or
28 lease, and is of a type that in the ordinary course of business
29 is transferred by delivery with any necessary endorsement or
30 assignment. The term does not include (i) investment
31 property, (ii) letters of credit, or (iii) writings that evidence a
32 right to payment arising out of the use of a credit or charge
33 card or information contained on or for use with the card.

34 (48) "Inventory" means goods, other than farm products,
35 that:

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

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

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

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

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- 1 (49) "Investment property" means a security, whether
2 certificated or uncertificated, security entitlement, securities
3 account, commodity contract, or commodity account.
4 (50) "Jurisdiction of organization", with respect to a
5 registered organization, means the jurisdiction under whose
6 law the organization is organized.
7 (51) "Letter-of-credit right" means a right to payment or
8 performance under a letter of credit, whether or not the
9 beneficiary has demanded or is at the time entitled to demand
10 payment or performance. The term does not include the right
11 of a beneficiary to demand payment or performance under a
12 letter of credit.
13 (52) "Lien creditor" means:
14 (A) a creditor that has acquired a lien on the property
15 involved by attachment, levy, or the like;
16 (B) an assignee for benefit of creditors from the time of
17 assignment;
18 (C) a trustee in bankruptcy from the date of the filing of
19 the petition; or
20 (D) a receiver in equity from the time of appointment.
21 (53) "Manufactured home" means a structure, transportable
22 in one (1) or more sections, which, in the traveling mode, is
23 eight (8) body feet or more in width or forty (40) body feet or
24 more in length, or, when erected on site, is three hundred
25 twenty (320) or more square feet, and which is built on a
26 permanent chassis and designed to be used as a dwelling with
27 or without a permanent foundation when connected to the
28 required utilities, and includes the plumbing, heating, air
29 conditioning, and electrical systems contained therein. The
30 term includes any structure that meets all of the requirements
31 of this subdivision except the size requirements, and with
32 respect to which the manufacturer voluntarily files a
33 certification required by the United States Secretary of
34 Housing and Urban Development and complies with the
35 standards established under Title 42 of the United States
36 Code.
37 (54) "Manufactured-home transaction" means a secured
38 transaction:
39 (A) that creates a purchase-money security interest in a
40 manufactured home, other than a manufactured home held
41 as inventory; or
42 (B) in which a manufactured home, other than a



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manufactured home held as inventory, is the primary collateral.

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

(56) "New debtor" means a person that becomes bound as debtor under IC 26-1-9.1-203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

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

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

(60) "Original debtor", except as used in IC 26-1-9.1-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under IC 26-1-9.1-203(d).

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

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

- (A) the spouse of the individual;
- (B) a brother, brother-in-law, sister, or sister-in-law of the individual;
- (C) an ancestor or lineal descendant of the individual or the individual's spouse; or
- (D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

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

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- 1 (A) a person directly or indirectly controlling, controlled
 2 by, or under common control with the organization;
 3 (B) an officer or director of, or a person performing
 4 similar functions with respect to, the organization;
 5 (C) an officer or director of, or a person performing
 6 similar functions with respect to, a person described in
 7 clause (A);
 8 (D) the spouse of an individual described in clause (A), (B),
 9 or (C); or
 10 (E) an individual who is related by blood or marriage to an
 11 individual described in clause (A), (B), (C), or (D) and
 12 shares the same home with the individual.
- 13 (64) "Proceeds", except as used in IC 26-1-9.1-609(b), means
 14 the following property:
 15 (A) Whatever is acquired upon the sale, lease, license,
 16 exchange, or other disposition of collateral.
 17 (B) Whatever is collected on, or distributed on account of,
 18 collateral.
 19 (C) Rights arising out of collateral.
 20 (D) To the extent of the value of collateral, claims arising
 21 out of the loss, nonconformity, or interference with the use
 22 of, defects or infringement of rights in, or damage to, the
 23 collateral.
 24 (E) To the extent of the value of collateral and to the extent
 25 payable to the debtor or the secured party, insurance
 26 payable by reason of the loss or nonconformity of, defects
 27 or infringement of rights in, or damage to, the collateral.
- 28 (65) "Promissory note" means an instrument that evidences
 29 a promise to pay a monetary obligation, does not evidence an
 30 order to pay, and does not contain an acknowledgment by a
 31 bank that the bank has received for deposit a sum of money or
 32 funds.
- 33 (66) "Proposal" means a record authenticated by a secured
 34 party that includes the terms on which the secured party is
 35 willing to accept collateral in full or partial satisfaction of the
 36 obligation it secures pursuant to IC 26-1-9.1-620,
 37 IC 26-1-9.1-621, and IC 26-1-9.1-622.
- 38 (67) "Public-finance transaction" means a secured
 39 transaction in connection with which:
 40 (A) debt securities are issued;
 41 (B) all or a portion of the securities issued have an initial
 42 stated maturity of at least twenty (20) years; and

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- 1 (C) the debtor, obligor, secured party, account debtor, or
 2 other person obligated on collateral, assignor or assignee
 3 of a secured obligation, or assignor or assignee of a
 4 security interest is a state or a governmental unit of a state.
- 5 (68) "Pursuant to commitment", with respect to an advance
 6 made or other value given by a secured party, means
 7 pursuant to the secured party's obligation, whether or not a
 8 subsequent event of default or other event not within the
 9 secured party's control has relieved or may relieve the
 10 secured party from its obligation.
- 11 (69) "Record", except as used in "for record", "of record",
 12 "record or legal title", and "record owner", means
 13 information that is inscribed on a tangible medium or that is
 14 stored in an electronic or other medium and is retrievable in
 15 perceivable form.
- 16 (70) "Registered organization" means an organization
 17 organized solely under the law of a single state or the United
 18 States and as to which the state or the United States must
 19 maintain a public record showing the organization to have
 20 been organized.
- 21 (71) "Secondary obligor" means an obligor to the extent that:
 22 (A) the obligor's obligation is secondary; or
 23 (B) the obligor has a right of recourse with respect to an
 24 obligation secured by collateral against the debtor, another
 25 obligor, or property of either.
- 26 (72) "Secured party" means:
 27 (A) a person in whose favor a security interest is created or
 28 provided for under a security agreement, whether or not
 29 any obligation to be secured is outstanding;
 30 (B) a person that holds an agricultural lien;
 31 (C) a consignor;
 32 (D) a person to which accounts, chattel paper, payment
 33 intangibles, or promissory notes have been sold;
 34 (E) a trustee, indenture trustee, agent, collateral agent, or
 35 other representative in whose favor a security interest or
 36 agricultural lien is created or provided for; or
 37 (F) a person that holds a security interest arising under
 38 IC 26-1-2-401, IC 26-1-2-505, IC 26-1-2-711(3),
 39 IC 26-1-2.1-508(5), IC 26-1-4-210, or IC 26-1-5.1-118.
- 40 (73) "Security agreement" means an agreement that creates
 41 or provides for a security interest.
- 42 (74) "Send", in connection with a record or notification,



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means:

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

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

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

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

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

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

(79) "Termination statement" means an amendment of a financing statement that:

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

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

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

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

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

(C) transmitting goods by pipeline or sewer; or

(D) transmitting or producing and transmitting electricity, steam, gas, or water.

(b) The following definitions outside IC 26-1-9.1 apply to IC 26-1-9.1:

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- 1 "Applicant" IC 26-1-5.1-102.
 2 "Beneficiary" IC 26-1-5.1-102.
 3 "Broker" IC 26-1-8.1-102.
 4 "Certificated security" IC 26-1-8.1-102.
 5 "Check" IC 26-1-3.1-104.
 6 "Clearing corporation" IC 26-1-8.1-102.
 7 "Contract for sale" IC 26-1-2-106.
 8 "Customer" IC 26-1-4-104.
 9 "Entitlement holder" IC 26-1-8.1-102.
 10 "Financial asset" IC 26-1-8.1-102.
 11 "Holder in due course" IC 26-1-3.1-302.
 12 "Issuer" (with respect to a letter of credit or letter-of-credit
 13 right) IC 26-1-5.1-102.
 14 "Issuer" (with respect to a security) IC 26-1-8.1-201.
 15 "Lease" IC 26-1-2.1-103.
 16 "Lease agreement" IC 26-1-2.1-103.
 17 "Lease contract" IC 26-1-2.1-103.
 18 "Leasehold interest" IC 26-1-2.1-103.
 19 "Lessee" IC 26-1-2.1-103.
 20 "Lessee in ordinary course of business" IC 26-1-2.1-103.
 21 "Lessor" IC 26-1-2.1-103.
 22 "Lessor's residual interest" IC 26-1-2.1-103.
 23 "Letter of credit" IC 26-1-5.1-102.
 24 "Merchant" IC 26-1-2-104.
 25 "Negotiable instrument" IC 26-1-3.1-104.
 26 "Nominated person" IC 26-1-5.1-102.
 27 "Note" IC 26-1-3.1-104.
 28 "Proceeds of a letter of credit" IC 26-1-5.1-114.
 29 "Prove" IC 26-1-3.1-103.
 30 "Sale" IC 26-1-2-106.
 31 "Securities account" IC 26-1-8.1-501.
 32 "Securities intermediary" IC 26-1-8.1-102.
 33 "Security" IC 26-1-8.1-102.
 34 "Security certificate" IC 26-1-8.1-102.
 35 "Security entitlement" IC 26-1-8.1-102.
 36 "Uncertificated security" IC 26-1-8.1-102.
 37 (c) IC 26-1-1 contains general definitions and principles of
 38 construction and interpretation applicable throughout IC 26-1-9.1.
 39 Sec. 103. (a) In this section:
 40 (1) "Purchase-money collateral" means goods or software
 41 that secures a purchase-money obligation incurred with
 42 respect to that collateral.

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- 1 (2) "Purchase-money obligation" means an obligation of an
2 obligor incurred as all or part of the price of the collateral or
3 for value given to enable the debtor to acquire rights in, or the
4 use of the collateral if the value is in fact so used.
- 5 (b) A security interest in goods is a purchase-money security
6 interest:
- 7 (1) to the extent that the goods are purchase-money collateral
8 with respect to that security interest;
- 9 (2) if the security interest is in inventory that is or was
10 purchase-money collateral, also to the extent that the security
11 interest secures a purchase-money obligation incurred with
12 respect to other inventory in which the secured party holds or
13 held a purchase-money security interest; and
- 14 (3) also to the extent that the security interest secures a
15 purchase-money obligation incurred with respect to software
16 in which the secured party holds or held a purchase-money
17 security interest.
- 18 (c) A security interest in software is a purchase-money security
19 interest to the extent that the security interest also secures a
20 purchase-money obligation incurred with respect to goods in which
21 the secured party holds or held a purchase-money security interest
22 if:
- 23 (1) the debtor acquired its interest in the software in an
24 integrated transaction in which it acquired an interest in the
25 goods; and
- 26 (2) the debtor acquired its interest in the software for the
27 principal purpose of using the software in the goods.
- 28 (d) The security interest of a consignor in goods that are the
29 subject of a consignment is a purchase-money security interest in
30 inventory.
- 31 (e) If the extent to which a security interest is a purchase-money
32 security interest depends on the application of a payment to a
33 particular obligation, the payment must be applied:
- 34 (1) in accordance with any reasonable method of application
35 to which the parties agree;
- 36 (2) in the absence of the parties' agreement to a reasonable
37 method, in accordance with any intention of the obligor
38 manifested at or before the time of payment; or
- 39 (3) in the absence of an agreement to a reasonable method and
40 a timely manifestation of the obligor's intention, in the
41 following order:
- 42 (A) To obligations that are not secured.



- 1 **(B) If more than one (1) obligation is secured, to**
 2 **obligations secured by purchase-money security interests**
 3 **in the order in which those obligations were incurred.**
- 4 **(f) A purchase-money security interest does not lose its status as**
 5 **such, even if:**
- 6 **(1) the purchase-money collateral also secures an obligation**
 7 **that is not a purchase-money obligation;**
 8 **(2) collateral that is not purchase-money collateral also**
 9 **secures the purchase-money obligation; or**
 10 **(3) the purchase-money obligation has been renewed,**
 11 **refinanced, consolidated, or restructured.**
- 12 **(g) A secured party claiming a purchase-money security interest**
 13 **has the burden of establishing the extent to which the security**
 14 **interest is a purchase-money security interest.**
- 15 **Sec. 104. (a) A secured party has control of a deposit account if:**
- 16 **(1) the secured party is the bank with which the deposit**
 17 **account is maintained;**
 18 **(2) the debtor, secured party, and bank have agreed in an**
 19 **authenticated record that the bank will comply with**
 20 **instructions originated by the secured party directing**
 21 **disposition of the funds in the account without further consent**
 22 **by the debtor; or**
 23 **(3) the secured party becomes the bank's customer with**
 24 **respect to the deposit account.**
- 25 **(b) A secured party that has satisfied subsection (a) has control,**
 26 **even if the debtor retains the right to direct the disposition of funds**
 27 **from the deposit account.**
- 28 **Sec. 105. A secured party has control of electronic chattel paper**
 29 **if the record or records comprising the chattel paper are created,**
 30 **stored, and assigned in such a manner that:**
- 31 **(1) a single authoritative copy of the record or records exists**
 32 **which is unique, identifiable and, except as otherwise**
 33 **provided in subdivisions (4), (5), and (6), unalterable;**
 34 **(2) the authoritative copy identifies the secured party as the**
 35 **assignee of the record or records;**
 36 **(3) the authoritative copy is communicated to and maintained**
 37 **by the secured party or its designated custodian;**
 38 **(4) copies or revisions that add or change an identified**
 39 **assignee of the authoritative copy can be made only with the**
 40 **participation of the secured party;**
 41 **(5) each copy of the authoritative copy and any copy of a copy**
 42 **is readily identifiable as a copy that is not the authoritative**



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1 copy; and

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

4 **Sec. 106. (a) A person has control of a certificated security,
5 uncertificated security, or security entitlement as provided in
6 IC 26-1-8.1-106.**

7 **(b) A secured party has control of a commodity contract if:**

8 (1) the secured party is the commodity intermediary with
9 which the commodity contract is carried; or

10 (2) the commodity customer, secured party, and commodity
11 intermediary have agreed that the commodity intermediary
12 will apply any value distributed on account of the commodity
13 contract as directed by the secured party without further
14 consent by the commodity customer.

15 **(c) A secured party having control of all security entitlements or
16 commodity contracts carried in a securities account or commodity
17 account has control over the securities account or commodity
18 account.**

19 **Sec. 107. A secured party has control of a letter-of-credit right
20 to the extent of any right to payment or performance by the issuer
21 or any nominated person if the issuer or nominated person has
22 consented to an assignment of proceeds of the letter of credit under
23 IC 26-1-5.1-114(c) or otherwise applicable law or practice.**

24 **Sec. 108. (a) Except as otherwise provided in subsections (c), (d),
25 and (e), a description of personal or real property is sufficient,
26 whether or not it is specific, if it reasonably identifies what is
27 described.**

28 **(b) Except as otherwise provided in subsection (d), a description
29 of collateral reasonably identifies the collateral if it identifies the
30 collateral by:**

31 (1) specific listing;

32 (2) category;

33 (3) except as otherwise provided in subsection (e), a type of
34 collateral defined in IC 26-1;

35 (4) quantity;

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

37 (6) except as otherwise provided in subsection (c), any other
38 method, if the identity of the collateral is objectively
39 determinable.

40 **(c) A description of collateral as "all the debtor's assets" or "all
41 the debtor's personal property" or using words of similar import
42 does not reasonably identify the collateral.**



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1 (d) Except as otherwise provided in subsection (e), a description
 2 of a security entitlement, securities account, or commodity account
 3 is sufficient if it describes:

- 4 (1) the collateral by those terms or as investment property; or
 5 (2) the underlying financial asset or commodity contract.

6 (e) A description only by type of collateral defined in IC 26-1 is
 7 an insufficient description of:

- 8 (1) a commercial tort claim; or
 9 (2) in a consumer transaction, consumer goods, a security
 10 entitlement, a securities account, or a commodity account.

11 **Sec. 109. (a) Except as otherwise provided in subsections (c) and**
 12 **(d), IC 26-1-9.1 applies to:**

- 13 (1) a transaction, regardless of its form, that creates a security
 14 interest in personal property or fixtures by contract;
 15 (2) an agricultural lien;
 16 (3) a sale of accounts, chattel paper, payment intangibles, or
 17 promissory notes;
 18 (4) a consignment;
 19 (5) a security interest arising under IC 26-1-2-401,
 20 IC 26-1-2-505, IC 26-1-2-711(3), or IC 26-1-2.1-508(5), as
 21 provided in IC 26-1-9.1-110;
 22 (6) a security interest arising under IC 26-1-4-210 or
 23 IC 26-1-5.1-118; and
 24 (7) a transfer of an interest or a claim in a contractual right
 25 of a person to receive commissions or other compensation
 26 payable by an insurer (as defined in IC 27-1-2-3).

27 (b) The application of IC 26-1-9.1 to a security interest in a
 28 secured obligation is not affected by the fact that the obligation is
 29 itself secured by a transaction or interest to which IC 26-1-9.1 does
 30 not apply.

31 (c) IC 26-1-9.1 does not apply to the extent that:

- 32 (1) a statute, regulation, or treaty of the United States
 33 preempts IC 26-1-9.1; or
 34 (2) the rights of a transferee beneficiary or nominated person
 35 under a letter of credit are independent and superior under
 36 IC 26-1-5.1-114.

37 (d) IC 26-1-9.1 does not apply to:

- 38 (1) a landlord's lien, other than an agricultural lien;
 39 (2) a lien, other than an agricultural lien, given by statute or
 40 other rule of law for services or materials, but IC 26-1-9.1-333
 41 applies with respect to priority of the lien;
 42 (3) an assignment of a claim for wages, salary, or other

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- 1 compensation of an employee;
2 (4) a sale of accounts, chattel paper, payment intangibles, or
3 promissory notes as part of a sale of the business out of which
4 they arose;
5 (5) an assignment of accounts, chattel paper, payment
6 intangibles, or promissory notes that is for the purpose of
7 collection only;
8 (6) an assignment of a right to payment under a contract to an
9 assignee that is also obligated to perform under the contract;
10 (7) an assignment of a single account, payment intangible, or
11 promissory note to an assignee in full or partial satisfaction of
12 a preexisting indebtedness;
13 (8) a transfer of an interest in or an assignment of a claim
14 under a policy of insurance, other than a transfer described
15 in subsection (a)(7), or an assignment by or to a health-care
16 provider of a health-care-insurance receivable and any
17 subsequent assignment of the right to payment, but
18 IC 26-1-9.1-315 and IC 26-1-9.1-322 apply with respect to
19 proceeds and priorities in proceeds;
20 (9) an assignment of a right represented by a judgment, other
21 than a judgment taken on a right to payment that was
22 collateral;
23 (10) a right of recoupment or set-off, but:
24 (A) IC 26-1-9.1-340 applies with respect to the effectiveness
25 of rights of recoupment or set-off against deposit accounts;
26 and
27 (B) IC 26-1-9.1-404 applies with respect to defenses or
28 claims of an account debtor;
29 (11) the creation or transfer of an interest in or lien on real
30 property, including a lease or rents thereunder, except to the
31 extent that provision is made for:
32 (A) liens on real property in IC 26-1-9.1-203 and
33 IC 26-1-9.1-308;
34 (B) fixtures in IC 26-1-9.1-334;
35 (C) fixture filings in IC 26-1-9.1-501, IC 26-1-9.1-502,
36 IC 26-1-9.1-512, IC 26-1-9.1-516, and IC 26-1-9.1-519; and
37 (D) security agreements covering personal and real
38 property in IC 26-1-9.1-604;
39 (12) an assignment of a claim arising in tort, other than a
40 commercial tort claim, but IC 26-1-9.1-315 and
41 IC 26-1-9.1-322 apply with respect to proceeds and priorities
42 in proceeds;

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1 (13) an assignment of a deposit account in a consumer
 2 transaction, but IC 26-1-9.1-315 and IC 26-1-9.1-322 apply
 3 with respect to proceeds and priorities in proceeds;

4 (14) the creation, perfection, priority, or enforcement of a
 5 security interest created by the state, another state, or a
 6 foreign country, or a governmental unit of the state, another
 7 state or a foreign country; or

8 (15) a pledge of revenues, other money, or property made
 9 under IC 5-1-14-4.

10 Sec. 110. A security interest arising under IC 26-1-2-401,
 11 IC 26-1-2-505, IC 26-1-2-711(3), or IC 26-1-2.1-508(5) is subject to
 12 IC 26-1-9.1. However, until the debtor obtains possession of the
 13 goods:

14 (1) the security interest is enforceable, even if
 15 IC 26-1-9.1-203(b)(3) has not been satisfied;

16 (2) filing is not required to perfect the security interest;

17 (3) the rights of the secured party after default by the debtor
 18 are governed by IC 26-1-2 or IC 26-1-2.1; and

19 (4) the security interest has priority over a conflicting security
 20 interest created by the debtor.

21 Sec. 201. (a) Except as otherwise provided in IC 26-1, a security
 22 agreement is effective according to its terms between the parties,
 23 against purchasers of the collateral, and against creditors.

24 (b) A transaction subject to this article is subject to any
 25 applicable rule of law that establishes a different rule for
 26 consumers.

27 (c) In case of conflict between IC 26-1-9.1 and a rule of law,
 28 statute, or regulation described in subsection (b), the rule of law,
 29 statute, or regulation controls. Failure to comply with a statute or
 30 regulation described in subsection (b) has only the effect the statute
 31 or regulation specifies.

32 (d) IC 26-1-9.1 does not:

33 (1) validate any rate, charge, agreement, or practice that
 34 violates a rule of law, statute, or regulation described in
 35 subsection (b); or

36 (2) extend the application of the rule of law, statute, or
 37 regulation to a transaction not otherwise subject to it.

38 Sec. 202. Except as otherwise provided with respect to
 39 consignments or sales of accounts, chattel paper, payment
 40 intangibles, or promissory notes, the provisions of this article with
 41 regard to rights and obligations apply whether title to collateral is
 42 in the secured party or the debtor.



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1 **Sec. 203. (a)** A security interest attaches to collateral when it
 2 becomes enforceable against the debtor with respect to the
 3 collateral, unless an agreement expressly postpones the time of
 4 attachment.

5 **(b)** Except as otherwise provided in subsections (c) through (i),
 6 a security interest is enforceable against the debtor and third
 7 parties with respect to the collateral only if:

8 (1) value has been given;

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

11 (3) one (1) of the following conditions is met:

12 (A) The debtor has authenticated a security agreement that
 13 provides a description of the collateral and, if the security
 14 interest covers timber to be cut, a description of the land
 15 concerned.

16 (B) The collateral is not a certificated security and is in the
 17 possession of the secured party under IC 26-1-9.1-313
 18 pursuant to the debtor's security agreement.

19 (C) The collateral is a certificated security in registered
 20 form and the security certificate has been delivered to the
 21 secured party under IC 26-1-8.1-301 pursuant to the
 22 debtor's security agreement.

23 (D) The collateral is deposit accounts, electronic chattel
 24 paper, investment property, or letter-of-credit rights, and
 25 the secured party has control under IC 26-1-9.1-104,
 26 IC 26-1-9.1-105, IC 26-1-9.1-106, or IC 26-1-9.1-107
 27 pursuant to the debtor's security agreement.

28 **(c)** Subsection (b) is subject to IC 26-1-4-210 on the security
 29 interest of a collecting bank, IC 26-1-5.1-118 on the security
 30 interest of a letter-of-credit issuer or nominated person,
 31 IC 26-1-9.1-110 on a security interest arising under IC 26-1-2 or
 32 IC 26-1-2.1, and IC 26-1-9.1-206 on security interests in investment
 33 property.

34 **(d)** A person becomes bound as debtor by a security agreement
 35 entered into by another person if, by operation of law other than
 36 IC 26-1-9.1 or by contract:

37 (1) the security agreement becomes effective to create a
 38 security interest in the person's property; or

39 (2) the person becomes generally obligated for the obligations
 40 of the other person, including the obligation secured under the
 41 security agreement, and acquires or succeeds to all or
 42 substantially all of the assets of the other person.



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1 (e) If a new debtor becomes bound as debtor by a security
2 agreement entered into by another person:

3 (1) the agreement satisfies subsection (b)(3) with respect to
4 existing or after-acquired property of the new debtor to the
5 extent the property is described in the agreement; and

6 (2) another agreement is not necessary to make a security
7 interest in the property enforceable.

8 (f) The attachment of a security interest in collateral gives the
9 secured party the rights to proceeds provided by IC 26-1-9-315 and
10 is also attachment of a security interest in a supporting obligation
11 for the collateral.

12 (g) The attachment of a security interest in a right to payment
13 or performance secured by a security interest or other lien on
14 personal or real property is also attachment of a security interest
15 in the security interest, mortgage, or other lien.

16 (h) The attachment of a security interest in a securities account
17 is also attachment of a security interest in the security entitlements
18 carried in the securities account.

19 (i) The attachment of a security interest in a commodity account
20 is also attachment of a security interest in the commodity contracts
21 carried in the commodity account.

22 Sec. 204. (a) Except as otherwise provided in subsection (b), a
23 security agreement may create or provide for a security interest in
24 after-acquired collateral.

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

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

30 (2) a commercial tort claim.

31 (c) A security agreement may provide that collateral secures, or
32 that accounts, chattel paper, payment intangibles, or promissory
33 notes are sold in connection with, future advances or other value,
34 whether or not the advances or value are given pursuant to
35 commitment.

36 Sec. 205. (a) A security interest is not invalid or fraudulent
37 against creditors solely because:

38 (1) the debtor has the right or ability to:

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

41 (B) collect, compromise, enforce, or otherwise deal with
42 collateral;



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- 1 (C) accept the return of collateral or make repossessions;
 2 or
 3 (D) use, commingle, or dispose of proceeds; or
 4 (2) the secured party fails to require the debtor to account for
 5 proceeds or replace collateral.
 6 (b) This section does not relax the requirements of possession if
 7 attachment, perfection, or enforcement of a security interest
 8 depends upon possession of the collateral by the secured party.
 9 Sec. 206. (a) A security interest in favor of a securities
 10 intermediary attaches to a person's security entitlement if:
 11 (1) the person buys a financial asset through the securities
 12 intermediary in a transaction in which the person is obligated
 13 to pay the purchase price to the securities intermediary at the
 14 time of the purchase; and
 15 (2) the securities intermediary credits the financial asset to the
 16 buyer's securities account before the buyer pays the securities
 17 intermediary.
 18 (b) The security interest described in subsection (a) secures the
 19 person's obligation to pay for the financial asset.
 20 (c) A security interest in favor of a person that delivers a
 21 certificated security or other financial asset represented by a
 22 writing attaches to the security or other financial asset if:
 23 (1) the security or other financial asset:
 24 (A) in the ordinary course of business is transferred by
 25 delivery with any necessary endorsement or assignment;
 26 and
 27 (B) is delivered under an agreement between persons in the
 28 business of dealing with such securities or financial assets;
 29 and
 30 (2) the agreement calls for delivery against payment.
 31 (d) The security interest described in subsection (c) secures the
 32 obligation to make payment for the delivery.
 33 Sec. 207. (a) Except as otherwise provided in subsection (d), a
 34 secured party shall use reasonable care in the custody and
 35 preservation of collateral in the secured party's possession. In the
 36 case of chattel paper or an instrument, reasonable care includes
 37 taking necessary steps to preserve rights against prior parties
 38 unless otherwise agreed.
 39 (b) Except as otherwise provided in subsection (d), if a secured
 40 party has possession of collateral:
 41 (1) reasonable expenses, including the cost of insurance and
 42 payment of taxes or other charges, incurred in the custody,



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1 preservation, use, or operation of the collateral are
2 chargeable to the debtor and are secured by the collateral;

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

5 (3) the secured party shall keep the collateral identifiable, but
6 fungible collateral may be commingled; and

7 (4) the secured party may use or operate the collateral:

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

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

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

13 (c) Except as otherwise provided in subsection (d), a secured
14 party having possession of collateral or control of collateral under
15 IC 26-1-9.1-104, IC 26-1-9.1-105, IC 26-1-9.1-106, or
16 IC 26-1-9.1-107:

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

19 (2) shall apply money or funds received from the collateral to
20 reduce the secured obligation, unless remitted to the debtor;
21 and

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

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

25 (1) subsection (a) does not apply unless the secured party is
26 entitled under an agreement:

27 (A) to charge back uncollected collateral; or

28 (B) otherwise to full or limited recourse against the debtor
29 or a secondary obligor based on the nonpayment or other
30 default of an account debtor or other obligor on the
31 collateral; and

32 (2) subsections (b) and (c) do not apply.

33 **Sec. 208. (a) This section applies to cases in which there is no**
34 **outstanding secured obligation, and the secured party is not**
35 **committed to make advances, incur obligations, or otherwise give**
36 **value.**

37 (b) Within ten (10) days after receiving an authenticated
38 demand by the debtor:

39 (1) a secured party having control of a deposit account under
40 IC 26-1-9.1-104(a)(2) shall send to the bank with which the
41 deposit account is maintained an authenticated statement that
42 releases the bank from any further obligation to comply with



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1 instructions originated by the secured party;

2 (2) a secured party having control of a deposit account under
3 IC 26-1-9.1-104(a)(3) shall:

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

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

8 (3) a secured party, other than a buyer, having control of
9 electronic chattel paper under IC 26-1-9.1-105 shall:

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

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

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

25 (4) a secured party having control of investment property
26 under IC 26-1-8.1-106(d)(2) or IC 26-1-9.1-106(b) shall send
27 to the securities intermediary or commodity intermediary
28 with which the security entitlement or commodity contract is
29 maintained an authenticated record that releases the
30 securities intermediary or commodity intermediary from any
31 further obligation to comply with entitlement orders or
32 directions originated by the secured party; and

33 (5) a secured party having control of a letter-of-credit right
34 under IC 26-1-9.1-107 shall send to each person having an
35 unfulfilled obligation to pay or deliver proceeds of the letter
36 of credit to the secured party an authenticated release from
37 any further obligation to pay or deliver proceeds of the letter
38 of credit to the secured party.

39 Sec. 209. (a) Except as otherwise provided in subsection (c), this
40 section applies if:

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

42 (2) the secured party is not committed to make advances,

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1 incur obligations, or otherwise give value.

2 (b) Within ten (10) days after receiving an authenticated
3 demand by the debtor, a secured party shall send to an account
4 debtor that has received notification of an assignment to the
5 secured party as assignee under IC 26-1-9.1-406(a) an
6 authenticated record that releases the account debtor from any
7 further obligation to the secured party.

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

10 Sec. 210. (a) In this section the following definitions apply:

11 (1) "Request" means a record of a type described in
12 subdivision (2), (3), or (4).

13 (2) "Request for an accounting" means a record authenticated
14 by a debtor requesting that the recipient provide an
15 accounting of the unpaid obligations secured by collateral and
16 reasonably identifying the transaction or relationship that is
17 the subject of the request.

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

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

31 (b) Subject to subsections (c), (d), (e), and (f), a secured party,
32 other than a buyer of accounts, chattel paper, payment intangibles,
33 or promissory notes or a consignor, shall comply with a request
34 within fourteen (14) days after receipt:

35 (1) in the case of a request for an accounting, by
36 authenticating and sending to the debtor an accounting; and

37 (2) in the case of a request regarding a list of collateral or a
38 request regarding a statement of account, by authenticating
39 and sending to the debtor an approval or correction.

40 (c) A secured party that claims a security interest in all of a
41 particular type of collateral owned by the debtor may comply with
42 a request regarding a list of collateral by sending to the debtor an

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1 authenticated record, including a statement to that effect within
2 fourteen (14) days after receipt.

3 (d) A person that receives a request regarding a list of collateral,
4 claims no interest in the collateral when it receives the request, and
5 claimed an interest in the collateral at an earlier time shall comply
6 with the request within fourteen (14) days after receipt by sending
7 to the debtor an authenticated record:

8 (1) disclaiming any interest in the collateral; and

9 (2) if known to the recipient, providing the name and mailing
10 address of any assignee of or successor to the recipient's
11 interest in the collateral.

12 (e) A person that receives a request for an accounting or a
13 request regarding a statement of account, claims no interest in the
14 obligations when the person receives the request, and claimed an
15 interest in the obligations at an earlier time shall comply with the
16 request within fourteen (14) days after receipt by sending to the
17 debtor an authenticated record:

18 (1) disclaiming any interest in the obligations; and

19 (2) if known to the recipient, providing the name and mailing
20 address of any assignee of or successor to the recipient's
21 interest in the obligations.

22 (f) A debtor is entitled without charge to one (1) response to a
23 request under this section during any six (6) month period. The
24 secured party may require payment of a charge not exceeding
25 twenty-five dollars (\$25) for each additional response.

26 Sec. 301. Except as otherwise provided in IC 26-1-9.1-303
27 through IC 26-1-9.1-306, the following rules determine the law
28 governing perfection, the effect of perfection or nonperfection, and
29 the priority of a security interest in collateral:

30 (1) Except as otherwise provided in this section, while a
31 debtor is located in a jurisdiction, the local law of that
32 jurisdiction governs perfection, the effect of perfection or
33 nonperfection, and the priority of a security interest in
34 collateral.

35 (2) While collateral is located in a jurisdiction, the local law of
36 that jurisdiction governs perfection, the effect of perfection or
37 nonperfection, and the priority of a possessory security
38 interest in that collateral.

39 (3) Except as otherwise provided in subdivision (4), while
40 negotiable documents, goods, instruments, money, or tangible
41 chattel paper is located in a jurisdiction, the local law of that
42 jurisdiction governs:

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- 1 (A) perfection of a security interest in the goods by filing a
2 fixture filing;
- 3 (B) perfection of a security interest in timber to be cut; and
4 (C) the effect of perfection or nonperfection and the
5 priority of a nonpossessory security interest in the
6 collateral.
- 7 (4) The local law of the jurisdiction in which the wellhead or
8 minehead is located governs perfection, the effect of
9 perfection or nonperfection, and the priority of a security
10 interest in as-extracted collateral.
- 11 Sec. 302. While farm products are located in a jurisdiction, the
12 local law of that jurisdiction governs perfection, the effect of
13 perfection or nonperfection, and the priority of an agricultural lien
14 on the farm products.
- 15 Sec. 303. (a) This section applies to goods covered by a
16 certificate of title, even if there is no other relationship between the
17 jurisdiction under whose certificate of title the goods are covered
18 and the goods or the debtor.
- 19 (b) Goods become covered by a certificate of title when a valid
20 application for the certificate of title and the applicable fee are
21 delivered to the appropriate authority. Goods cease to be covered
22 by a certificate of title at the earlier of the time the certificate of
23 title ceases to be effective under the law of the issuing jurisdiction
24 or the time the goods become covered subsequently by a certificate
25 of title issued by another jurisdiction.
- 26 (c) The local law of the jurisdiction under whose certificate of
27 title the goods are covered governs perfection, the effect of
28 perfection or nonperfection, and the priority of a security interest
29 in goods covered by a certificate of title from the time the goods
30 become covered by the certificate of title until the goods cease to be
31 covered by the certificate of title.
- 32 Sec. 304. (a) The local law of a bank's jurisdiction governs
33 perfection, the effect of perfection or nonperfection, and the
34 priority of a security interest in a deposit account maintained with
35 that bank.
- 36 (b) The following rules determine a bank's jurisdiction for
37 purposes of this part:
- 38 (1) If an agreement between the bank and the debtor
39 governing the deposit account expressly provides that a
40 particular jurisdiction is the bank's jurisdiction for purposes
41 of IC 26-1, that jurisdiction is the bank's jurisdiction.
- 42 (2) If subdivision (1) does not apply and an agreement

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

5 (3) If neither subdivision (1) nor subdivision (2) applies, and
6 an agreement between the bank and its customer governing
7 the deposit account expressly provides that the deposit
8 account is maintained at an office in a particular jurisdiction,
9 that jurisdiction is the bank's jurisdiction.

10 (4) If none of the preceding subdivisions apply, the bank's
11 jurisdiction is the jurisdiction in which the office identified in
12 an account statement as the office serving the customer's
13 account is located.

14 (5) If none of the preceding subdivisions apply, the bank's
15 jurisdiction is the jurisdiction in which the chief executive
16 office of the bank is located.

17 **Sec. 305. (a) Except as otherwise provided in subsection (c), the**
18 **following rules apply:**

19 (1) While a security certificate is located in a jurisdiction, the
20 local law of that jurisdiction governs perfection, the effect of
21 perfection or nonperfection, and the priority of a security
22 interest in the certificated security represented thereby.

23 (2) The local law of the issuer's jurisdiction as specified in
24 IC 26-1- 8.1-110(d) governs perfection, the effect of perfection
25 or nonperfection, and the priority of a security interest in an
26 uncertificated security.

27 (3) The local law of the securities intermediary's jurisdiction
28 as specified in IC 26-1-8.1-110(e) governs perfection, the effect
29 of perfection or nonperfection, and the priority of a security
30 interest in a security entitlement or securities account.

31 (4) The local law of the commodity intermediary's jurisdiction
32 governs perfection, the effect of perfection or nonperfection,
33 and the priority of a security interest in a commodity contract
34 or commodity account.

35 (b) The following rules determine a commodity intermediary's
36 jurisdiction for purposes of this part:

37 (1) If an agreement between the commodity intermediary and
38 commodity customer governing the commodity account
39 expressly provides that a particular jurisdiction is the
40 commodity intermediary's jurisdiction for purposes of
41 IC 26-1, that jurisdiction is the commodity intermediary's
42 jurisdiction.

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1 (2) If subdivision (1) does not apply, and an agreement
 2 between the commodity intermediary and commodity
 3 customer governing the commodity account expressly
 4 provides that the agreement is governed by the law of a
 5 particular jurisdiction, that jurisdiction is the commodity
 6 intermediary's jurisdiction.

7 (3) If neither subdivision (1) nor subdivision (2) applies, and
 8 an agreement between the commodity intermediary and
 9 commodity customer governing the commodity account
 10 expressly provides that the commodity account is maintained
 11 at an office in a particular jurisdiction, that jurisdiction is the
 12 commodity intermediary's jurisdiction.

13 (4) If none of the preceding subdivisions apply, the commodity
 14 intermediary's jurisdiction is the jurisdiction in which the
 15 office identified in an account statement as the office serving
 16 the commodity customer's account is located.

17 (5) If none of the preceding subdivisions apply, the commodity
 18 intermediary's jurisdiction is the jurisdiction in which the
 19 chief executive office of the commodity intermediary is
 20 located.

21 (c) The local law of the jurisdiction in which the debtor is
 22 located governs:

23 (1) perfection of a security interest in investment property by
 24 filing;

25 (2) automatic perfection of a security interest in investment
 26 property created by a broker or securities intermediary; and

27 (3) automatic perfection of a security interest in a commodity
 28 contract or commodity account created by a commodity
 29 intermediary.

30 Sec. 306. (a) Subject to subsection (c), the local law of the
 31 issuer's jurisdiction or a nominated person's jurisdiction governs
 32 perfection, the effect of perfection or nonperfection, and the
 33 priority of a security interest in a letter-of-credit right if the
 34 issuer's jurisdiction or nominated person's jurisdiction is a state.

35 (b) For purposes of this part, an issuer's jurisdiction or
 36 nominated person's jurisdiction is the jurisdiction whose law
 37 governs the liability of the issuer or nominated person with respect
 38 to the letter-of-credit right as provided in IC 26-1-5.1-116.

39 (c) This section does not apply to a security interest that is
 40 perfected only under IC 26-1-9.1-308(d).

41 Sec. 307. (a) In this section, "place of business" means a place
 42 where a debtor conducts its affairs.



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1 **(b) Except as otherwise provided in this section, the following**
2 **rules determine a debtor's location:**

3 **(1) A debtor who is an individual is located at the individual's**
4 **principal residence.**

5 **(2) A debtor that is an organization and has only one (1) place**
6 **of business is located at its place of business.**

7 **(3) A debtor that is an organization and has more than one (1)**
8 **place of business is located at its chief executive office.**

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

18 **(d) A person that ceases to exist, have a residence, or have a**
19 **place of business continues to be located in the jurisdiction**
20 **specified by subsections (b) and (c).**

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

23 **(f) Except as otherwise provided in subsection (i), a registered**
24 **organization that is organized under the law of the United States**
25 **and a branch or agency of a bank that is not organized under the**
26 **law of the United States or a state are located:**

27 **(1) in the state that the law of the United States designates, if**
28 **the law designates a state of location;**

29 **(2) in the state that the registered organization, branch, or**
30 **agency designates, if the law of the United States authorizes**
31 **the registered organization, branch, or agency to designate its**
32 **state of location; or**

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

35 **(g) A registered organization continues to be located in the**
36 **jurisdiction specified by subsection (e) or (f) notwithstanding:**

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

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

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



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

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

8 (k) This section applies only for purposes of this part.

9 Sec. 308. (a) Except as otherwise provided in this section and
10 IC 26-1-9.1-309, a security interest is perfected if it has attached
11 and all of the applicable requirements for perfection in
12 IC 26-1-9.1-310 through IC 26-1-9.1-316 have been satisfied. A
13 security interest is perfected when it attaches if the applicable
14 requirements are satisfied before the security interest attaches.

15 (b) An agricultural lien is perfected if it has become effective
16 and all of the applicable requirements for perfection in
17 IC 26-1-9.1-310 have been satisfied. An agricultural lien is
18 perfected when it becomes effective if the applicable requirements
19 are satisfied before the agricultural lien becomes effective.

20 (c) A security interest or agricultural lien is perfected
21 continuously if it is originally perfected by one method under
22 IC 26-1-9.1 and is later perfected by another method under
23 IC 26-1-9.1, without an intermediate period when it was
24 unperfected.

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

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

31 (f) Perfection of a security interest in a securities account also
32 perfects a security interest in the security entitlements carried in
33 the securities account.

34 (g) Perfection of a security interest in a commodity account also
35 perfects a security interest in the commodity contracts carried in
36 the commodity account.

37 Sec. 309. The following security interests are perfected when
38 they attach:

39 (1) A purchase-money security interest in consumer goods,
40 except as otherwise provided in IC 26-1-9.1-311(b) with
41 respect to consumer goods that are subject to a statute or
42 treaty described in IC 26-1-9.1-311(a).



- 1 (2) An assignment of accounts or payment intangibles which
 2 does not by itself or in conjunction with other assignments to
 3 the same assignee transfer a significant part of the assignor's
 4 outstanding accounts or payment intangibles.
 5 (3) A sale of a payment intangible.
 6 (4) A sale of a promissory note.
 7 (5) A security interest created by the assignment of a
 8 health-care-insurance receivable to the provider of the
 9 health-care goods or services.
 10 (6) A security interest arising under IC 26-1-2-401,
 11 IC 26-1-2-505, IC 26-1-2-711(3), or IC 26-1-2.1-508(5), until
 12 the debtor obtains possession of the collateral.
 13 (7) A security interest of a collecting bank arising under
 14 IC 26-1-4-210.
 15 (8) A security interest of an issuer or nominated person
 16 arising under IC 26-1-5.1-118.
 17 (9) A security interest arising in the delivery of a financial
 18 asset under IC 26-1-9.1-206(c).
 19 (10) A security interest in investment property created by a
 20 broker or securities intermediary.
 21 (11) A security interest in a commodity contract or a
 22 commodity account created by a commodity intermediary.
 23 (12) An assignment for the benefit of all creditors of the
 24 transferor and subsequent transfers by the assignee
 25 thereunder.
 26 (13) A security interest created by an assignment of a
 27 beneficial interest in a decedent's estate.
- 28 **Sec. 310. (a)** Except as otherwise provided in subsection (b) and
 29 **IC 26-1-9.1-312(b)**, a financing statement must be filed to perfect
 30 all security interests and agricultural liens.
 31 **(b)** The filing of a financing statement is not necessary to perfect
 32 a security interest:
- 33 (1) that is perfected under IC 26-1-9.1-308(d),
 34 IC 26-1-9.1-308(e), IC 26-1-9.1-308(f), or IC 26-1-9.1-308(g);
 35 (2) that is perfected under IC 26-1-9.1-309 when it attaches;
 36 (3) in property subject to a statute, regulation, or treaty
 37 described in IC 26-1-9.1-311(a);
 38 (4) in goods in possession of a bailee that are perfected under
 39 IC 26-1-9.1-312(d)(1) or IC 26-1-9.1-312(d)(2);
 40 (5) in certificated securities, documents, goods, or instruments
 41 which is perfected without filing or possession under
 42 IC 26-1-9.1-312(e), IC 26-1-9.1-312(f), or IC 26-1-9.1-312(g);



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- 1 **(6) in collateral in the secured party's possession under**
 2 **IC 26-1-9.1-313;**
 3 **(7) in a certificated security which is perfected by delivery of**
 4 **the security certificate to the secured party under**
 5 **IC 26-1-9.1-313;**
 6 **(8) in deposit accounts, electronic chattel paper, investment**
 7 **property, or letter-of-credit rights which is perfected by**
 8 **control under IC 26-1-9.1-314;**
 9 **(9) in proceeds which is perfected under IC 26-1-9.1-315; or**
 10 **(10) that is perfected under IC 26-1-9.1-316.**

11 **(c) If a secured party assigns a perfected security interest or**
 12 **agricultural lien, a filing under IC 26-1-9.1 is not required to**
 13 **continue the perfected status of the security interest against**
 14 **creditors of and transferees from the original debtor.**

15 **Sec. 311. (a) Except as otherwise provided in subsection (d), the**
 16 **filing of a financing statement is not necessary or effective to**
 17 **perfect a security interest in property subject to:**

- 18 **(1) a statute, regulation, or treaty of the United States whose**
 19 **requirements for a security interest's obtaining priority over**
 20 **the rights of a lien creditor with respect to the property**
 21 **preempt IC 26-1-9.1-310(a);**
 22 **(2) any Indiana certificate-of-title statute covering**
 23 **automobiles, trailers, mobile homes, boats, farm tractors, or**
 24 **the like, which provides for a security interest to be indicated**
 25 **on the certificate as a condition or result of perfection; or**
 26 **(3) a certificate-of-title statute of another jurisdiction which**
 27 **provides for a security interest to be indicated on the**
 28 **certificate as a condition or result of the security interest's**
 29 **obtaining priority over the rights of a lien creditor with**
 30 **respect to the property.**

31 **(b) Compliance with the requirements of a statute, regulation,**
 32 **or treaty described in subsection (a) for obtaining priority over the**
 33 **rights of a lien creditor is equivalent to the filing of a financing**
 34 **statement under IC 26-1-9.1. Except as otherwise provided in**
 35 **subsection (d), IC 26-1-9.1-313, IC 26-1-9.1-316(d), and**
 36 **IC 26-1-9.1-316(e) for goods covered by a certificate of title, a**
 37 **security interest in property subject to a statute, regulation, or**
 38 **treaty described in subsection (a) may be perfected only by**
 39 **compliance with those requirements, and a security interest so**
 40 **perfected remains perfected notwithstanding a change in the use or**
 41 **transfer of possession of the collateral.**

42 **(c) Except as otherwise provided in subsection (d),**

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1 IC 26-1-9.1-316(d), and IC 26-1-9.1-316(e), duration and renewal
 2 of perfection of a security interest perfected by compliance with the
 3 requirements prescribed by a statute, regulation, or treaty
 4 described in subsection (a) are governed by the statute, regulation,
 5 or treaty. In other respects, the security interest is subject to
 6 IC 26-1-9.1.

7 (d) During any period in which collateral, subject to a statute
 8 specified in subsection (a)(2), is inventory held for sale or lease by
 9 a person or leased by that person as lessor, and that person is in the
 10 business of selling goods of that kind, this section does not apply to
 11 a security interest in that collateral created by that person, but
 12 instead, the filing provisions of IC 26-1-9.1-501 through
 13 IC 26-1-9.1-527 apply.

14 Sec. 312. (a) A security interest in chattel paper, negotiable
 15 documents, instruments, or investment property may be perfected
 16 by filing.

17 (b) Except as otherwise provided in IC 26-1-9.1-315(c) and
 18 IC 26-1-9.1-315(d), for proceeds:

19 (1) a security interest in a deposit account may be perfected
 20 only by control under IC 26-1-9.1-314;

21 (2) and except as otherwise provided in IC 26-1-9.1-308(d), a
 22 security interest in a letter-of-credit right may be perfected
 23 only by control under IC 26-1-9.1-314; and

24 (3) a security interest in money may be perfected only by the
 25 secured party's taking possession under IC 26-1-9.1-313.

26 (c) While goods are in the possession of a bailee that has issued
 27 a negotiable document covering the goods:

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

30 (2) a security interest perfected in the document has priority
 31 over any security interest that becomes perfected in the goods
 32 by another method during that time.

33 (d) While goods are in the possession of a bailee that has issued
 34 a nonnegotiable document covering the goods, a security interest
 35 in the goods may be perfected by:

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

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

39 (3) filing as to the goods.

40 (e) A security interest in certificated securities, negotiable
 41 documents, or instruments is perfected without filing or the taking
 42 of possession for a period of twenty (20) days from the time it



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1 attaches to the extent that it arises for new value given under an
2 authenticated security agreement.

3 (f) A perfected security interest in a negotiable document or
4 goods in possession of a bailee, other than one that has issued a
5 negotiable document for the goods, remains perfected for twenty
6 (20) days without filing if the secured party makes available to the
7 debtor the goods or documents representing the goods for the
8 purpose of:

9 (1) ultimate sale or exchange; or

10 (2) loading, unloading, storing, shipping, transshipping,
11 manufacturing, processing, or otherwise dealing with them in
12 a manner preliminary to their sale or exchange.

13 (g) A perfected security interest in a certificated security or
14 instrument remains perfected for twenty (20) days without filing
15 if the secured party delivers the security certificate or instrument
16 to the debtor for the purpose of:

17 (1) ultimate sale or exchange; or

18 (2) presentation, collection, enforcement, renewal, or
19 registration of transfer.

20 (h) After the twenty (20) day period specified in subsection (e),
21 (f), or (g) expires, perfection depends upon compliance with
22 IC 26-1-9.1.

23 **Sec. 313. (a) Except as otherwise provided in subsection (b), a**
24 **secured party may perfect a security interest in negotiable**
25 **documents, goods, instruments, money, or tangible chattel paper**
26 **by taking possession of the collateral. A secured party may perfect**
27 **a security interest in certificated securities by taking delivery of the**
28 **certificated securities under IC 26-1-8.1-301.**

29 (b) With respect to goods covered by a certificate of title issued
30 by this state, a secured party may perfect a security interest in the
31 goods by taking possession of the goods only in the circumstances
32 described in IC 26-1-9.1-316(e).

33 (c) With respect to collateral other than certificated securities
34 and goods covered by a document, a secured party takes possession
35 of collateral in the possession of a person other than the debtor, the
36 secured party, or a lessee of the collateral from the debtor in the
37 ordinary course of the debtor's business, when:

38 (1) the person in possession authenticates a record
39 acknowledging that it holds possession of the collateral for the
40 secured party's benefit; or

41 (2) the person takes possession of the collateral after having
42 authenticated a record acknowledging that it will hold



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- 1 possession of collateral for the secured party's benefit.
- 2 (d) If perfection of a security interest depends upon possession
- 3 of the collateral by a secured party, perfection occurs not earlier
- 4 than the time the secured party takes possession and continues only
- 5 while the secured party retains possession.
- 6 (e) A security interest in a certificated security in registered
- 7 form is perfected by delivery when delivery of the certificated
- 8 security occurs under IC 26-1-8.1-301 and remains perfected by
- 9 delivery until the debtor obtains possession of the security
- 10 certificate.
- 11 (f) A person in possession of collateral is not required to
- 12 acknowledge that it holds possession for a secured party's benefit.
- 13 (g) If a person acknowledges that it holds possession for the
- 14 secured party's benefit:
- 15 (1) the acknowledgment is effective under subsection (c) or
- 16 IC 26-1-8.1-301(a), even if the acknowledgment violates the
- 17 rights of a debtor; and
- 18 (2) unless the person otherwise agrees or a law other than
- 19 IC 26-1-9.1 otherwise provides, the person does not owe any
- 20 duty to the secured party and is not required to confirm the
- 21 acknowledgment to another person.
- 22 (h) A secured party having possession of collateral does not
- 23 relinquish possession by delivering the collateral to a person other
- 24 than the debtor or a lessee of the collateral from the debtor in the
- 25 ordinary course of the debtor's business if the person was
- 26 instructed before the delivery or is instructed contemporaneously
- 27 with the delivery:
- 28 (1) to hold possession of the collateral for the secured party's
- 29 benefit; or
- 30 (2) to redeliver the collateral to the secured party.
- 31 (i) A secured party does not relinquish possession, even if a
- 32 delivery under subsection (h) violates the rights of a debtor. A
- 33 person to which collateral is delivered under subsection (h) does
- 34 not owe any duty to the secured party and is not required to
- 35 confirm the delivery to another person unless the person otherwise
- 36 agrees or law other than IC 26-1-9.1 otherwise provides.
- 37 Sec. 314. (a) A security interest in investment property, deposit
- 38 accounts, letter-of-credit rights, or electronic chattel paper may be
- 39 perfected by control of the collateral under IC 26-1-9.1-104,
- 40 IC 26-1-9.1-105, IC 26-1-9.1-106, or IC 26-1-9.1-107.
- 41 (b) A security interest in deposit accounts, electronic chattel
- 42 paper, or letter-of-credit rights is perfected by control under

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1 IC 26-1-9.1-104, IC 26-1-9.1-105, or IC 26-1-9.1-107 when the
 2 secured party obtains control and remains perfected by control
 3 only while the secured party retains control.

4 (c) A security interest in investment property is perfected by
 5 control under IC 26-1-9.1-106 from the time the secured party
 6 obtains control and remains perfected by control until:

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

8 (2) one of the following occurs:

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

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

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

16 Sec. 315. (a) Except as otherwise provided in IC 26-1-9.1 and in
 17 IC 26-1-2-403(2):

18 (1) a security interest or agricultural lien continues in
 19 collateral notwithstanding sale, lease, license, exchange, or
 20 other disposition thereof unless the secured party authorized
 21 the disposition free of the security interest or agricultural
 22 lien; and

23 (2) a security interest attaches to any identifiable proceeds of
 24 collateral.

25 (b) Proceeds that are commingled with other property are
 26 identifiable proceeds:

27 (1) if the proceeds are goods, to the extent provided by
 28 IC 26-1-9.1-336; and

29 (2) if the proceeds are not goods, to the extent that the secured
 30 party identifies the proceeds by a method of tracing, including
 31 application of equitable principles, that is permitted under
 32 law other than IC 26-1-9.1 with respect to commingled
 33 property of the type involved.

34 (c) A security interest in proceeds is a perfected security interest
 35 if the security interest in the original collateral was perfected.

36 (d) A perfected security interest in proceeds becomes
 37 unperfected on the twenty-first day after the security interest
 38 attaches to the proceeds unless:

39 (1) the following conditions are satisfied:

40 (A) A filed financing statement covers the original
 41 collateral.

42 (B) The proceeds are collateral in which a security interest

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1 may be perfected by filing in the office in which the
2 financing statement has been filed.

3 (C) The proceeds are not acquired with cash proceeds.
4 (2) the proceeds are identifiable cash proceeds; or
5 (3) the security interest in the proceeds is perfected other than
6 under subsection (c) when the security interest attaches to the
7 proceeds or within twenty (20) days thereafter.

8 (e) If a filed financing statement covers the original collateral,
9 a security interest in proceeds which remains perfected under
10 subsection (d)(1) becomes unperfected at the later of:

11 (1) when the effectiveness of the filed financing statement
12 lapses under IC 26-1-9.1-515 or is terminated under
13 IC 26-1-9.1-513; or

14 (2) the twenty-first day after the security interest attaches to
15 the proceeds.

16 Sec. 316. (a) A security interest perfected pursuant to the law of
17 the jurisdiction designated in IC 26-1-9.1-301(1) or
18 IC 26-1-9.1-305(c) remains perfected until the earliest of:

19 (1) the time perfection would have ceased under the law of
20 that jurisdiction;

21 (2) the expiration of four (4) months after a change of the
22 debtor's location to another jurisdiction; or

23 (3) the expiration of one (1) year after a transfer of collateral
24 to a person that thereby becomes a debtor and is located in
25 another jurisdiction.

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

33 (c) A possessory security interest in collateral, other than goods
34 covered by a certificate of title and as-extracted collateral
35 consisting of goods, remains continuously perfected if:

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

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

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



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

8 (e) A security interest described in subsection (d) becomes
 9 unperfected as against a purchaser of the goods for value and is
 10 deemed never to have been perfected as against a purchaser of the
 11 goods for value if the applicable requirements for perfection under
 12 IC 26-1-9.1-311(b) or IC 26-1-9.1-313 are not satisfied before the
 13 earlier of:

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

18 (2) the expiration of four (4) months after the goods had
 19 become so covered.

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

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

28 (2) the expiration of four (4) months after a change of the
 29 applicable jurisdiction to another jurisdiction.

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

38 **Sec. 317. (a) An unperfected security interest or agricultural lien**
 39 **is subordinate to the rights of:**

40 (1) a person entitled to priority under IC 26-1-9.1-322; and

41 (2) a person that becomes a lien creditor before the earlier of
 42 the time:

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- 1 (A) the security interest or agricultural lien is perfected; or
 2 (B) one (1) of the conditions specified in
 3 IC 26-1-9.1-203(b)(3) is met;
 4 and a financing statement covering the collateral is filed.
- 5 (b) Except as otherwise provided in subsection (e), a buyer,
 6 other than a secured party, of tangible chattel paper, documents,
 7 goods, instruments, or a security certificate takes free of a security
 8 interest or agricultural lien if the buyer gives value and receives
 9 delivery of the collateral without knowledge of the security interest
 10 or agricultural lien and before it is perfected.
- 11 (c) Except as otherwise provided in subsection (e), a lessee of
 12 goods takes free of a security interest or agricultural lien if the
 13 lessee gives value and receives delivery of the collateral without
 14 knowledge of the security interest or agricultural lien and before
 15 it is perfected.
- 16 (d) A licensee of a general intangible or a buyer, other than a
 17 secured party, of accounts, electronic chattel paper, general
 18 intangibles, or investment property other than a certificated
 19 security takes free of a security interest if the licensee or buyer
 20 gives value without knowledge of the security interest and before
 21 it is perfected.
- 22 (e) Except as otherwise provided in IC 26-1-9.1-320 and
 23 IC 26-1-9.1-321, if a person files a financing statement with respect
 24 to a purchase-money security interest before or within twenty (20)
 25 days after the debtor receives delivery of the collateral, the security
 26 interest takes priority over the rights of a buyer, lessee, or lien
 27 creditor that arise between the time the security interest attaches
 28 and the time of filing.
- 29 Sec. 318. (a) A debtor that has sold an account, chattel paper,
 30 payment intangible, or promissory note does not retain a legal or
 31 equitable interest in the collateral sold.
- 32 (b) For purposes of determining the rights of creditors of, and
 33 purchasers for value of an account or chattel paper from, a debtor
 34 that has sold an account or chattel paper, while the buyer's security
 35 interest is unperfected, the debtor is deemed to have rights and title
 36 to the account or chattel paper identical to those the debtor sold.
- 37 Sec. 319. (a) Except as otherwise provided in subsection (b), for
 38 purposes of determining the rights of creditors of, and purchasers
 39 for value of goods from, a consignee, while the goods are in the
 40 possession of the consignee, the consignee has rights and title to the
 41 goods identical to those the consignor had or had power to
 42 transfer.

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1 (b) For purposes of determining the rights of a creditor of a
2 consignee, law other than this article determines the rights and title
3 of a consignee while goods are in the consignee's possession if,
4 under this part, a perfected security interest held by the consignor
5 would have priority over the rights of the creditor.

6 Sec. 320. (a) Except as otherwise provided in this subsection and
7 subsection (e), a buyer in ordinary course of business takes free of
8 a security interest created by the buyer's seller, even if the security
9 interest is perfected and the buyer knows of its existence. The
10 following apply whenever a person is buying farm products from
11 a person engaged in farming operations who has created a security
12 interest on the farm products:

13 (1) A person buying farm products from a person engaged in
14 farming operations is not protected by this subsection if,
15 within one (1) year before the sale of the farm products, the
16 buyer has received prior written notice of the security
17 interest. "Written notice" means any writing that contains the
18 following:

19 (A) The full name and address of the debtor.

20 (B) The full name and address of the secured party.

21 (C) In the case of a debtor doing business other than as an
22 individual, the United States Internal Revenue Service
23 taxpayer identification number of the debtor.

24 (D) A description of the collateral, including the type and
25 amount of farm products, the crop year, the county of
26 location, and a description of the real property on which
27 the farm products were grown or produced.

28 (E) Any payment obligations imposed on the buyer by the
29 secured party as conditions for waiver or release of the
30 security interest.

31 Notice must be received before a buyer of farm products has
32 made full payment to the person engaged in farming
33 operations for the farm products if the notice is to be
34 considered "prior written notice". The written notice lapses
35 on either the expiration period of the statement or the
36 transmission of a notice signed by the secured party that the
37 statement has lapsed, whichever occurs first.

38 (2) A secured party must, within fifteen (15) days of the
39 satisfaction of the debt, inform in writing each potential buyer
40 listed by the debtor whenever a debt has been satisfied and
41 written notice, as required by subdivision (1), had been
42 previously sent to that buyer.



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1 (3) A debtor engaged in farming operations who has created
2 a security interest in farm products must provide the secured
3 party with a written list of potential buyers of the farm
4 products at the time the debt is incurred if such a list is
5 requested by the secured party. The debtor may not sell farm
6 products to a buyer who does not appear on the list (if the list
7 is requested by the secured party) unless the secured party
8 has given prior written permission to the debtor to sell to
9 someone who does not appear on the list, or the debtor
10 satisfies the debt for that secured party on the farm products
11 he sells within fifteen (15) days of the date of sale. A debtor
12 who knowingly or intentionally sells to a buyer who does not
13 appear on the list (if the list is requested by the secured party)
14 and who does not meet one (1) of the above exceptions,
15 commits a Class C misdemeanor. A secured party commits a
16 Class C infraction if the secured party knowingly or
17 intentionally gives false or misleading information on the
18 notice required by subdivision (1) or the secured party fails
19 within fifteen (15) days of satisfaction of the debt to notify
20 purchasers to whom a written notice had been previously sent
21 under subdivision (1) of the satisfaction of the debt.

22 (4) A purchaser of farm products buying from a person
23 engaged in farming operations must issue a check for
24 payment jointly to the debtor and those secured parties from
25 whom he has received prior written notice of a security
26 interest as provided for in subdivision (1). A purchaser who
27 fails to issue a jointly payable check as required by this
28 subsection is not protected by this subdivision. A purchaser of
29 farm products (on which there is a perfected security interest)
30 buying from a person engaged in farming operations who
31 withholds all or part of the proceeds of the sale from the
32 seller, in order to satisfy a prior debt ("prior debt" does not
33 include the costs of marketing the farm product or the cost of
34 transporting the farm product to the market) owed by the
35 seller to the buyer, commits a Class C infraction.

36 (b) Except as otherwise provided in subsection (e), a buyer of
37 goods from a person who used or bought the goods for use
38 primarily for personal, family, or household purposes takes free of
39 a security interest, even if perfected, if the buyer buys:

- 40 (1) without knowledge of the security interest;
41 (2) for value;
42 (3) primarily for the buyer's personal, family, or household



1 purposes; and

2 (4) before the filing of a financing statement covering the
3 goods.

4 (c) To the extent that it affects the priority of a security interest
5 over a buyer of goods under subsection (b), the period of
6 effectiveness of a filing made in the jurisdiction in which the seller
7 is located is governed by IC 26-1-9.1-316(a) and IC 26-1-9.1-316(b).

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

11 (e) Subsections (a) and (b) do not affect a security interest in
12 goods in the possession of the secured party under IC 26-1-9.1-313.

13 Sec. 321. (a) In this section, "licensee in ordinary course of
14 business" means a person that becomes a licensee of a general
15 intangible in good faith, without knowledge that the license violates
16 the rights of another person in the general intangible, and in the
17 ordinary course from a person in the business of licensing general
18 intangibles of that kind. A person becomes a licensee in the
19 ordinary course if the license to the person comports with the usual
20 or customary practices in the kind of business in which the licensor
21 is engaged or with the licensor's own usual or customary practices.

22 (b) A licensee in ordinary course of business takes its rights
23 under a nonexclusive license free of a security interest in the
24 general intangible created by the licensor, even if the security
25 interest is perfected and the licensee knows of its existence.

26 (c) A lessee in ordinary course of business takes its leasehold
27 interest free of a security interest in the goods created by the lessor,
28 even if the security interest is perfected and the lessee knows of its
29 existence.

30 Sec. 322. (a) Except as otherwise provided in this section,
31 priority among conflicting security interests and agricultural liens
32 in the same collateral is determined according to the following
33 rules:

34 (1) Conflicting perfected security interests and agricultural
35 liens rank according to priority in time of filing or perfection.
36 Priority dates from the earlier of the time a filing covering the
37 collateral is first made or the security interest or agricultural
38 lien is first perfected, if there is no period thereafter when
39 there is neither filing nor perfection.

40 (2) A perfected security interest or agricultural lien has
41 priority over a conflicting unperfected security interest or
42 agricultural lien.



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- 1 **(3) The first security interest or agricultural lien to attach or**
 2 **become effective has priority if conflicting security interests**
 3 **and agricultural liens are unperfected.**
- 4 **(b) For the purposes of subsection (a)(1):**
- 5 **(1) the time of filing or perfection as to a security interest in**
 6 **collateral is also the time of filing or perfection as to a security**
 7 **interest in proceeds; and**
- 8 **(2) the time of filing or perfection as to a security interest in**
 9 **collateral supported by a supporting obligation is also the**
 10 **time of filing or perfection as to a security interest in the**
 11 **supporting obligation.**
- 12 **(c) Except as otherwise provided in subsection (f), a security**
 13 **interest in collateral which qualifies for priority over a conflicting**
 14 **security interest under IC 26-1-9.1-327, IC 26-1-9.1-328,**
 15 **IC 26-1-9.1-329, IC 26-1-9.1-330, or IC 26-1-9.1-331 also has**
 16 **priority over a conflicting security interest in:**
- 17 **(1) any supporting obligation for the collateral; and**
- 18 **(2) proceeds of the collateral if:**
- 19 **(A) the security interest in proceeds is perfected;**
- 20 **(B) the proceeds are cash proceeds or of the same type as**
 21 **the collateral; and**
- 22 **(C) in the case of proceeds that are proceeds of proceeds,**
 23 **all intervening proceeds are cash proceeds, proceeds of the**
 24 **same type as the collateral, or an account relating to the**
 25 **collateral.**
- 26 **(d) Subject to subsection (e) and except as otherwise provided**
 27 **in subsection (f), if a security interest in chattel paper, deposit**
 28 **accounts, negotiable documents, instruments, investment property,**
 29 **or letter-of-credit rights is perfected by a method other than filing,**
 30 **conflicting perfected security interests in proceeds of the collateral**
 31 **rank according to priority in time of filing.**
- 32 **(e) Subsection (d) applies only if the proceeds of the collateral**
 33 **are not cash proceeds, chattel paper, negotiable documents,**
 34 **instruments, investment property, or letter-of-credit rights.**
- 35 **(f) Subsections (a) through (e) are subject to:**
- 36 **(1) subsection (g) and the other provisions of this part;**
- 37 **(2) IC 26-1-4-210 with respect to a security interest of a**
 38 **collecting bank;**
- 39 **(3) IC 26-1-5.1-118 with respect to a security interest of an**
 40 **issuer or nominated person; and**
- 41 **(4) IC 26-1-9.1-110 with respect to a security interest arising**
 42 **under IC 26-1-2 or IC 26-1-2.1.**



1 (g) A perfected agricultural lien on collateral has priority over
 2 a conflicting security interest in or agricultural lien on the same
 3 collateral if the statute creating the agricultural lien so provides.

4 Sec. 323. (a) Except as otherwise provided in subsection (c), for
 5 purposes of determining the priority of a perfected security interest
 6 under IC 26-1-9.1-322(a)(1), perfection of the security interest
 7 dates from the time an advance is made to the extent that the
 8 security interest secures an advance that:

9 (1) is made while the security interest is perfected only:

10 (A) under IC 26-1-9.1-309 when it attaches; or

11 (B) temporarily under IC 26-1-9.1-312(e),
 12 IC 26-1-9.1-312(f), or IC 26-1-9.1-312(g); and

13 (2) is not made pursuant to a commitment entered into before
 14 or while the security interest is perfected by a method other
 15 than under IC 26-1-9.1-309, IC 26-1-9.1-312(e),
 16 IC 26-1-9.1-312(f), or IC 26-1-9.1-312(g).

17 (b) Except as otherwise provided in subsection (c), a security
 18 interest is subordinate to the rights of a person that becomes a lien
 19 creditor to the extent that the security interest secures an advance
 20 made more than forty-five (45) days after the person becomes a
 21 lien creditor unless the advance is made:

22 (1) without knowledge of the lien; or

23 (2) pursuant to a commitment entered into without knowledge
 24 of the lien.

25 (c) Subsections (a) and (b) do not apply to a security interest
 26 held by a secured party that is a buyer of accounts, chattel paper,
 27 payment intangibles, or promissory notes or a consignee.

28 (d) Except as otherwise provided in subsection (e), a buyer of
 29 goods other than a buyer in ordinary course of business takes free
 30 of a security interest to the extent that it secures advances made
 31 after the earlier of:

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

34 (2) forty-five (45) days after the purchase.

35 (e) Subsection (d) does not apply if the advance is made
 36 pursuant to a commitment entered into without knowledge of the
 37 buyer's purchase and before the expiration of the forty-five (45)
 38 day period.

39 (f) Except as otherwise provided in subsection (g), a lessee of
 40 goods, other than a lessee in ordinary course of business, takes the
 41 leasehold interest free of a security interest to the extent that it
 42 secures advances made after the earlier of:

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- 1 (1) the time the secured party acquires knowledge of the lease;
 2 or
 3 (2) forty-five (45) days after the lease contract becomes
 4 enforceable.

5 (g) Subsection (f) does not apply if the advance is made pursuant
 6 to a commitment entered into without knowledge of the lease and
 7 before the expiration of the forty-five (45) day period.

8 Sec. 324. (a) Except as otherwise provided in subsection (g), a
 9 perfected purchase-money security interest in goods other than
 10 inventory or livestock has priority over a conflicting security
 11 interest in the same goods, and, except as otherwise provided in
 12 IC 26-1-9.1-327, a perfected security interest in its identifiable
 13 proceeds also has priority, if the purchase-money security interest
 14 is perfected when the debtor receives possession of the collateral or
 15 within twenty (20) days thereafter.

16 (b) Subject to subsection (c) and except as otherwise provided
 17 in subsection (g), a perfected purchase-money security interest in
 18 inventory has priority over a conflicting security interest in the
 19 same inventory, has priority over a conflicting security interest in
 20 chattel paper or an instrument constituting proceeds of the
 21 inventory and in proceeds of the chattel paper, if so provided in
 22 IC 26-1-9.1-330, and, except as otherwise provided in
 23 IC 26-1-9.1-327, also has priority in identifiable cash proceeds of
 24 the inventory to the extent the identifiable cash proceeds are
 25 received on or before the delivery of the inventory to a buyer, if:

- 26 (1) the purchase-money security interest is perfected when the
 27 debtor receives possession of the inventory;
 28 (2) the purchase-money secured party sends an authenticated
 29 notification to the holder of the conflicting security interest;
 30 (3) the holder of the conflicting security interest receives the
 31 notification within five (5) years before the debtor receives
 32 possession of the inventory; and
 33 (4) the notification states that the person sending the
 34 notification has or expects to acquire a purchase-money
 35 security interest in inventory of the debtor and describes the
 36 inventory.

37 (c) Subsection (b)(2) through (b)(4) apply only if the holder of
 38 the conflicting security interest had filed a financing statement
 39 covering the same types of inventory:

- 40 (1) if the purchase-money security interest is perfected by
 41 filing, before the date of the filing; or
 42 (2) if the purchase-money security interest is temporarily

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1 perfected without filing or possession under
2 IC 26-1-9.1-312(f), before the beginning of the twenty (20) day
3 period thereunder.

4 (d) Subject to subsection (e) and except as otherwise provided
5 in subsection (g), a perfected purchase-money security interest in
6 livestock that are farm products has priority over a conflicting
7 security interest in the same livestock, and, except as otherwise
8 provided in IC 26-1-9.1-327, a perfected security interest in their
9 identifiable proceeds and identifiable products in their
10 unmanufactured states also has priority, if:

11 (1) the purchase-money security interest is perfected when the
12 debtor receives possession of the livestock;

13 (2) the purchase-money secured party sends an authenticated
14 notification to the holder of the conflicting security interest;

15 (3) the holder of the conflicting security interest receives the
16 notification within six (6) months before the debtor receives
17 possession of the livestock; and

18 (4) the notification states that the person sending the
19 notification has or expects to acquire a purchase-money
20 security interest in livestock of the debtor and describes the
21 livestock.

22 (e) Subsection (d)(2) through (d)(4) apply only if the holder of
23 the conflicting security interest had filed a financing statement
24 covering the same types of livestock:

25 (1) if the purchase-money security interest is perfected by
26 filing, before the date of the filing; or

27 (2) if the purchase-money security interest is temporarily
28 perfected without filing or possession under
29 IC 26-1-9.1-312(f), before the beginning of the twenty (20) day
30 period thereunder.

31 (f) Except as otherwise provided in subsection (g), a perfected
32 purchase-money security interest in software has priority over a
33 conflicting security interest in the same collateral, and, except as
34 otherwise provided in IC 26-1-9.1-327, a perfected security interest
35 in its identifiable proceeds also has priority, to the extent that the
36 purchase-money security interest in the goods in which the
37 software was acquired for use has priority in the goods and
38 proceeds of the goods under this section.

39 (g) If more than one (1) security interest qualifies for priority in
40 the same collateral under subsection (a), (b), (d), or (f):

41 (1) a security interest securing an obligation incurred as all or
42 part of the price of the collateral has priority over a security

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1 interest securing an obligation incurred for value given to
 2 enable the debtor to acquire rights in or the use of collateral;
 3 and
 4 (2) in all other cases, IC 26-1-9.1-322(a) applies to the
 5 qualifying security interests.
 6 Sec. 325. (a) Except as otherwise provided in subsection (b), a
 7 security interest created by a debtor is subordinate to a security
 8 interest in the same collateral created by another person if:
 9 (1) the debtor acquired the collateral subject to the security
 10 interest created by the other person;
 11 (2) the security interest created by the other person was
 12 perfected when the debtor acquired the collateral; and
 13 (3) there is no period thereafter when the security interest is
 14 unperfected.
 15 (b) Subsection (a) subordinates a security interest only if the
 16 security interest:
 17 (1) otherwise would have priority solely under
 18 IC 26-1-9.1-322(a) or IC 26-1-9.1-324; or
 19 (2) arose solely under IC 26-1-2-711(3) or IC 26-1-2.1-508(5).
 20 Sec. 326. (a) Subject to subsection (b), a security interest created
 21 by a new debtor which is perfected by a filed financing statement
 22 that is effective solely under IC 26-1-9.1-508 in collateral in which
 23 a new debtor has or acquires rights is subordinate to a security
 24 interest in the same collateral that is perfected by another method.
 25 (b) The other provisions of IC 26-1-9.1-301 through
 26 IC 26-1-9.1-342 determine the priority among conflicting security
 27 interests in the same collateral perfected by filed financing
 28 statements that are effective solely under IC 26-1-9-508. However,
 29 if the security agreements to which a new debtor became bound as
 30 a debtor were not entered into by the same original debtor, the
 31 conflicting security interests rank according to priority in time of
 32 the new debtor's having become bound.
 33 Sec. 327. The following rules govern priority among conflicting
 34 security interests in the same deposit account:
 35 (1) A security interest held by a secured party having control
 36 of the deposit account under IC 26-1-9.1-104 has priority over
 37 a conflicting security interest held by a secured party that
 38 does not have control.
 39 (2) Except as otherwise provided in subdivisions (3) and (4),
 40 security interests perfected by control under IC 26-1-9.1-314
 41 rank according to priority in time of obtaining control.
 42 (3) Except as otherwise provided in subdivision (4), a security

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- 1 interest held by the bank with which the deposit account is
- 2 maintained has priority over a conflicting security interest
- 3 held by another secured party.
- 4 (4) A security interest perfected by control under
- 5 IC 26-1-9.1-104(a)(3) has priority over a security interest held
- 6 by the bank with which the deposit account is maintained.
- 7 **Sec. 328. The following rules govern priority among conflicting**
- 8 **security interests in the same investment property:**
- 9 (1) A security interest held by a secured party having control
- 10 of investment property under IC 26-1-9.1-106 has priority
- 11 over a security interest held by a secured party that does not
- 12 have control of the investment property.
- 13 (2) Except as otherwise provided in subdivisions (3) and (4),
- 14 conflicting security interests held by secured parties each of
- 15 which has control under IC 26-1-9.1-106 rank according to
- 16 priority in time of:
- 17 (A) if the collateral is a security, obtaining control;
- 18 (B) if the collateral is a security entitlement carried in a
- 19 securities account and:
- 20 (i) if the secured party obtained control under
- 21 IC 26-1-8.1-106(d)(1), the secured party's becoming the
- 22 person for which the securities account is maintained;
- 23 (ii) if the secured party obtained control under
- 24 IC 26-1-8.1-106(d)(2), the securities intermediary's
- 25 agreement to comply with the secured party's
- 26 entitlement orders with respect to security entitlements
- 27 carried or to be carried in the securities account; or
- 28 (iii) if the secured party obtained control through
- 29 another person under IC 26-1-8.1-106(d)(3), the time on
- 30 which priority would be based under this subdivision if
- 31 the other person were the secured party; or
- 32 (C) if the collateral is a commodity contract carried with
- 33 a commodity intermediary, the satisfaction of the
- 34 requirement for control specified in IC 26-1-9.1-106(b)(2)
- 35 with respect to commodity contracts carried or to be
- 36 carried with the commodity intermediary.
- 37 (3) A security interest held by a securities intermediary in a
- 38 security entitlement or a securities account maintained with
- 39 the securities intermediary has priority over a conflicting
- 40 security interest held by another secured party.
- 41 (4) A security interest held by a commodity intermediary in a
- 42 commodity contract or a commodity account maintained with

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1 the commodity intermediary has priority over a conflicting
2 security interest held by another secured party.

3 (5) A security interest in a certificated security in registered
4 form which is perfected by taking delivery under
5 IC 26-1-9.1-313(a) and not by control under IC 26-1-9.1-314
6 has priority over a conflicting security interest perfected by
7 a method other than control.

8 (6) Conflicting security interests created by a broker,
9 securities intermediary, or commodity intermediary, which
10 are perfected without control under IC 26-1-9.1-106 rank
11 equally.

12 (7) In all other cases, priority among conflicting security
13 interests in investment property is governed by
14 IC 26-1-9.1-322 and IC 26-1-9.1-323.

15 **Sec. 329.** The following rules govern priority among conflicting
16 security interests in the same letter-of-credit right:

17 (1) A security interest held by a secured party having control
18 of the letter-of-credit right under IC 26-1-9.1-107 has priority
19 to the extent of its control over a conflicting security interest
20 held by a secured party that does not have control.

21 (2) Security interests perfected by control under
22 IC 26-1-9.1-314 rank according to priority in time of
23 obtaining control.

24 **Sec. 330. (a)** A purchaser of chattel paper has priority over a
25 security interest in the chattel paper which is claimed merely as
26 proceeds of inventory subject to a security interest if:

27 (1) in good faith and in the ordinary course of the purchaser's
28 business, the purchaser gives new value and takes possession
29 of the chattel paper or obtains control of the chattel paper
30 under IC 26-1-9.1-105; and

31 (2) the chattel paper does not indicate that it has been
32 assigned to an identified assignee other than the purchaser.

33 (b) A purchaser of chattel paper has priority over a security
34 interest in the chattel paper which is claimed other than merely as
35 proceeds of inventory subject to a security interest if the purchaser
36 gives new value and takes possession of the chattel paper or obtains
37 control of the chattel paper under IC 26-1-9.1-105 in good faith, in
38 the ordinary course of the purchaser's business, and without
39 knowledge that the purchase violates the rights of the secured
40 party.

41 (c) Except as otherwise provided in IC 26-1-9.1-327, a purchaser
42 having priority in chattel paper under subsection (a) or (b) also has

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1 priority in proceeds of the chattel paper to the extent that:

- 2 (1) IC 26-1-9.1-322 provides for priority in the proceeds; or
 3 (2) the proceeds consist of the specific goods covered by the
 4 chattel paper or cash proceeds of the specific goods, even if
 5 the purchaser's security interest in the proceeds is
 6 unperfected.

7 (d) Except as otherwise provided in IC 26-1-9.1-331(a), a
 8 purchaser of an instrument has priority over a security interest in
 9 the instrument perfected by a method other than possession if the
 10 purchaser gives value and takes possession of the instrument in
 11 good faith and without knowledge that the purchase violates the
 12 rights of the secured party.

13 (e) For purposes of subsections (a) and (b), the holder of a
 14 purchase-money security interest in inventory gives new value for
 15 chattel paper constituting proceeds of the inventory.

16 (f) For purposes of subsections (b) and (d), if chattel paper or an
 17 instrument indicates that it has been assigned to an identified
 18 secured party other than the purchaser, a purchaser of the chattel
 19 paper or instrument has knowledge that the purchase violates the
 20 rights of the secured party.

21 Sec. 331. (a) This article does not limit the rights of a holder in
 22 due course of a negotiable instrument, a holder to which a
 23 negotiable document of title has been duly negotiated, or a
 24 protected purchaser of a security. These holders or purchasers take
 25 priority over an earlier security interest, even if perfected, to the
 26 extent provided in IC 26-1-3.1, IC 26-1-7, and IC 26-1-8.1.

27 (b) This article does not limit the rights of or impose liability on
 28 a person to the extent that the person is protected against the
 29 assertion of an adverse claim under IC 26-1-8.1.

30 (c) Filing under IC 26-1-9.1 does not constitute notice of a claim
 31 or defense to the holders, purchasers, or persons described in
 32 subsections (a) and (b).

33 Sec. 332. (a) A transferee of money takes the money free of a
 34 security interest unless the transferee acts in collusion with the
 35 debtor in violating the rights of the secured party.

36 (b) A transferee of funds from a deposit account takes the funds
 37 free of a security interest in the deposit account unless the
 38 transferee acts in collusion with the debtor in violating the rights
 39 of the secured party.

40 Sec. 333. (a) In this section, "possessory lien" means an interest,
 41 other than a security interest or an agricultural lien:

- 42 (1) that secures payment or performance of an obligation for

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1 services or materials furnished with respect to goods by a
2 person in the ordinary course of the person's business;

3 (2) that is created by statute or rule of law in favor of the
4 person; and

5 (3) whose effectiveness depends on the person's possession of
6 the goods.

7 (b) A possessory lien on goods has priority over a security
8 interest in the goods unless the lien is created by a statute that
9 expressly provides otherwise.

10 Sec. 334. (a) A security interest under IC 26-1-9.1 may be
11 created in goods that are fixtures or may continue in goods that
12 become fixtures. A security interest does not exist under
13 IC 26-1-9.1 in ordinary building materials incorporated into an
14 improvement on land.

15 (b) IC 26-1-9.1 does not prevent creation of an encumbrance
16 upon fixtures under real property law.

17 (c) In cases not governed by subsections (d) through (h), a
18 security interest in fixtures is subordinate to a conflicting interest
19 of an encumbrancer or owner of the related real property other
20 than the debtor.

21 (d) Except as otherwise provided in subsection (h), a perfected
22 security interest in fixtures has priority over a conflicting interest
23 of an encumbrancer or owner of the real property if the debtor has
24 an interest of record in or is in possession of the real property and:

25 (1) the security interest is a purchase-money security interest;

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

28 (3) the security interest is perfected by a fixture filing before
29 the goods become fixtures or within twenty (20) days
30 thereafter.

31 (e) A perfected security interest in fixtures has priority over a
32 conflicting interest of an encumbrancer or owner of the real
33 property if:

34 (1) the debtor has an interest of record in the real property or
35 is in possession of the real property and the security interest:

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

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

40 (2) before the goods become fixtures, the security interest is
41 perfected by any method permitted by IC 26-1-9.1 and the
42 fixtures are readily removable;

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- 1 (A) factory or office machines;
 2 (B) equipment that is not primarily used or leased for use
 3 in the operation of the real property; or
 4 (C) replacements of domestic appliances that are consumer
 5 goods;
 6 (3) the conflicting interest is a lien on the real property
 7 obtained by legal or equitable proceedings after the security
 8 interest was perfected by any method permitted by
 9 IC 26-1-9.1; or
 10 (4) the security interest is:
 11 (A) created in a manufactured home in a
 12 manufactured-home transaction; and
 13 (B) perfected pursuant to a statute described in
 14 IC 26-1-9.1-311(a)(2).
 15 (f) A security interest in fixtures, whether or not perfected, has
 16 priority over a conflicting interest of an encumbrancer or owner
 17 of the real property if:
 18 (1) the encumbrancer or owner has, in an authenticated
 19 record, consented to the security interest or disclaimed an
 20 interest in the goods as fixtures; or
 21 (2) the debtor has a right to remove the goods against the
 22 encumbrancer or owner.
 23 (g) The priority of the security interest under subsection (f)
 24 continues for a reasonable time if the debtor's right to remove the
 25 goods as against the encumbrancer or owner terminates.
 26 (h) A mortgage is a construction mortgage to the extent that it
 27 secures an obligation incurred for the construction of an
 28 improvement on land, including the acquisition cost of the land, if
 29 a recorded record of the mortgage so indicates. Except as
 30 otherwise provided in subsections (e) and (f), a security interest in
 31 fixtures is subordinate to a construction mortgage if a record of the
 32 mortgage is recorded before the goods become fixtures and the
 33 goods become fixtures before the completion of the construction.
 34 A mortgage has this priority to the same extent as a construction
 35 mortgage to the extent that it is given to refinance a construction
 36 mortgage.
 37 (i) A perfected security interest in crops growing on real
 38 property has priority over a conflicting interest of an
 39 encumbrancer or owner of the real property if the debtor has an
 40 interest of record in or is in possession of the real property.
 41 Sec. 335. (a) A security interest may be created in an accession
 42 and continues in collateral that becomes an accession.



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1 (b) If a security interest is perfected when the collateral becomes
2 an accession, the security interest remains perfected in the
3 collateral.

4 (c) Except as otherwise provided in subsection (d), the other
5 provisions of IC 26-1-9.1-301 through IC 26-1-9.1-342 determine
6 the priority of a security interest in an accession.

7 (d) A security interest in an accession is subordinate to a
8 security interest in the whole which is perfected by compliance
9 with the requirements of a certificate-of-title statute under
10 IC 26-1-9.1-311(b).

11 (e) After default, subject to subsection (f), a secured party may
12 remove an accession from other goods if the security interest in the
13 accession has priority over the claims of every person having an
14 interest in the whole.

15 (f) A secured party that removes an accession from other goods
16 under subsection (e) shall promptly reimburse any holder of a
17 security interest or other lien on, or owner, of the whole or the
18 other goods, other than the debtor, for the cost of repair of any
19 physical injury to the whole or the other goods. The secured party
20 need not reimburse the holder or owner for any diminution in
21 value of the whole or the other goods caused by the absence of the
22 accession removed or by any necessity for replacing it. A person
23 entitled to reimbursement may refuse permission to remove until
24 the secured party gives adequate assurance for the performance of
25 the obligation to reimburse.

26 Sec. 336. (a) As used in this section, "commingled goods" means
27 goods that are physically united with other goods in such a manner
28 that their identity is lost in a product or mass.

29 (b) A security interest does not exist in commingled goods as
30 such. However, a security interest may attach to a product or mass
31 that results when goods become commingled goods.

32 (c) If collateral becomes commingled goods, a security interest
33 attaches to the product or mass.

34 (d) If a security interest in collateral is perfected before the
35 collateral becomes commingled goods, the security interest that
36 attaches to the product or mass under subsection (c) is perfected.

37 (e) Except as otherwise provided in subsection (f), the other
38 provisions of IC 26-1-9.1-301 through IC 26-1-9.1-342 determine
39 the priority of a security interest that attaches to the product or
40 mass under subsection (c).

41 (f) If more than one (1) security interest attaches to the product
42 or mass under subsection (c), the following rules determine



1 **priority:**

2 (1) A security interest that is perfected under subsection (d)
3 has priority over a security interest that is unperfected at the
4 time the collateral becomes commingled goods.

5 (2) If more than one (1) security interest is perfected under
6 subsection (d), the security interests rank equally in
7 proportion to value of the collateral at the time it became
8 commingled goods.

9 **Sec. 337. If, while a security interest in goods is perfected by any**
10 **method under the law of another jurisdiction, this state issues a**
11 **certificate of title that does not show that the goods are subject to**
12 **the security interest or contain a statement that they may be**
13 **subject to security interests not shown on the certificate:**

14 (1) a buyer of the goods, other than a person in the business of
15 selling goods of that kind, takes free of the security interest if
16 the buyer gives value and receives delivery of the goods after
17 issuance of the certificate and without knowledge of the
18 security interest; and

19 (2) the security interest is subordinate to a conflicting security
20 interest in the goods that attaches, and is perfected under
21 IC 26-1-9.1-311(b), after issuance of the certificate and
22 without the conflicting secured party's knowledge of the
23 security interest.

24 **Sec. 338. If a security interest or agricultural lien is perfected by**
25 **a filed financing statement providing information described in**
26 **IC 26-1-9.1-516(b)(5) that is incorrect at the time the financing**
27 **statement is filed:**

28 (1) the security interest or agricultural lien is subordinate to
29 a conflicting perfected security interest in the collateral to the
30 extent that the holder of the conflicting security interest gives
31 value in reasonable reliance upon the incorrect information;
32 and

33 (2) a purchaser, other than a secured party, of the collateral
34 takes free of the security interest or agricultural lien to the
35 extent that, in reasonable reliance upon the incorrect
36 information, the purchaser gives value and, in the case of
37 chattel paper, documents, goods, instruments, or a security
38 certificate, receives delivery of the collateral.

39 **Sec. 339. IC 26-1-9.1 does not preclude subordination by**
40 **agreement by a person entitled to priority.**

41 **Sec. 340. (a) Except as otherwise provided in subsection (c), a**
42 **bank with which a deposit account is maintained may exercise any**

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1 right of recoupment or set-off against a secured party that holds a
2 security interest in the deposit account.

3 (b) Except as otherwise provided in subsection (c), the
4 application of IC 26-1-9.1 to a security interest in a deposit account
5 does not affect a right of recoupment or set-off of the secured party
6 as to a deposit account maintained with the secured party.

7 (c) The exercise by a bank of a set-off against a deposit account
8 is ineffective against a secured party that holds a security interest
9 in the deposit account which is perfected by control under
10 IC 26-1-9.1-104(a)(3), if the set-off is based on a claim against the
11 debtor.

12 Sec. 341. Except as otherwise provided in IC 26-1-9.1-340(c),
13 and unless the bank otherwise agrees in an authenticated record,
14 a bank's rights and duties with respect to a deposit account
15 maintained with the bank are not terminated, suspended, or
16 modified by:

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

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

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

21 Sec. 342. IC 26-1-9.1 does not require a bank to enter into an
22 agreement of the kind described in IC 26-1-9.1-104(a)(2), even if its
23 customer so requests or directs. A bank that has entered into such
24 an agreement is not required to confirm the existence of the
25 agreement to another person unless requested to do so by its
26 customer.

27 Sec. 401. (a) Except as otherwise provided in subsection (b) and
28 IC 26-1-9.1-406, IC 26-1-9.1-407, IC 26-1-9.1-408, and
29 IC 26-1-9.1-409, whether a debtor's rights in collateral may be
30 voluntarily or involuntarily transferred is governed by law other
31 than IC 26-1-9.1.

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

35 Sec. 402. The existence of a security interest, agricultural lien,
36 or authority given to a debtor to dispose of or use collateral,
37 without more, does not subject a secured party to liability in
38 contract or tort for the debtor's acts or omissions.

39 Sec. 403. (a) As used in this section, "value" has the meaning
40 provided in IC 26-1-3-303(a).

41 (b) Except as otherwise provided in this section, an agreement
42 between an account debtor and an assignor not to assert against an

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1 assignee any claim or defense that the account debtor may have
 2 against the assignor is enforceable by an assignee that takes an
 3 assignment:

- 4 (1) for value;
 5 (2) in good faith;
 6 (3) without notice of a claim of a property or possessory right
 7 to the property assigned; and
 8 (4) without notice of a defense or claim in recoupment of the
 9 type that may be asserted against a person entitled to enforce
 10 a negotiable instrument under IC 26-1-3.1-305(a).

11 (c) Subsection (b) does not apply to defenses of a type that may
 12 be asserted against a holder in due course of a negotiable
 13 instrument under IC 26-1-3.1-305(b).

14 (d) In a consumer transaction, if a record evidences the account
 15 debtor's obligation, law other than IC 26-1-9.1 requires that the
 16 record include a statement to the effect that the rights of an
 17 assignee are subject to claims or defenses that the account debtor
 18 could assert against the original obligee, and the record does not
 19 include such a statement:

- 20 (1) the record has the same effect as if the record included
 21 such a statement; and
 22 (2) the account debtor may assert against an assignee those
 23 claims and defenses that would have been available if the
 24 record included such a statement.

25 (e) This section is subject to law other than IC 26-1-9.1 that
 26 establishes a different rule for an account debtor who is an
 27 individual and who incurred the obligation primarily for personal,
 28 family, or household purposes.

29 (f) Except as otherwise provided in subsection (d), this section
 30 does not displace law other than IC 26-1-9.1 which gives effect to
 31 an agreement by an account debtor not to assert a claim or defense
 32 against an assignee.

33 **Sec. 404. (a)** Unless an account debtor has made an enforceable
 34 agreement not to assert defenses or claims, and subject to
 35 subsections (b) through (e), the rights of an assignee are subject to:

- 36 (1) all terms of the agreement between the account debtor and
 37 assignor and any defense or claim in recoupment arising from
 38 the transaction that gave rise to the contract; and
 39 (2) any other defense or claim of the account debtor against
 40 the assignor which accrues before the account debtor receives
 41 a notification of the assignment authenticated by the assignor
 42 or the assignee.



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1 (b) Subject to subsection (c) and except as otherwise provided
 2 in subsection (d), the claim of an account debtor against an
 3 assignor may be asserted against an assignee under subsection (a)
 4 only to reduce the amount the account debtor owes.

5 (c) This section is subject to law other than IC 26-1-9.1 that
 6 establishes a different rule for an account debtor who is an
 7 individual and who incurred the obligation primarily for personal,
 8 family, or household purposes.

9 (d) In a consumer transaction, if a record evidences the account
 10 debtor's obligation, law other than IC 26-1-9.1 requires that the
 11 record include a statement to the effect that the account debtor's
 12 recovery against an assignee with respect to claims and defenses
 13 against the assignor may not exceed amounts paid by the account
 14 debtor under the record, and the record does not include such a
 15 statement, the extent to which a claim of an account debtor against
 16 the assignor may be asserted against an assignee is determined as
 17 if the record included such a statement.

18 (e) This section does not apply to an assignment of a
 19 health-care-insurance receivable.

20 Sec. 405. (a) A modification of or substitution for an assigned
 21 contract is effective against an assignee if made in good faith. The
 22 assignee acquires corresponding rights under the modified or
 23 substituted contract. The assignment may provide that the
 24 modification or substitution is a breach of contract by the assignor.
 25 This subsection is subject to subsections (b) through (d).

26 (b) Subsection (a) applies to the extent that:

- 27 (1) the right to payment or a part thereof under an assigned
 28 contract has not been fully earned by performance; or
 29 (2) the right to payment or a part thereof has been fully
 30 earned by performance and the account debtor has not
 31 received notification of the assignment under
 32 IC 26-1-9.1-406(a).

33 (c) This section is subject to law other than IC 26-1-9.1 that
 34 establishes a different rule for an account debtor who is an
 35 individual and who incurred the obligation primarily for personal,
 36 family, or household purposes.

37 (d) This section does not apply to an assignment of a
 38 health-care-insurance receivable.

39 Sec. 406. (a) Subject to subsections (b) through (i), an account
 40 debtor on an account, chattel paper, or a payment intangible may
 41 discharge its obligation by paying the assignor until, but not after,
 42 the account debtor receives a notification, authenticated by the



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1 assignor or the assignee, that the amount due or to become due has
 2 been assigned and that payment is to be made to the assignee. After
 3 receipt of the notification, the account debtor may discharge its
 4 obligation by paying the assignee and may not discharge the
 5 obligation by paying the assignor.

6 (b) Subject to subsection (h), notification is ineffective under
 7 subsection (a):

- 8 (1) if it does not reasonably identify the rights assigned;
 9 (2) to the extent that an agreement between an account debtor
 10 and a seller of a payment intangible limits the account
 11 debtor's duty to pay a person other than the seller and the
 12 limitation is effective under law other than IC 26-1-9.1; or
 13 (3) at the option of an account debtor, if the notification
 14 notifies the account debtor to make less than the full amount
 15 of any installment or other periodic payment to the assignee,
 16 even if:

- 17 (A) only a portion of the account, chattel paper, or
 18 payment intangible has been assigned to that assignee;
 19 (B) a portion has been assigned to another assignee; or
 20 (C) the account debtor knows that the assignment to that
 21 assignee is limited.

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

28 (d) Except as otherwise provided in subsection (e) and
 29 IC 26-1-2.1-303 and IC 26-1-9.1-407, and subject to subsection (h),
 30 a term in an agreement between an account debtor and an assignor
 31 or in a promissory note is ineffective to the extent that it:

- 32 (1) prohibits, restricts, or requires the consent of the account
 33 debtor or person obligated on the promissory note to the
 34 assignment or transfer of, or the creation, attachment,
 35 perfection, or enforcement of a security interest in, the
 36 account, chattel paper, payment intangible, or promissory
 37 note; or
 38 (2) provides that the assignment or transfer or the creation,
 39 attachment, perfection, or enforcement of the security interest
 40 may give rise to a default, breach, right of recoupment, claim,
 41 defense, termination, right of termination, or remedy under
 42 the account, chattel paper, payment intangible, or promissory



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note.
(e) Subsection (d) does not apply to the sale of a payment intangible or promissory note.

(f) Except as provided in IC 26-1-2.1-303 and IC 26-1-9-407, and subject to subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

- (1) prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in the account or chattel paper; or
- (2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.

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

(h) This section is subject to law other than IC 26-1-9.1 which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

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

Sec. 407. (a) Except as otherwise provided in subsection (b), a term in a lease agreement is ineffective to the extent that it:

- (1) prohibits, restricts, or requires the consent of a party to the lease to the assignment, transfer, creation, attachment, perfection, or enforcement of a security interest in an interest of a party under the lease contract or in the lessor's residual interest in the goods; or
- (2) provides that the assignment, transfer, creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.

(b) Except as otherwise provided in IC 26-1-2.1-303(7), a term described in subsection (a)(2) is effective to the extent that there is:

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

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

5 (c) The creation, attachment, perfection, or enforcement of a
6 security interest in the lessor's interest under the lease contract or
7 the lessor's residual interest in the goods is not a transfer that
8 materially impairs the lessee's prospect of obtaining return
9 performance or materially changes the duty of or materially
10 increases the burden or risk imposed on the lessee within the
11 purview of IC 26-1-2.1-303(4) unless, and then only to the extent
12 that, enforcement actually results in a delegation of material
13 performance of the lessor.

14 Sec. 408. (a) Except as otherwise provided in subsection (b), a
15 term in a promissory note or in an agreement between an account
16 debtor and a debtor that relates to a health-care-insurance
17 receivable or a general intangible, including a contract, permit,
18 license, or franchise, and which term prohibits, restricts, or
19 requires the consent of the person obligated on the promissory note
20 or the account debtor to, the assignment or transfer of, or creation,
21 attachment, or perfection of a security interest in, the promissory
22 note, health-care-insurance receivable, or general intangible, is
23 ineffective to the extent that the term:

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

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

32 (b) Subsection (a) applies to a security interest in a payment
33 intangible or promissory note only if the security interest arises out
34 of a sale of the payment intangible or promissory note.

35 (c) A rule of law, statute, or regulation, which prohibits,
36 restricts, or requires the consent of a government, governmental
37 body or official, person obligated on a promissory note, or account
38 debtor to the assignment or transfer of, or creation of a security
39 interest in, a promissory note, health-care-insurance receivable, or
40 general intangible, including a contract, permit, license, or
41 franchise between an account debtor and a debtor, is ineffective to
42 the extent that the rule of law, statute, or regulation:



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

9 (d) To the extent that a term in a promissory note or in an
 10 agreement between an account debtor and a debtor which relates
 11 to a health-care-insurance receivable or general intangible or a
 12 rule of law, statute, or regulation described in subsection (c) would
 13 be effective under law other than IC 26-1-9.1 but is ineffective
 14 under subsection (a) or (c), the assignment, transfer, creation,
 15 attachment, or perfection of a security interest in the promissory
 16 note, health-care-insurance receivable, or general intangible:

17 (1) is not enforceable against the person obligated on the
 18 promissory note or the account debtor;
 19 (2) does not impose a duty or obligation on the person
 20 obligated on the promissory note or the account debtor;
 21 (3) does not require the person obligated on the promissory
 22 note or the account debtor to recognize the security interest,
 23 pay or render performance to the secured party, or accept
 24 payment or performance from the secured party;
 25 (4) does not entitle the secured party to use or assign the
 26 debtor's rights under the promissory note,
 27 health-care-insurance receivable, or general intangible,
 28 including any related information or materials furnished
 29 to the debtor in the transaction giving rise to the promissory
 30 note, health-care-insurance receivable, or general intangible;
 31 (5) does not entitle the secured party to use, assign, possess, or
 32 have access to any trade secrets or confidential information of
 33 the person obligated on the promissory note or the account
 34 debtor; and
 35 (6) does not entitle the secured party to enforce the security
 36 interest in the promissory note, health-care-insurance
 37 receivable, or general intangible.

38 (e) This section prevails over any inconsistent provision in
 39 statute, administrative rule, or regulation.

40 Sec. 409. (a) A term in a letter-of-credit or a rule of law, statute,
 41 regulation, custom, or practice applicable to the letter-of-credit
 42 that prohibits, restricts, or requires the consent of an applicant,

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1 issuer, or nominated person to a beneficiary's assignment of or
 2 creation of a security interest in a letter-of-credit right is
 3 ineffective to the extent that the term or rule of law, statute,
 4 regulation, custom, or practice:

5 (1) would impair the creation, attachment, or perfection of a
 6 security interest in the letter-of-credit right; or

7 (2) provides that the assignment, transfer, creation,
 8 attachment, or perfection of the security interest may give rise
 9 to a default, breach, right of recoupment, claim, defense,
 10 termination, right of termination, or remedy under the
 11 letter-of-credit right.

12 (b) To the extent that a term in a letter-of-credit is ineffective
 13 under subsection (a) but would be effective under law other than
 14 IC 26-1-9.1 or a custom or practice applicable to the
 15 letter-of-credit, to the transfer of a right to draw or otherwise
 16 demand performance under the letter-of-credit, or to the
 17 assignment of a right to proceeds of the letter-of-credit, the
 18 creation, attachment, or perfection of a security interest in the
 19 letter-of-credit right:

20 (1) is not enforceable against the applicant, issuer, nominated
 21 person, or transferee beneficiary;

22 (2) imposes no duties or obligations on the applicant, issuer,
 23 nominated person, or transferee beneficiary; and

24 (3) does not require the applicant, issuer, nominated person,
 25 or transferee beneficiary to recognize the security interest,
 26 pay or render performance to the secured party, or accept
 27 payment or other performance from the secured party.

28 **Sec. 501. (a)** Except as otherwise provided in subsections (b) and
 29 (c), if the local law of this state governs perfection of a security
 30 interest or agricultural lien, the office in which to file a financing
 31 statement to perfect the security interest or agricultural lien is:

32 (1) the office designated for the filing or recording of a record
 33 of a mortgage on the related real property, if:

34 (A) the collateral is as-extracted collateral or timber to be
 35 cut; or

36 (B) the financing statement is filed as a fixture filing and
 37 the collateral is goods that are or are to become fixtures;
 38 or

39 (2) the office of the secretary of state, in all other cases,
 40 including a case in which the collateral is goods that are or are
 41 to become fixtures and the financing statement is not filed as
 42 a fixture filing.



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1 (b) The office in which to file a financing statement to perfect a
2 security interest in collateral, including fixtures, of a transmitting
3 utility is the office of the secretary of state. The financing statement
4 also constitutes a fixture filing as to the collateral indicated in the
5 financing statement which is or is to become fixtures.

6 (c) Before July 1, 2002, the office in which to file a financing
7 statement to perfect a security interest or agricultural lien in:

8 (1) equipment used in a farming operation;

9 (2) a farm product; or

10 (3) an account or a general intangible arising from or relating
11 to the sale of a farm product by a farmer;

12 is the office of county recorder in the county of the debtor's
13 location, as determined under IC 26-1-9.1-307.

14 (d) A financing statement filed under subsection (c) is effective
15 for five (5) years after the date the financing statement is filed.

16 (e) After June 30, 2001, and before July 1, 2002, a financing
17 statement filed under subsection (c) may be amended only by filing
18 an amendment in the same office of county recorder as the office
19 in which the financing statement being amended was filed.

20 (f) After June 30, 2002, a financing statement filed under
21 subsection (c) may be amended only if a replacement financing
22 statement is filed in the office of the secretary of state. The
23 replacement financing statement must:

24 (1) satisfy the requirements of IC 26-1-9.1 for an initial
25 financing statement;

26 (2) identify the earlier financing statement filed under
27 subsection (c) by:

28 (A) indicating the office in which the earlier financing
29 statement was filed; and

30 (B) providing the dates of filing and file numbers, if any,
31 of:

32 (i) the earlier financing statement filed under subsection
33 (c); and

34 (ii) the most recent amendment filed with respect to the
35 financing statement filed under subsection (c); and

36 (3) indicate that the earlier financing statement filed under
37 subsection (c) remains effective.

38 (g) The filing of a replacement financing statement under
39 subsection (f) is effective as a continuation statement of the earlier
40 financing statement filed under subsection (c) if it is filed:

41 (1) after June 30, 2002; and

42 (2) before the lapse of the earlier financing statement filed

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- 1 under subsection (c).
 2 The filing of a replacement financing statement under subsection
 3 (f) continues the effectiveness of the earlier financing statement
 4 filed under subsection (c) for five (5) years after the date the
 5 replacement financing statement is filed.
 6 (h) After June 30, 2002, a financing statement filed under
 7 subsection (c) may be terminated only if:
 8 (1) a replacement financing statement is filed under
 9 subsection (f); and
 10 (2) a termination statement has been filed that satisfies
 11 IC 26-1-9.1-513.
 12 (i) After June 30, 2002, a financing statement filed under
 13 subsection (c) may be assigned only if:
 14 (1) a replacement financing statement is filed under
 15 subsection (f); and
 16 (2) an assignment of record is filed that satisfies
 17 IC 26-1-9.1-514.
 18 (j) After June 30, 2002, a financing statement filed under
 19 subsection (c) may be amended (for purposes other than
 20 continuation, termination, or assignment) only if:
 21 (1) a replacement financing statement is filed under
 22 subsection (f); and
 23 (2) an amendment is filed that satisfies IC 26-1-9.1-512.
 24 Sec. 502. (a) Subject to subsection (b), a financing statement is
 25 sufficient only if it:
 26 (1) provides the name of the debtor;
 27 (2) provides the name of the secured party or a representative
 28 of the secured party; and
 29 (3) indicates the collateral covered by the financing statement.
 30 (b) Except as otherwise provided in IC 26-1-9.1-501(b), to be
 31 sufficient, a financing statement that covers as-extracted collateral
 32 or timber to be cut, or which is filed as a fixture filing and covers
 33 goods that are or are to become fixtures, must satisfy subsection (a)
 34 and also:
 35 (1) indicate that it covers this type of collateral;
 36 (2) indicate that it is to be filed in the real property records;
 37 (3) provide a description of the real property to which the
 38 collateral is related that is sufficient to give constructive
 39 notice of a mortgage under the law of this state if the
 40 description were contained in a record of the mortgage of the
 41 real property; and
 42 (4) if the debtor does not have an interest of record in the real



- 1 **property, provide the name of a record owner.**
- 2 **(c) A record of a mortgage is effective, from the date of**
- 3 **recording, as a financing statement filed as a fixture filing or as a**
- 4 **financing statement covering as-extracted collateral or timber to**
- 5 **be cut only if:**
- 6 **(1) the record indicates the goods or accounts that it covers;**
- 7 **(2) the goods are or are to become fixtures related to the real**
- 8 **property described in the record or the collateral is related to**
- 9 **the real property described in the record and is as-extracted**
- 10 **collateral or timber to be cut;**
- 11 **(3) the record satisfies the requirements for a financing**
- 12 **statement in this section other than an indication that it is to**
- 13 **be filed in the real property records; and**
- 14 **(4) the record is recorded.**
- 15 **(d) A financing statement may be filed before a security**
- 16 **agreement is made or a security interest otherwise attaches.**
- 17 **(e) The provisions of IC 36-2-11-15 requiring the identification**
- 18 **of draftsmen of instruments transferring interest in real estate do**
- 19 **not apply to IC 26-1.**
- 20 **Sec. 503. (a) A financing statement sufficiently provides the**
- 21 **name of the debtor:**
- 22 **(1) if the debtor is a registered organization, only if the**
- 23 **financing statement provides the name of the debtor indicated**
- 24 **on the public record of the debtor's jurisdiction of**
- 25 **organization which shows the debtor to have been organized;**
- 26 **(2) if the debtor is a decedent's estate, only if the financing**
- 27 **statement provides the name of the decedent and indicates**
- 28 **that the debtor is an estate;**
- 29 **(3) if the debtor is a trust or a trustee acting with respect to**
- 30 **property held in trust, only if the financing statement:**
- 31 **(A) provides the name specified for the trust in its organic**
- 32 **documents or, if no name is specified, provides the name of**
- 33 **the settlor and additional information sufficient to**
- 34 **distinguish the debtor from other trusts having one (1) or**
- 35 **more of the same settlors; and**
- 36 **(B) indicates, in the debtor's name or otherwise, that the**
- 37 **debtor is a trust or is a trustee acting with respect to**
- 38 **property held in trust; and**
- 39 **(4) in other cases:**
- 40 **(A) if the debtor has a name, only if it provides the**
- 41 **individual or organizational name of the debtor; and**
- 42 **(B) if the debtor does not have a name, only if it provides**

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- 1 the names of the partners, members, associates, or other
- 2 persons comprising the debtor.
- 3 (b) A financing statement that provides the name of the debtor
- 4 in accordance with subsection (a) is not rendered ineffective by the
- 5 absence of:
- 6 (1) a trade name or other name of the debtor; or
- 7 (2) unless required under subsection (a)(4)(B), names of
- 8 partners, members, associates, or other persons comprising
- 9 the debtor.
- 10 (c) A financing statement that provides only the debtor's trade
- 11 name does not sufficiently provide the name of the debtor.
- 12 (d) Failure to indicate the representative capacity of a secured
- 13 party or representative of a secured party does not affect the
- 14 sufficiency of a financing statement.
- 15 (e) A financing statement may provide the name of more than
- 16 one (1) debtor and the name of more than one (1) secured party.
- 17 Sec. 504. A financing statement sufficiently indicates the
- 18 collateral that it covers if the financing statement provides:
- 19 (1) a description of the collateral pursuant to IC 26-1-9.1-108;
- 20 or
- 21 (2) an indication that the financing statement covers all assets
- 22 or all personal property.
- 23 Sec. 505. (a) A consignor, lessor, or other bailor of goods or a
- 24 buyer of a payment intangible or a promissory note may file a
- 25 financing statement, or may comply with a statute or treaty
- 26 described in IC 26-1-9.1-311(a), using the terms "consignor",
- 27 "consignee", "lessor", "lessee", "bailor", "bailee", "licensor",
- 28 "licensee", "owner", "registered owner", "buyer", "seller", or
- 29 words of similar import, instead of the terms "secured party" and
- 30 "debtor".
- 31 (b) IC 26-1-9.1-501 through IC 26-1-9.1-527 apply to the filing
- 32 of a financing statement under subsection (a) and, as appropriate,
- 33 to compliance that is equivalent to filing a financing statement
- 34 under IC 26-1-9.1-311(b), but the filing or compliance is not of
- 35 itself a factor in determining whether the collateral secures an
- 36 obligation. If it is determined for another reason that the collateral
- 37 secures an obligation, a security interest held by the consignor,
- 38 lessor, bailor, owner, or buyer which attaches to the collateral is
- 39 perfected by the filing or compliance.
- 40 Sec. 506. (a) A financing statement substantially satisfying the
- 41 requirements of IC 26-1-9.1-501 through IC 26-1-9.1-527 is
- 42 effective, even if it has minor errors or omissions, unless the errors

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1 or omissions make the financing statement seriously misleading.

2 (b) Except as otherwise provided in subsection (c), a financing
3 statement that fails sufficiently to provide the name of the debtor
4 in accordance with IC 26-1-9.1-503(a) is seriously misleading.

5 (c) If a search of the records of the filing office under the
6 debtor's correct name, using the filing office's standard search
7 logic, if any, would disclose a financing statement that fails to
8 sufficiently provide the name of the debtor in accordance with
9 IC 26-1-9.1-503(a), the name provided does not make the financing
10 statement seriously misleading.

11 (d) For purposes of IC 26-1-9.1-508(b), the "debtor's correct
12 name" in subsection (c) means the correct name of the new debtor.

13 **Sec. 507. (a)** A filed financing statement remains effective with
14 respect to collateral that is sold, exchanged, leased, licensed, or
15 otherwise disposed of and in which a security interest or
16 agricultural lien continues, even if the secured party knows of or
17 consents to the disposition.

18 (b) Except as otherwise provided in subsection (c) and
19 IC 26-1-9.1-508, a financing statement is not rendered ineffective
20 if, after the financing statement is filed, the information provided
21 in the financing statement becomes seriously misleading under
22 IC 26-1-9.1-506.

23 (c) If a debtor so changes its name that a filed financing
24 statement becomes seriously misleading under IC 26-1-9.1-506:

25 (1) the financing statement is effective to perfect a security
26 interest in collateral acquired by the debtor before, or within
27 four (4) months after, the change; and

28 (2) the financing statement is not effective to perfect a security
29 interest in collateral acquired by the debtor more than four
30 (4) months after the change, unless an amendment to the
31 financing statement which renders the financing statement
32 not seriously misleading is filed within four months (4) after
33 the change.

34 **Sec. 508. (a)** Except as otherwise provided in this section, a filed
35 financing statement naming an original debtor is effective to
36 perfect a security interest in collateral in which a new debtor has
37 or acquires rights to the extent that the financing statement would
38 have been effective had the original debtor acquired rights in the
39 collateral.

40 (b) If the difference between the name of the original debtor and
41 that of the new debtor causes a filed financing statement that is
42 effective under subsection (a) to be seriously misleading under

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IC 26-1-9.1-506:

(1) the financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four (4) months after, the new debtor becomes bound under IC 26-1-9.1-203(d); and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the new debtor more than four (4) months after the new debtor becomes bound under IC 26-1-9.1-203(d) unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

(c) This section does not apply to collateral as to which a filed financing statement remains effective against the new debtor under IC 26-1-9.1-507(a).

Sec. 509. (a) A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) the debtor authorizes the filing in an authenticated record or under subsection (b) or (c); or

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

(b) By authenticating or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

(1) the collateral described in the security agreement; and

(2) property that becomes collateral under IC 26-1-9.1-315(a)(2), whether or not the security agreement expressly covers proceeds.

(c) By acquiring collateral in which a security interest or agricultural lien continues under IC 26-1-9.1-315(a)(1), a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under IC 26-1-9.1-315(a)(1).

(d) A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

(1) the secured party of record authorizes the filing; or

(2) the amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by

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1 IC 26-1-9.1-513(a) or IC 26-1-9.1-513(c), the debtor
2 authorizes the filing, and the termination statement indicates
3 that the debtor authorized it to be filed.

4 (e) If there is more than one (1) secured party of record for a
5 financing statement, each secured party of record may authorize
6 the filing of an amendment under subsection (d).

7 Sec. 510. (a) A filed record is effective only to the extent that it
8 was filed by a person that may file it under IC 26-1-9.1-509.

9 (b) A record authorized by one secured party of record does not
10 affect the financing statement with respect to another secured
11 party of record.

12 (c) A continuation statement that is not filed within the six (6)
13 month period prescribed by IC 26-1-9.1-515(d) is ineffective.

14 Sec. 511. (a) A secured party of record with respect to a
15 financing statement is a person whose name is provided as the
16 name of the secured party or a representative of the secured party
17 in an initial financing statement that has been filed. If an initial
18 financing statement is filed under IC 26-1-9.1-514(a), the assignee
19 named in the initial financing statement is the secured party of
20 record with respect to the financing statement.

21 (b) If an amendment of a financing statement that provides the
22 name of a person as a secured party or a representative of a
23 secured party is filed, the person named in the amendment is a
24 secured party of record. If an amendment is filed under
25 IC 26-1-9.1-514(b), the assignee named in the amendment is a
26 secured party of record.

27 (c) A person remains a secured party of record until the filing
28 of an amendment of the financing statement that deletes the
29 person.

30 Sec. 512. (a) Subject to IC 26-1-9.1-509, a person may add or
31 delete collateral covered by, continue or terminate the effectiveness
32 of, or, subject to subsection (e), otherwise amend the information
33 provided in, a financing statement by filing an amendment that:

34 (1) identifies, by its file number, the initial financing statement
35 to which the amendment relates; and

36 (2) if the amendment relates to an initial financing statement
37 filed or recorded in a filing office described in
38 IC 26-1-9.1-501(a)(1), provides the information specified in
39 IC 26-1-9.1-502(b).

40 (b) Except as otherwise provided in IC 26-1-9.1-515, the filing
41 of an amendment does not extend the period of effectiveness of the
42 financing statement.

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- 1 (c) A financing statement that is amended by an amendment
- 2 that adds collateral is effective as to the added collateral only from
- 3 the date of the filing of the amendment.
- 4 (d) A financing statement that is amended by an amendment
- 5 that adds a debtor is effective as to the added debtor only from the
- 6 date of the filing of the amendment.
- 7 (e) An amendment is ineffective to the extent it:
- 8 (1) purports to delete all debtors and fails to provide the name
- 9 of a debtor to be covered by the financing statement; or
- 10 (2) purports to delete all secured parties of record and fails to
- 11 provide the name of a new secured party of record.
- 12 Sec. 513. (a) A secured party shall cause the secured party of
- 13 record for a financing statement to file a termination statement for
- 14 the financing statement if the financing statement covers consumer
- 15 goods and:
- 16 (1) there is no obligation secured by the collateral covered by
- 17 the financing statement and no commitment to make an
- 18 advance, incur an obligation, or otherwise give value; or
- 19 (2) the debtor did not authorize the filing of the initial
- 20 financing statement.
- 21 (b) To comply with subsection (a), a secured party shall cause
- 22 the secured party of record to file the termination statement:
- 23 (1) within one (1) month after there is no obligation secured
- 24 by the collateral covered by the financing statement and no
- 25 commitment to make an advance, incur an obligation, or
- 26 otherwise give value; or
- 27 (2) if earlier, within twenty (20) days after the secured party
- 28 receives an authenticated demand from a debtor.
- 29 (c) In cases not governed by subsection (a), within twenty (20)
- 30 days after a secured party receives an authenticated demand from
- 31 a debtor, the secured party shall cause the secured party of record
- 32 for a financing statement to send to the debtor a termination
- 33 statement for the financing statement or file the termination
- 34 statement in the filing office if:
- 35 (1) except in the case of a financing statement covering
- 36 accounts or chattel paper that has been sold or goods that are
- 37 the subject of a consignment, there is no obligation secured by
- 38 the collateral covered by the financing statement and no
- 39 commitment to make an advance, incur an obligation, or
- 40 otherwise give value;
- 41 (2) the financing statement covers accounts or chattel paper
- 42 that has been sold but as to which the account debtor or other

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1 person obligated has discharged its obligation;

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

5 (4) the debtor did not authorize the filing of the initial
6 financing statement.

7 (d) Except as otherwise provided in IC 26-1-9.1-510, upon the
8 filing of a termination statement with the filing office, the financing
9 statement to which the termination statement relates ceases to be
10 effective. Except as otherwise provided in IC 26-1-9.1-510, for
11 purposes of IC 26-1-9.1-519(g), IC 26-1-9.1-522(a), and
12 IC 26-1-9.1-523(c), the filing with the filing office of a termination
13 statement relating to a financing statement that indicates that the
14 debtor is a transmitting utility also causes the effectiveness of the
15 financing statement to lapse.

16 Sec. 514. (a) Except as otherwise provided in subsection (c), an
17 initial financing statement may reflect an assignment of all of the
18 secured party's power to authorize an amendment to the financing
19 statement by providing the name and mailing address of the
20 assignee as the name and address of the secured party.

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

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

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

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

29 (c) An assignment of record of a security interest in a fixture
30 covered by a record of a mortgage which is effective as a financing
31 statement filed as a fixture filing under IC 26-1-9.1-502(c) may be
32 made only by an assignment of record of the mortgage in the
33 manner provided by law of this state other than IC 26-1.

34 Sec. 515. (a) Except as otherwise provided in subsections (b), (e),
35 (f), and (g), a filed financing statement is effective for a period of
36 five (5) years after the date of filing.

37 (b) Except as otherwise provided in subsections (e), (f), and (g),
38 an initial financing statement filed in connection with a
39 public-finance transaction or manufactured-home transaction is
40 effective for a period of thirty (30) years after the date of filing if
41 it indicates that it is filed in connection with a public-finance
42 transaction or manufactured-home transaction.



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

10 (d) A continuation statement may be filed only within six (6)
 11 months before the expiration of the five (5) year period specified in
 12 subsection (a) or the thirty (30) year period specified in subsection
 13 (b), whichever is applicable.

14 (e) Except as otherwise provided in IC 26-1-9.1-510, upon timely
 15 filing of a continuation statement, the effectiveness of the initial
 16 financing statement continues for a period of five (5) years
 17 commencing on the day on which the financing statement would
 18 have become ineffective in the absence of the filing. Upon the
 19 expiration of the five (5) year period, the financing statement lapses
 20 in the same manner as provided in subsection (c), unless, before the
 21 lapse, another continuation statement is filed pursuant to
 22 subsection (d). Succeeding continuation statements may be filed in
 23 the same manner to continue the effectiveness of the initial
 24 financing statement.

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

28 (g) A record of a mortgage that is effective as a financing
 29 statement filed as a fixture filing under IC 26-1-9.1-502(c) remains
 30 effective as a financing statement filed as a fixture filing until the
 31 mortgage is released or satisfied of record or its effectiveness
 32 otherwise terminates as to the real property.

33 Sec. 516. (a) Except as otherwise provided in subsection (b),
 34 communication of a record to a filing office and tender of the filing
 35 fee or acceptance of the record by the filing office constitutes filing.

36 (b) Filing does not occur with respect to a record that a filing
 37 office refuses to accept because:

- 38 (1) the record is not communicated by a method or medium of
 39 communication authorized by the filing office;
- 40 (2) an amount equal to or greater than the applicable filing fee
 41 is not tendered;
- 42 (3) the filing office is unable to index the record because:



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- 1 (A) in the case of an initial financing statement, the record
 2 does not provide a name for the debtor;
 3 (B) in the case of an amendment or correction statement,
 4 the record:
 5 (i) does not identify the initial financing statement as
 6 required by IC 26-1-9.1-512 or IC 26-1-9.1-518, as
 7 applicable; or
 8 (ii) identifies an initial financing statement whose
 9 effectiveness has lapsed under IC 26-1-9.1-515;
 10 (C) in the case of an initial financing statement that
 11 provides the name of a debtor identified as an individual or
 12 an amendment that provides a name of a debtor identified
 13 as an individual which was not previously provided in the
 14 financing statement to which the record relates, the record
 15 does not identify the debtor's last name; or
 16 (D) in the case of a record recorded in the filing office
 17 described in IC 26-1-9.1-501(a)(1), the record does not
 18 provide a sufficient description of the real property to
 19 which it relates;
 20 (4) in the case of an initial financing statement or an
 21 amendment that adds a secured party of record, the record
 22 does not provide a name and mailing address for the secured
 23 party of record;
 24 (5) in the case of an initial financing statement or an
 25 amendment that provides a name of a debtor that was not
 26 previously provided in the financing statement to which the
 27 amendment relates, the record does not:
 28 (A) provide a mailing address for the debtor;
 29 (B) indicate whether the debtor is an individual or an
 30 organization; or
 31 (C) if the financing statement indicates that the debtor is
 32 an organization, provide:
 33 (i) a type of organization for the debtor;
 34 (ii) a jurisdiction of organization for the debtor; or
 35 (iii) an organizational identification number for the
 36 debtor or indicate that the debtor has none;
 37 (6) in the case of an assignment reflected in an initial
 38 financing statement under IC 26-1-9.1-514(a) or an
 39 amendment filed under IC 26-1-9.1-514(b), the record does
 40 not provide a name and mailing address for the assignee; or
 41 (7) in the case of a continuation statement, the record is not
 42 filed within the six (6) month period prescribed by

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- 1 **IC 26-1-9.1-515(d).**
 2 **(c) For purposes of subsection (b):**
 3 **(1) a record does not provide information if the filing office is**
 4 **unable to read or decipher the information; and**
 5 **(2) a record that does not indicate that it is an amendment or**
 6 **identify an initial financing statement to which it relates, as**
 7 **required by IC 26-1-9.1-512, IC 26-1-9.1-514, or**
 8 **IC 26-1-9.1-518, is an initial financing statement.**
 9 **(d) A record that is communicated to the filing office with**
 10 **tender of the filing fee, but which the filing office refuses to accept**
 11 **for a reason other than one (1) set forth in subsection (b), is**
 12 **effective as a filed record except as against a purchaser of the**
 13 **collateral which gives value in reasonable reliance upon the**
 14 **absence of the record from the files.**
 15 **Sec. 517. The failure of the filing office to index a record**
 16 **correctly does not affect the effectiveness of the filed record.**
 17 **Sec. 518. (a) A person may file in the filing office a correction**
 18 **statement with respect to a record indexed there under the person's**
 19 **name if the person believes that the record is inaccurate or was**
 20 **wrongfully filed.**
 21 **(b) A correction statement must:**
 22 **(1) identify the record to which it relates by the file number**
 23 **assigned to the initial financing statement to which the record**
 24 **relates;**
 25 **(2) indicate that it is a correction statement; and**
 26 **(3) provide the basis for the person's belief that the record is**
 27 **inaccurate and indicate the manner in which the person**
 28 **believes the record should be amended to cure any inaccuracy**
 29 **or provide the basis for the person's belief that the record was**
 30 **wrongfully filed.**
 31 **(c) The filing of a correction statement does not affect the**
 32 **effectiveness of an initial financing statement or other filed record.**
 33 **Sec. 519. (a) For each record filed in a filing office, the filing**
 34 **office shall:**
 35 **(1) assign a unique number to the filed record;**
 36 **(2) create a record that bears the number assigned to the filed**
 37 **record and the date and time of filing;**
 38 **(3) maintain the filed record for public inspection; and**
 39 **(4) index the filed record in accordance with subsections (c),**
 40 **(d), and (e).**
 41 **(b) A file number must include a digit that:**
 42 **(1) is mathematically derived from or related to the other**

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- 1 **digits of the file number; and**
- 2 **(2) aids the filing office in determining whether a number**
- 3 **communicated as the file number includes a single-digit or**
- 4 **transpositional error.**
- 5 **(c) Except as otherwise provided in subsections (d) and (e), the**
- 6 **filing office shall:**
 - 7 **(1) index an initial financing statement according to the name**
 - 8 **of the debtor and index all filed records relating to the initial**
 - 9 **financing statement in a manner that associates with one**
 - 10 **another an initial financing statement and all filed records**
 - 11 **relating to the initial financing statement; and**
 - 12 **(2) index a record that provides a name of a debtor that was**
 - 13 **not previously provided in the financing statement to which**
 - 14 **the record relates also according to the name that was not**
 - 15 **previously provided.**
 - 16 **(d) If a financing statement is filed as a fixture filing or covers**
 - 17 **as-extracted collateral or timber to be cut, the filing office shall**
 - 18 **index it:**
 - 19 **(1) under the names of the debtor and of each owner of record**
 - 20 **shown on the financing statement as if they were the**
 - 21 **mortgagors under a mortgage of the real property described;**
 - 22 **and**
 - 23 **(2) to the extent that the law of this state provides for indexing**
 - 24 **of records of mortgages under the name of the mortgagee,**
 - 25 **under the name of the secured party as if the secured party**
 - 26 **were the mortgagee thereunder, or, if indexing is by**
 - 27 **description, as if the financing statement were a record of a**
 - 28 **mortgage of the real property described.**
 - 29 **(e) If a financing statement is filed as a fixture filing or covers**
 - 30 **as-extracted collateral or timber to be cut, the filing office shall**
 - 31 **index an assignment filed under IC 26-1-9.1-514(a) or an**
 - 32 **amendment filed under IC 26-1-9.1-514(b):**
 - 33 **(1) under the name of the assignor as grantor; and**
 - 34 **(2) to the extent that the law of this state provides for indexing**
 - 35 **a record of the assignment of a mortgage under the name of**
 - 36 **the assignee, under the name of the assignee.**
 - 37 **(f) The filing office shall maintain a capability:**
 - 38 **(1) to retrieve a record by the name of the debtor and by the**
 - 39 **file number assigned to the initial financing statement to**
 - 40 **which the record relates; and**
 - 41 **(2) to associate and retrieve with one another an initial**
 - 42 **financing statement and each filed record relating to the**

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- 1 **initial financing statement.**
- 2 **(g) The filing office may not remove a debtor's name from the**
- 3 **index until one (1) year after the effectiveness of a financing**
- 4 **statement naming the debtor lapses under IC 26-1-9.1-515 with**
- 5 **respect to all secured parties of record.**
- 6 **(h) The filing office shall perform the acts required by**
- 7 **subsections (a) through (e) at the time and in the manner**
- 8 **prescribed by filing-office rule, but not later than two (2) business**
- 9 **days after the filing office receives the record in question.**
- 10 **(i) Subsections (b) and (h) do not apply to a filing office**
- 11 **described in IC 26-1-9.1-501(a)(1).**
- 12 **Sec. 520. (a) A filing office shall refuse to accept a record for**
- 13 **filing for a reason set forth in IC 26-1-9.1-516(b) and may refuse to**
- 14 **accept a record for filing only for a reason set forth in**
- 15 **IC 26-1-9.1-516(b).**
- 16 **(b) If a filing office refuses to accept a record for filing, it shall**
- 17 **communicate to the person that presented the record the fact of**
- 18 **and reason for the refusal and the date and time the record would**
- 19 **have been filed had the filing office accepted it. The communication**
- 20 **must be made at the time and in the manner prescribed by**
- 21 **filing-office rule, but in the case of a filing office described in**
- 22 **IC 26-1-9.1-501(a)(2), in no event more than two (2) business days**
- 23 **after the filing office receives the record.**
- 24 **(c) A filed financing statement satisfying IC 26-1-9.1-502(a) and**
- 25 **IC 26-1-9.1-502(b) is effective, even if the filing office is required to**
- 26 **refuse to accept it for filing under subsection (a). However,**
- 27 **IC 26-1-9.1-338 applies to a filed financing statement providing**
- 28 **information described in IC 26-1-9.1-516(b)(5) that is incorrect at**
- 29 **the time the financing statement is filed.**
- 30 **(d) If a record communicated to a filing office provides**
- 31 **information that relates to more than one (1) debtor,**
- 32 **IC 26-1-9.1-501 through IC 26-1-9.1-527 apply as to each debtor**
- 33 **separately.**
- 34 **Sec. 521. (a) A filing office that accepts written records may not**
- 35 **refuse to accept a written initial financing statement in the form**
- 36 **specified in IC 26-1-1.5 and format except for a reason set forth in**
- 37 **IC 26-1-9.1-516(b).**
- 38 **(b) A filing office that accepts written records may not refuse to**
- 39 **accept a written record in the form specified in IC 26-1-1.5 and**
- 40 **format except for a reason described in IC 26-9.1-516(b).**
- 41 **Sec. 522. (a) The filing office shall maintain a record of the**
- 42 **information provided in a filed financing statement for at least one**

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1 (1) year after the effectiveness of the financing statement has
 2 lapsed under IC 26-1-9.1-515 with respect to all secured parties of
 3 record. The record must be retrievable by using the name of the
 4 debtor and by using the file number assigned to the initial
 5 financing statement to which the record relates.

6 (b) Except to the extent that a statute governing disposition of
 7 public records provides otherwise, the filing office immediately
 8 may destroy any written record evidencing a financing statement.
 9 However, if the filing office destroys a written record, it shall
 10 maintain another record of the financing statement that complies
 11 with subsection (a).

12 **Sec. 523. (a)** If a person that files a written record requests an
 13 acknowledgment of the filing, the filing office shall send to the
 14 person an image of the record showing the number assigned to the
 15 record pursuant to IC 26-1-9.1-519(a)(1) and the date and time of
 16 the filing of the record. However, if the person furnishes a copy of
 17 the record to the filing office, the filing office may instead:

18 (1) note upon the copy the number assigned to the record
 19 pursuant to IC 26-1-9.1-519(a)(1) and the date and time of the
 20 filing of the record; and

21 (2) send the copy to the person.

22 (b) If a person files a record other than a written record, the
 23 filing office shall communicate to the person an acknowledgment
 24 that provides:

25 (1) the information in the record;

26 (2) the number assigned to the record pursuant to
 27 IC 26-1-9.1-519(a)(1); and

28 (3) the date and time of the filing of the record.

29 (c) The filing office shall communicate or otherwise make
 30 available in a record the following information to any person that
 31 requests it:

32 (1) whether there is on file on a date and time specified by the
 33 filing office, but not a date earlier than three (3) business days
 34 before the filing office receives the request, any financing
 35 statement that:

36 (A) designates a particular debtor or, if the request so
 37 states, designates a particular debtor at the address
 38 specified in the request;

39 (B) has not lapsed under IC 26-1-9.1-515 with respect to all
 40 secured parties of record; and

41 (C) if the request so states, has lapsed under
 42 IC 26-1-9.1-515 and a record of which is maintained by the



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- 1 filing office under IC 26-1-9.1-522(a);
- 2 (2) the date and time of filing of each financing statement; and
- 3 (3) the information provided in each financing statement.
- 4 (d) In complying with its duty under subsection (c), the filing
- 5 office may communicate information in any medium. However, if
- 6 requested, the filing office shall communicate information by
- 7 issuing its written certificate.
- 8 (e) The filing office shall perform the acts required by
- 9 subsections (a) through (d) at the time and in the manner
- 10 prescribed by filing-office rule, but not later than two (2) business
- 11 days after the filing office receives the request.
- 12 (f) At least weekly, the secretary of state shall offer to sell or
- 13 license to the public on a nonexclusive basis, in bulk, copies of all
- 14 records filed in it under this part, in every medium from time to
- 15 time available to the filing office.
- 16 Sec. 524. Delay by the filing office beyond a time limit
- 17 prescribed in IC 26-1-9.1-501 through IC 26-1-9.1-527 is excused
- 18 if:
- 19 (1) the delay is caused by interruption of communication or
- 20 computer facilities, war, emergency conditions, failure of
- 21 equipment, or other circumstances beyond control of the
- 22 filing office; and
- 23 (2) the filing office exercises reasonable diligence under the
- 24 circumstances.
- 25 Sec. 525. (a) Except as otherwise provided in subsection (e), the
- 26 fee for filing and indexing a record under this part, other than an
- 27 initial financing statement of the kind described in
- 28 IC 26-1-9.1-502(c), is:
- 29 (1) four dollars (\$4) if the record is communicated in writing
- 30 and consists of one (1) or two (2) pages;
- 31 (2) eight dollars (\$8) if the record is communicated in writing
- 32 and consists of more than two (2) pages; and
- 33 (3) four dollars (\$4) if the record is communicated by another
- 34 medium authorized by filing-office rule.
- 35 (b) Except as otherwise provided in subsection (e), the fee for
- 36 filing and indexing an initial financing statement of the kind
- 37 described in IC 26-1-9.1-502(c) is the amount specified in
- 38 subsection (c), if applicable, plus:
- 39 (1) eight dollars (\$8) if the financing statement indicates that
- 40 it is filed in connection with a public-finance transaction; and
- 41 (2) eight dollars (\$8) if the financing statement indicates that
- 42 it is filed in connection with a manufactured-home

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1 **transaction.**

2 (c) Except as otherwise provided in subsection (e), if a record is
3 communicated in writing, the fee for each name more than two (2)
4 required to be indexed is one dollar (\$1).

5 (d) The fee for responding to a request for information from the
6 filing office, including for issuing a certificate showing whether
7 there is on file any financing statement naming a particular debtor,
8 is:

- 9 (1) one dollar (\$1) if the request is communicated in writing;
10 and
11 (2) one dollar (\$1) if the request is communicated by another
12 medium authorized by filing-office rule.

13 (e) This section does not require a fee with respect to a record
14 of a mortgage which is effective as a financing statement filed as a
15 fixture filing or as a financing statement covering as-extracted
16 collateral or timber to be cut under IC 26-1-9.1-502(c). However,
17 the recording and satisfaction fees that otherwise would be
18 applicable to the record of the mortgage apply.

19 Sec. 526. (a) The secretary of state shall adopt and publish rules
20 to implement IC 26-1-9.1. The filing-office rules must be consistent
21 with IC 26-1-9.1.

22 (b) To keep the filing-office rules and practices of the filing
23 office in harmony with the rules and practices of filing offices in
24 other jurisdictions that enact substantially this part, and to keep
25 the technology used by the filing office compatible with the
26 technology used by filing offices in other jurisdictions that enact
27 substantially this part, the secretary of state, so far as is consistent
28 with the purposes, policies, and provisions of IC 26-1-9.1, in
29 adopting, amending, and repealing filing-office rules, shall:

- 30 (1) consult with filing offices in other jurisdictions that enact
31 substantially this part;
32 (2) consult the most recent version of the Model Rules
33 promulgated by the International Association of Corporate
34 Administrators or any successor organization; and
35 (3) take into consideration the rules and practices of, and the
36 technology used by, filing offices in other jurisdictions that
37 enact substantially this part.

38 Sec. 527. The secretary of state shall report annually to the
39 general assembly on the operation of the filing office. The report
40 must contain a statement of the extent to which:

- 41 (1) the filing-office rules are not in harmony with the rules of
42 filing offices in other jurisdictions that enact substantially

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1 **IC 26-1-9.1-501 through IC 26-1-9.1-527 and the reasons for**
 2 **these variations; and**

3 **(2) the filing-office rules are not in harmony with the most**
 4 **recent version of the Model Rules promulgated by the**
 5 **International Association of Corporate Administrators, or**
 6 **any successor organization, and the reasons for these**
 7 **variations.**

8 **Sec. 601. (a) After default, a secured party has the rights**
 9 **provided in this section through IC 26-1-9.1-628 and, except as**
 10 **otherwise provided in IC 26-1-9.1-602, those provided by**
 11 **agreement of the parties. A secured party:**

12 **(1) may reduce a claim to judgment, foreclose, or otherwise**
 13 **enforce the claim, security interest, or agricultural lien by any**
 14 **available judicial procedure; and**

15 **(2) if the collateral is documents, may proceed either as to the**
 16 **documents or as to the goods they cover.**

17 **(b) A secured party in possession of collateral or control of**
 18 **collateral under IC 26-1-9.1-104, IC 26-1-9.1-105, IC 26-1-9.1-106,**
 19 **or IC 26-1-9.1-107 has the rights and duties provided in**
 20 **IC 26-1-9.1-207.**

21 **(c) The rights under subsections (a) and (b) are cumulative and**
 22 **may be exercised simultaneously.**

23 **(d) Except as otherwise provided in subsection (g) and**
 24 **IC 26-1-9.1-605, after default, a debtor and an obligor have the**
 25 **rights provided in IC 26-1-9.1-601 through IC 26-1-9.1-628 and by**
 26 **agreement of the parties.**

27 **(e) If a secured party has reduced its claim to judgment, the lien**
 28 **of any levy that may be made upon the collateral by virtue of an**
 29 **execution based upon the judgment relates back to the earliest of:**

30 **(1) the date of perfection of the security interest or**
 31 **agricultural lien in the collateral;**

32 **(2) the date of filing a financing statement covering the**
 33 **collateral; or**

34 **(3) any date specified in a statute under which the agricultural**
 35 **lien was created.**

36 **(f) A sale pursuant to an execution is a foreclosure of the**
 37 **security interest or agricultural lien by judicial procedure within**
 38 **the meaning of this section. A secured party may purchase at the**
 39 **sale and thereafter hold the collateral free of any other**
 40 **requirements of IC 26-1-9.1.**

41 **(g) Except as otherwise provided in IC 26-1-9.1-607(c),**
 42 **IC 26-1-9.1-601 through IC 26-1-9.1-628 impose no duties upon a**



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1 secured party that is a consignor or is a buyer of accounts, chattel
2 paper, payment intangibles, or promissory notes.

3 Sec. 602. Except as otherwise provided in IC 26-1-9.1-624, to the
4 extent that they give rights to a debtor or obligor and impose duties
5 on a secured party, the debtor or obligor may not waive or vary the
6 rules stated in the following listed sections (except that a secondary
7 obligor may waive or vary the rules listed in subdivisions (1), (2),
8 (3), (4), and (7) below):

9 (1) IC 26-1-9.1-207(b)(4)(C), which deals with use and
10 operation of the collateral by the secured party.

11 (2) IC 26-1-9.1-210, which deals with requests for an
12 accounting and requests concerning a list of collateral and
13 statement of account.

14 (3) IC 26-1-9.1-607(c), which deals with collection and
15 enforcement of collateral.

16 (4) IC 26-1-9.1-608(a) and IC 26-1-9.1-615(c) to the extent that
17 they deal with application or payment of noncash proceeds of
18 collection, enforcement, or disposition.

19 (5) IC 26-1-9.1-608(a) and IC 26-1-9.1-615(d) to the extent
20 that they require accounting for or payment of surplus
21 proceeds of collateral.

22 (6) IC 26-1-9.1-609 to the extent that it imposes upon a
23 secured party that takes possession of collateral without
24 judicial process the duty to do so without breach of the peace.

25 (7) IC 26-1-9.1-610(b), IC 26-1-9.1-611, IC 26-1-9.1-613, and
26 IC 26-1-9.1-614, which deal with disposition of collateral.

27 (8) IC 26-1-9.1-615(f), which deals with calculation of a
28 deficiency or surplus when a disposition is made to the
29 secured party, a person related to the secured party, or a
30 secondary obligor.

31 (9) IC 26-1-9.1-616, which deals with explanation of the
32 calculation of a surplus or deficiency.

33 (10) IC 26-1-9.1-620, IC 26-1-9.1-621, and IC 26-1-9.1-622,
34 which deal with acceptance of collateral in satisfaction of
35 obligation.

36 (11) IC 26-1-9.1-623, which deals with redemption of
37 collateral.

38 (12) IC 26-1-9.1-624, which deals with permissible waivers.

39 (13) IC 26-1-9.1-625 and IC 26-1-9.1-626, which deal with the
40 secured party's liability for failure to comply with IC 26-1-9.1.

41 Sec. 603. (a) The parties may determine by agreement the
42 standards measuring the fulfillment of the rights of a debtor or

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1 obligor and the duties of a secured party under a rule stated in
2 IC 26-1-9.1-602 if the standards are not manifestly unreasonable.

3 (b) Subsection (a) does not apply to the duty under
4 IC 26-1-9.1-609 to refrain from breaching the peace.

5 **Sec. 604. (a) If a security agreement covers both personal and
6 real property, a secured party may proceed:**

7 (1) under IC 26-1-9.1-601 through IC 26-1-9.1-628 as to the
8 personal property without prejudicing any rights with respect
9 to the real property; or

10 (2) as to both the personal property and the real property in
11 accordance with the rights with respect to the real property,
12 in which case the other provisions of IC 26-1-9.1-601 through
13 IC 26-1-9.1-628 do not apply.

14 (b) Subject to subsection (c), if a security agreement covers
15 goods that are or become fixtures, a secured party may proceed:

16 (1) under IC 26-1-9.1-601 through IC 26-1-9.1-628; or

17 (2) in accordance with the rights with respect to real property,
18 in which case the other provisions of IC 26-1-9.1-601 through
19 IC 26-1-9.1-628 do not apply.

20 (c) Subject to the other provisions of IC 26-1-9.1-601 through
21 IC 26-1-9.1-628, if a secured party holding a security interest in
22 fixtures has priority over all owners and encumbrancers of the real
23 property, the secured party, after default, may remove the
24 collateral from the real property.

25 (d) A secured party that removes collateral shall promptly
26 reimburse any encumbrancer or owner of the real property, other
27 than the debtor, for the cost of repair of any physical injury caused
28 by the removal. The secured party need not reimburse the
29 encumbrancer or owner for any diminution in value of the real
30 property caused by the absence of the goods removed or by any
31 necessity of replacing them. A person entitled to reimbursement
32 may refuse permission to remove until the secured party gives
33 adequate assurance for the performance of the obligation to
34 reimburse.

35 **Sec. 605. A secured party does not owe a duty based on its status
36 as secured party:**

37 (1) to a person that is a debtor or obligor, unless the secured
38 party knows:

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

40 (B) the identity of the person; and

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

42 (2) to a secured party or lienholder that has filed a financing

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1 statement against a person, unless the secured party knows:
 2 (A) that the person is a debtor; and
 3 (B) the identity of the person.

4 Sec. 606. For purposes of IC 26-1-9.1-601 through
 5 IC 26-1-9.1-628, a default occurs in connection with an agricultural
 6 lien at the time the secured party becomes entitled to enforce the
 7 lien in accordance with the statute under which it was created.

8 Sec. 607. (a) If so agreed, and in any event after default, a
 9 secured party:

10 (1) may notify an account debtor or other person obligated on
 11 collateral to make payment or otherwise render performance
 12 to or for the benefit of the secured party;
 13 (2) may take any proceeds to which the secured party is
 14 entitled under IC 26-1-9.1-315;
 15 (3) may enforce the obligations of an account debtor or other
 16 person obligated on collateral and exercise the rights of the
 17 debtor with respect to the obligation of the account debtor or
 18 other person obligated on collateral to make payment or
 19 otherwise render performance to the debtor, and with respect
 20 to any property that secures the obligations of the account
 21 debtor or other person obligated on the collateral;
 22 (4) if it holds a security interest in a deposit account perfected
 23 by control under IC 26-1-9.1-104(a)(1), may apply the balance
 24 of the deposit account to the obligation secured by the deposit
 25 account; and
 26 (5) if it holds a security interest in a deposit account perfected
 27 by control under IC 26-1-9.1-104(a)(2) or
 28 IC 26-1-9.1-104-(a)(3), may instruct the bank to pay the
 29 balance of the deposit account to or for the benefit of the
 30 secured party.

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

35 (1) a copy of the security agreement that creates or provides
 36 for a security interest in the obligation secured by the
 37 mortgage; and
 38 (2) the secured party's sworn affidavit in recordable form
 39 stating that:
 40 (A) a default has occurred; and
 41 (B) the secured party is entitled to enforce the mortgage
 42 nonjudicially.

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1 (c) A secured party shall proceed in a commercially reasonable
2 manner if the secured party:

- 3 (1) undertakes to collect from or enforce an obligation of an
4 account debtor or other person obligated on collateral; and
5 (2) is entitled to charge back uncollected collateral or
6 otherwise to full or limited recourse against the debtor or a
7 secondary obligor.

8 (d) A secured party may deduct from the collections made
9 pursuant to subsection (c) reasonable expenses of collection and
10 enforcement, including reasonable attorney's fees and legal
11 expenses incurred by the secured party.

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

15 **Sec. 608. (a)** If a security interest or agricultural lien secures
16 payment or performance of an obligation, the following rules
17 apply:

18 (1) A secured party shall apply or pay over for application the
19 cash proceeds of collection or enforcement under
20 IC 26-1-9.1-607 in the following order to:

21 (A) the reasonable expenses of collection and enforcement
22 and, to the extent provided for by agreement and not
23 prohibited by law, reasonable attorney's fees and legal
24 expenses incurred by the secured party;

25 (B) the satisfaction of obligations secured by the security
26 interest or agricultural lien under which the collection or
27 enforcement is made; and

28 (C) the satisfaction of obligations secured by any
29 subordinate security interest in or other lien on the
30 collateral subject to the security interest or agricultural
31 lien under which the collection or enforcement is made if
32 the secured party receives an authenticated demand for
33 proceeds before distribution of the proceeds is completed.

34 (2) If requested by a secured party, a holder of a subordinate
35 security interest or other lien shall furnish reasonable proof
36 of the interest or lien within a reasonable time. Unless the
37 holder complies, the secured party need not comply with the
38 holder's demand under subdivision (1)(C).

39 (3) A secured party need not apply or pay over for application
40 noncash proceeds of collection and enforcement under
41 IC 26-1-9.1-607 unless the failure to do so would be
42 commercially unreasonable. A secured party that applies or



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1 pays over for application noncash proceeds shall do so in a
2 commercially reasonable manner.
3 (4) A secured party shall account to and pay a debtor for any
4 surplus, and the obligor is liable for any deficiency.
5 (b) If the underlying transaction is a sale of accounts, chattel
6 paper, payment intangibles, or promissory notes, the debtor is not
7 entitled to any surplus, and the obligor is not liable for any
8 deficiency.
9 Sec. 609. (a) After default, a secured party:
10 (1) may take possession of the collateral; and
11 (2) without removal, may render equipment unusable and
12 dispose of collateral on a debtor's premises under
13 IC 26-1-9.1-610.
14 (b) A secured party may proceed under subsection (a):
15 (1) pursuant to judicial process; or
16 (2) without judicial process, if it proceeds without breach of
17 the peace.
18 (c) If so agreed, and in any event after default, a secured party
19 may require the debtor to assemble the collateral and make it
20 available to the secured party at a place to be designated by the
21 secured party which is reasonably convenient to both parties.
22 Sec. 610. (a) After default, a secured party may sell, lease,
23 license, or otherwise dispose of any or all of the collateral in its
24 present condition or following any commercially reasonable
25 preparation or processing.
26 (b) Every aspect of a disposition of collateral, including the
27 method, manner, time, place, and other terms, must be
28 commercially reasonable. If commercially reasonable, a secured
29 party may dispose of collateral by public or private proceedings,
30 by one or more contracts, as a unit or in parcels, and at any time
31 and place and on any terms.
32 (c) A secured party may purchase collateral:
33 (1) at a public disposition; or
34 (2) at a private disposition only if the collateral is of a kind
35 that is customarily sold on a recognized market or the subject
36 of widely distributed standard price quotations.
37 (d) A contract for sale, lease, license, or other disposition
38 includes the warranty relating to title, but does not include, unless
39 explicitly extended in writing, any warranty relating to possession,
40 quiet enjoyment, merchantability, fitness for a specific purpose, or
41 any other warranty which by operation of law would otherwise
42 accompany a voluntary disposition of property of the kind subject

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- 1 to the contract.
- 2 **Sec. 611. (a) As used in this section, "notification date" means**
- 3 **the earlier of the date on which:**
- 4 (1) a secured party sends to the debtor and any secondary
- 5 obligor an authenticated notification of disposition; or
- 6 (2) the debtor and any secondary obligor waive the right to
- 7 notification.
- 8 (b) Except as otherwise provided in subsection (d), a secured
- 9 party that disposes of collateral under IC 26-1-9.1-610 shall send
- 10 to the persons specified in subsection (c) a reasonable authenticated
- 11 notification of disposition.
- 12 (c) To comply with subsection (b), the secured party shall send
- 13 an authenticated notification of disposition to:
- 14 (1) the debtor;
- 15 (2) any secondary obligor; and
- 16 (3) if the collateral is other than consumer goods:
- 17 (A) any other person from which the secured party has
- 18 received, before the notification date, an authenticated
- 19 notification of a claim of an interest in the collateral;
- 20 (B) any other secured party or lienholder that, ten (10)
- 21 days before the notification date, held a security interest in
- 22 or other lien on the collateral perfected by the filing of a
- 23 financing statement that:
- 24 (i) identified the collateral;
- 25 (ii) was indexed under the debtor's name as of that date;
- 26 and
- 27 (iii) was filed in the office in which to file a financing
- 28 statement against the debtor covering the collateral as of
- 29 that date; and
- 30 (C) any other secured party that, ten (10) days before the
- 31 notification date, held a security interest in the collateral
- 32 perfected by compliance with a statute, regulation, or
- 33 treaty described in IC 26-1-9.1-311(a).
- 34 (d) Subsection (b) does not apply if the collateral is perishable
- 35 or threatens to decline speedily in value or is of a type customarily
- 36 sold on a recognized market.
- 37 (e) A secured party complies with the requirement for
- 38 notification prescribed in subsection (c)(3)(B) if:
- 39 (1) not later than twenty (20) days or earlier than thirty (30)
- 40 days before the notification date, the secured party requests,
- 41 in a commercially reasonable manner, information
- 42 concerning financing statements indexed under the debtor's



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name in the office indicated in subsection (c)(3)(B); and

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

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

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

Sec. 612. (a) Except as otherwise provided in subsection (b), whether a notification is sent within a reasonable time is a question of fact.

(b) A notification of disposition sent after default and ten (10) days or more before the earliest time of disposition set forth in the notification is sent within a reasonable time before the disposition.

Sec. 613. Except in a consumer-goods transaction, the following rules apply:

(1) The contents of a notification of disposition are sufficient if the notification:

(A) describes the debtor and the secured party;

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

(C) states the method of intended disposition;

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

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

(2) Whether the contents of a notification that lacks any of the information specified in subdivision (1) are nevertheless sufficient is a question of fact.

(3) The contents of a notification providing substantially the information specified in subdivision (1) are sufficient, even if the notification includes:

(A) information not specified by that subdivision; or

(B) minor errors that are not seriously misleading.

(4) A particular phrasing of the notification is not required.

(5) The following form of notification and the form appearing in IC 26-1-9.1-614(3), when completed, each provides sufficient information:

NOTIFICATION OF DISPOSITION OF COLLATERAL

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

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From: Name, address, and telephone number of secured party

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

(For a public disposition:)

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

Day and Date: __

Time: __

Place: __

(For a private disposition:)

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

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

(End of Form)

Sec. 614. In a consumer-goods transaction, the following rules apply:

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

(A) The information specified in IC 26-1-9.1-613(1).

(B) A description of any liability for a deficiency of the person to which the notification is sent.

(C) A telephone number from which the amount that must be paid to the secured party to redeem the collateral under IC 26-1-9.1-623 is available.

(D) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

(2) A particular phrasing of the notification is not required.

(3) The following form of notification, when completed, provides sufficient information:

Name and address of secured party

Date

NOTICE OF OUR PLAN TO SELL PROPERTY

Name and address of any obligor who is also a debtor

Subject: Identification of Transaction

We have your describe collateral, because you broke promises in our agreement.

(For a public disposition:)



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

3 Date: __
4 Time: __
5 Place: __

6 You may attend the sale and bring bidders if you want.
7 (For a private disposition:)

8 We will sell describe collateral at private sale sometime after date.
9 A sale could include a lease or license.

10 The money that we get from the sale (after paying our costs) will
11 reduce the amount you owe. If we get less money than you owe, you
12 will or will not, as applicable still owe us the difference. If we get
13 more money than you owe, you will get the extra money, unless we
14 must pay it to someone else.

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

19 If you want us to explain to you in writing how we have figured the
20 amount that you owe us, you may call us at telephone number or
21 write us at secured party's address and request a written
22 explanation. We will charge you \$ for the explanation if we sent
23 you another written explanation of the amount you owe us within
24 the last six (6) months.

25 If you need more information about the sale call us at telephone
26 number or write us at secured party's address.

27 We are sending this notice to the following other people who have
28 an interest in describe collateral or who owe money under your
29 agreement:

30 Names of all other debtors and obligors, if any.

31 (End of Form)

32 (4) A notification in the form of subdivision (3) is sufficient,
33 even if additional information appears at the end of the form.

34 (5) A notification in the form of subdivision (3) is sufficient,
35 even if it includes errors in information not required by
36 subdivision (1), unless the error is misleading with respect to
37 rights arising under IC 26-1-9.1.

38 (6) If a notification under this section is not in the form of
39 subdivision (3), law other than IC 26-1-9.1 determines the
40 effect of including information not required by subdivision
41 (1).

42 Sec. 615. (a) A secured party shall apply or pay over for

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1 application the cash proceeds of disposition under IC 26-1-9.1-610
2 in the following order to:

3 (1) the reasonable expenses of retaking, holding, preparing for
4 disposition, processing, and disposing, and, to the extent
5 provided for by agreement and not prohibited by law,
6 reasonable attorney's fees and legal expenses incurred by the
7 secured party;

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

11 (3) the satisfaction of obligations secured by any subordinate
12 security interest in or other subordinate lien on the collateral
13 if:

14 (A) the secured party receives from the holder of the
15 subordinate security interest or other lien an authenticated
16 demand for proceeds before distribution of the proceeds is
17 completed; and

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

21 (4) a secured party that is a consignor of the collateral if the
22 secured party receives from the consignor an authenticated
23 demand for proceeds before distribution of the proceeds is
24 completed.

25 (b) If requested by a secured party, a holder of a subordinate
26 security interest or other lien shall furnish reasonable proof of the
27 interest or lien within a reasonable time. Unless the holder does so,
28 the secured party need not comply with the holder's demand under
29 subsection (a)(3).

30 (c) A secured party need not apply or pay over for application
31 noncash proceeds of disposition under IC 26-1-9.1-610 unless the
32 failure to do so would be commercially unreasonable. A secured
33 party that applies or pays over for application noncash proceeds
34 shall do so in a commercially reasonable manner.

35 (d) If the security interest under which a disposition is made
36 secures payment or performance of an obligation, after making the
37 payments and applications required by subsection (a) and
38 permitted by subsection (c):

39 (1) unless subsection (a)(4) requires the secured party to apply
40 or pay over cash proceeds to a consignor, the secured party
41 shall account to and pay a debtor for any surplus; and

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



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1 (e) If the underlying transaction is a sale of accounts, chattel
2 paper, payment intangibles, or promissory notes:

- 3 (1) the debtor is not entitled to any surplus; and
4 (2) the obligor is not liable for any deficiency.

5 (f) The surplus or deficiency following a disposition is calculated
6 based on the amount of proceeds that would have been realized in
7 a disposition complying with IC 26-1-9.1-601 through
8 IC 26-1-9.1-628 to a transferee other than the secured party, a
9 person related to the secured party, or a secondary obligor if:

- 10 (1) the transferee in the disposition is the secured party, a
11 person related to the secured party, or a secondary obligor;
12 and
13 (2) the amount of proceeds of the disposition is significantly
14 below the range of proceeds that a complying disposition to a
15 person other than the secured party, a person related to the
16 secured party, or a secondary obligor would have brought.

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

- 22 (1) takes the cash proceeds free of the security interest or
23 other lien;
24 (2) is not obligated to apply the proceeds of the disposition to
25 the satisfaction of obligations secured by the security interest
26 or other lien; and
27 (3) is not obligated to account to or pay the holder of the
28 security interest or other lien for any surplus.

29 Sec. 616. (a) As used in this section:

- 30 (1) "Explanation" means a writing that:
31 (A) states the amount of the surplus or deficiency;
32 (B) provides an explanation in accordance with subsection
33 (c) of how the secured party calculated the surplus or
34 deficiency;
35 (C) states, if applicable, that future debits, credits, charges,
36 including additional credit service charges or interest,
37 rebates, and expenses may affect the amount of the surplus
38 or deficiency; and
39 (D) provides a telephone number or mailing address from
40 which additional information concerning the transaction
41 is available.
42 (2) "Request" means a record:



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- 1 (A) authenticated by a debtor or consumer obligor;
- 2 (B) requesting that the recipient provide an explanation;
- 3 and
- 4 (C) sent after disposition of the collateral under
- 5 IC 26-1-9.1-610.
- 6 (b) In a consumer-goods transaction in which the debtor is
- 7 entitled to a surplus or a consumer obligor is liable for a deficiency
- 8 under IC 26-1-9.1-615, the secured party shall:
- 9 (1) send an explanation to the debtor or consumer obligor, as
- 10 applicable, after the disposition and:
- 11 (A) before or when the secured party accounts to the
- 12 debtor and pays any surplus or first makes written
- 13 demand on the consumer obligor after the disposition for
- 14 payment of the deficiency; and
- 15 (B) within fourteen (14) days after receipt of a request; or
- 16 (2) in the case of a consumer obligor who is liable for a
- 17 deficiency, within fourteen (14) days after receipt of a request,
- 18 send to the consumer obligor a record waiving the secured
- 19 party's right to a deficiency.
- 20 (c) To comply with subsection (a)(1)(B), a writing must provide
- 21 the following information in the following order:
- 22 (1) the aggregate amount of obligations secured by the
- 23 security interest under which the disposition was made, and,
- 24 if the amount reflects a rebate of unearned interest or credit
- 25 service charge, an indication of that fact, calculated as of a
- 26 specified date:
- 27 (A) if the secured party takes or receives possession of the
- 28 collateral after default, not more than thirty-five (35) days
- 29 before the secured party takes or receives possession; or
- 30 (B) if the secured party takes or receives possession of the
- 31 collateral before default or does not take possession of the
- 32 collateral, not more than thirty-five (35) days before the
- 33 disposition;
- 34 (2) the amount of proceeds of the disposition;
- 35 (3) the aggregate amount of the obligations after deducting
- 36 the amount of proceeds;
- 37 (4) the amount, in the aggregate or by type, and types of
- 38 expenses, including expenses of retaking, holding, preparing
- 39 for disposition, processing, and disposing of the collateral, and
- 40 attorney's fees secured by the collateral that are known to the
- 41 secured party and relate to the current disposition;
- 42 (5) the amount, in the aggregate or by type, and types of

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1 credits, including rebates of interest or credit service charges,
 2 to which the obligor is known to be entitled and that are not
 3 reflected in the amount in paragraph (1); and

4 (6) the amount of the surplus or deficiency.

5 (d) A particular phrasing of the explanation is not required. An
 6 explanation complying substantially with the requirements of
 7 subsection (a) is sufficient, even if it includes minor errors that are
 8 not seriously misleading.

9 (e) A debtor or consumer obligor is entitled without charge to
 10 one (1) response to a request under this section during any six (6)
 11 month period in which the secured party did not send to the debtor
 12 or consumer obligor an explanation pursuant to subsection (b)(1).
 13 The secured party may require payment of a charge not exceeding
 14 twenty-five dollars (\$25) for each additional response.

15 **Sec. 617. (a) A secured party's disposition of collateral after**
 16 **default:**

17 (1) transfers to a transferee for value all of the debtor's rights
 18 in the collateral;

19 (2) discharges the security interest under which the
 20 disposition is made; and

21 (3) discharges any subordinate security interest or other
 22 subordinate lien.

23 (b) A transferee that acts in good faith takes free of the rights
 24 and interests described in subsection (a), even if the secured party
 25 fails to comply with IC 26-1-9.1 or the requirements of any judicial
 26 proceeding.

27 (c) If a transferee does not take free of the rights and interests
 28 described in subsection (a), the transferee takes the collateral
 29 subject to:

30 (1) the debtor's rights in the collateral;

31 (2) the security interest or agricultural lien under which the
 32 disposition is made; and

33 (3) any security interest or other lien.

34 **Sec. 618. (a) A secondary obligor acquires the rights and**
 35 **becomes obligated to perform the duties of the secured party after**
 36 **the secondary obligor:**

37 (1) receives an assignment of a secured obligation from the
 38 secured party;

39 (2) receives a transfer of collateral from the secured party and
 40 agrees to accept the rights and assume the duties of the
 41 secured party; or

42 (3) is subrogated to the rights of a secured party with respect

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- 1 to collateral.
- 2 (b) An assignment, transfer, or subrogation described in
- 3 subsection (a):
- 4 (1) is not a disposition of collateral under IC 26-1-9.1-610; and
- 5 (2) relieves the secured party of further duties under
- 6 IC 26-1-9.1.
- 7 Sec. 619. (a) In this section, "transfer statement" means a
- 8 record authenticated by a secured party stating:
- 9 (1) that the debtor has defaulted in connection with an
- 10 obligation secured by specified collateral;
- 11 (2) that the secured party has exercised its post-default
- 12 remedies with respect to the collateral;
- 13 (3) that, by reason of the exercise, a transferee has acquired
- 14 the rights of the debtor in the collateral; and
- 15 (4) the name and mailing address of the secured party, debtor,
- 16 and transferee.
- 17 (b) A transfer statement entitles the transferee to the transfer of
- 18 record of all rights of the debtor in the collateral specified in the
- 19 statement in any official filing, recording, registration, or
- 20 certificate-of-title system covering the collateral. If a transfer
- 21 statement is presented with the applicable fee and request form to
- 22 the official or office responsible for maintaining the system, the
- 23 official or office shall:
- 24 (1) accept the transfer statement;
- 25 (2) promptly amend its records to reflect the transfer; and
- 26 (3) if applicable, issue a new appropriate certificate of title in
- 27 the name of transferee.
- 28 (c) A transfer of the record or legal title to collateral to a
- 29 secured party under subsection (b) or otherwise is not of itself a
- 30 disposition of collateral under IC 26-1-9.1 and does not of itself
- 31 relieve the secured party of its duties under IC 26-1-9.1.
- 32 Sec. 620. (a) Except as otherwise provided in subsection (g), a
- 33 secured party may accept collateral in full or partial satisfaction of
- 34 the obligation it secures only if:
- 35 (1) the debtor consents to the acceptance under subsection (c);
- 36 (2) the secured party does not receive, within the time set
- 37 forth in subsection (d), a notification of objection to the
- 38 proposal authenticated by:
- 39 (A) a person to which the secured party was required to
- 40 send a proposal under IC 26-1-9.1-621; or
- 41 (B) any other person, other than the debtor, holding an
- 42 interest in the collateral subordinate to the security

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- 1 interest that is the subject of the proposal;
- 2 (3) if the collateral is consumer goods, the collateral is not in
- 3 the possession of the debtor when the debtor consents to the
- 4 acceptance; and
- 5 (4) subsection (e) does not require the secured party to dispose
- 6 of the collateral or the debtor waives the requirement
- 7 pursuant to IC 26-1-9.1-624.
- 8 (b) A purported or apparent acceptance of collateral under this
- 9 section is ineffective unless:
- 10 (1) the secured party consents to the acceptance in an
- 11 authenticated record or sends a proposal to the debtor; and
- 12 (2) the conditions of subsection (a) are met.
- 13 (c) For purposes of this section:
- 14 (1) a debtor consents to an acceptance of collateral in partial
- 15 satisfaction of the obligation it secures only if the debtor
- 16 agrees to the terms of the acceptance in a record
- 17 authenticated after default; and
- 18 (2) a debtor consents to an acceptance of collateral in full
- 19 satisfaction of the obligation it secures only if the debtor
- 20 agrees to the terms of the acceptance in a record
- 21 authenticated after default or the secured party:
- 22 (A) sends to the debtor after default a proposal that is
- 23 unconditional or subject only to a condition that collateral
- 24 not in the possession of the secured party be preserved or
- 25 maintained;
- 26 (B) in the proposal, proposes to accept collateral in full
- 27 satisfaction of the obligation it secures; and
- 28 (C) does not receive a notification of objection
- 29 authenticated by the debtor within twenty (20) days after
- 30 the proposal is sent.
- 31 (d) To be effective under subsection (a)(2), a notification of
- 32 objection must be received by the secured party:
- 33 (1) in the case of a person to which the proposal was sent
- 34 pursuant to IC 26-1-9.1-621, within twenty (20) days after
- 35 notification was sent to that person; and
- 36 (2) in other cases:
- 37 (A) within twenty (20) days after the last notification was
- 38 sent pursuant to IC 26-1-9.1-621; or
- 39 (B) if a notification was not sent, before the debtor
- 40 consents to the acceptance under subsection (c).
- 41 (e) A secured party that has taken possession of collateral shall
- 42 dispose of the collateral pursuant to IC 26-1-9.1-610 within the

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1 time specified in subsection (f) if:

- 2 (1) sixty percent (60%) of the cash price has been paid in the
3 case of a purchase-money security interest in consumer goods;
4 or
5 (2) sixty percent (60%) of the principal amount of the
6 obligation secured has been paid in the case of a
7 non-purchase-money security interest in consumer goods.

8 (f) To comply with subsection (e), the secured party shall dispose
9 of the collateral:

- 10 (1) within ninety (90) days after taking possession; or
11 (2) within any longer period to which the debtor and all
12 secondary obligors have agreed in an agreement to that effect
13 entered into and authenticated after default.

14 (g) In a consumer transaction, a secured party may not accept
15 collateral in partial satisfaction of the obligation it secures.

16 Sec. 621. (a) A secured party that desires to accept collateral in
17 full or partial satisfaction of the obligation it secures shall send its
18 proposal to:

- 19 (1) any person from which the secured party has received,
20 before the debtor consented to the acceptance, an
21 authenticated notification of a claim of an interest in the
22 collateral;
23 (2) any other secured party or lienholder that, ten (10) days
24 before the debtor consented to the acceptance, held a security
25 interest in or other lien on the collateral perfected by the filing
26 of a financing statement that:
27 (A) identified the collateral;
28 (B) was indexed under the debtor's name as of that date;
29 and
30 (C) was filed in the office or offices in which to file a
31 financing statement against the debtor covering the
32 collateral as of that date; and
33 (3) any other secured party that, ten (10) days before the
34 debtor consented to the acceptance, held a security interest in
35 the collateral perfected by compliance with a statute,
36 regulation, or treaty described in IC 26-1-9.1-311(a).

37 (b) A secured party that desires to accept collateral in partial
38 satisfaction of the obligation it secures shall send its proposal to
39 any secondary obligor in addition to the persons described in
40 subsection (a).

41 Sec. 622. (a) A secured party's acceptance of collateral in full or
42 partial satisfaction of the obligation it secures:



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- 1 (1) discharges the obligation to the extent consented to by the
- 2 debtor;
- 3 (2) transfers to the secured party all of a debtor's rights in the
- 4 collateral;
- 5 (3) discharges the security interest or agricultural lien that is
- 6 the subject of the debtor's consent and any subordinate
- 7 security interest or other subordinate lien; and
- 8 (4) terminates any other subordinate interest.
- 9 (b) A subordinate interest is discharged or terminated under
- 10 subsection (a), even if the secured party fails to comply with
- 11 IC 26-1-9.1.
- 12 Sec. 623. (a) A debtor, any secondary obligor, or any other
- 13 secured party or lienholder may redeem collateral.
- 14 (b) To redeem collateral, a person shall tender:
- 15 (1) fulfillment of all obligations secured by the collateral; and
- 16 (2) the reasonable expenses and attorney's fees described in
- 17 IC 26-1-9.1-615(a)(1).
- 18 (c) A redemption may occur at any time before a secured party:
- 19 (1) has collected collateral under IC 26-1-9.1-607;
- 20 (2) has disposed of collateral or entered into a contract for its
- 21 disposition under IC 26-1-9.1-610; or
- 22 (3) has accepted collateral in full or partial satisfaction of the
- 23 obligation it secures under IC 26-1-9.1-622.
- 24 Sec. 624. (a) A debtor may waive the right to notification of
- 25 disposition of collateral under IC 26-1-9.1-611 only by an
- 26 agreement to that effect entered into and authenticated after
- 27 default.
- 28 (b) A debtor may waive the right to require disposition of
- 29 collateral under IC 26-1-9.1-620(e) only by an agreement to that
- 30 effect entered into and authenticated after default.
- 31 (c) Except in a consumer-goods transaction, a debtor may waive
- 32 the right to redeem collateral under IC 26-1-9.1-623 only by an
- 33 agreement to that effect entered into and authenticated after
- 34 default.
- 35 (d) A secondary obligor may waive any right or defense, before
- 36 or after default, unless the waiver is explicitly prohibited by this
- 37 chapter.
- 38 Sec. 625. (a) If it is established that a secured party is not
- 39 proceeding in accordance with IC 26-1-9.1, a court may order or
- 40 restrain collection, enforcement, or disposition of collateral on
- 41 appropriate terms and conditions.
- 42 (b) Subject to subsections (c) and (d), a person is liable for

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1 damages in the amount of any loss caused by a failure to comply
 2 with IC 26-1-9.1. Loss caused by a failure to comply may include
 3 loss resulting from the debtor's inability to obtain, or increased
 4 costs of, alternative financing.

5 (c) Except as otherwise provided in IC 26-1-9.1-628:

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

10 (2) if the collateral is consumer goods, a person that was a
 11 debtor or a secondary obligor at the time a secured party
 12 failed to comply with IC 26-1-9.1-601 through IC 26-1-9.1-628
 13 may recover for that failure in any event an amount not less
 14 than the credit service charge plus ten percent (10%) of the
 15 principal amount of the obligation or the time-price
 16 differential plus ten percent (10%) of the cash price.

17 (d) A debtor whose deficiency is eliminated under
 18 IC 26-1-9.1-626 may recover damages for the loss of any surplus.
 19 However, a debtor or secondary obligor whose deficiency is
 20 eliminated or reduced under IC 26-1-9.1-626 may not otherwise
 21 recover under subsection (b) for noncompliance with the provisions
 22 of IC 26-1-9.1-601 through IC 26-1-9.1-628 relating to collection,
 23 enforcement, disposition, or acceptance.

24 (e) If a secured party fails to comply with a request regarding
 25 a list of collateral or a statement of account under IC 26-1-9.1-210,
 26 the secured party may claim a security interest only as shown in
 27 the list or statement included in the request as against a person that
 28 is reasonably misled by the failure.

29 **Sec. 626.** In an action arising from a transaction in which the
 30 amount of a deficiency or surplus is in issue, the following rules
 31 apply:

32 (1) A secured party need not prove compliance with the
 33 provisions of IC 26-1-9.1-601 through IC 26-1-9.1-628 relating
 34 to collection, enforcement, disposition, or acceptance unless
 35 the debtor or a secondary obligor places the secured party's
 36 compliance in issue.

37 (2) If the secured party's compliance is placed in issue, the
 38 secured party has the burden of establishing that the
 39 collection, enforcement, disposition, or acceptance was
 40 conducted in accordance with this part.

41 (3) Except as otherwise provided in IC 26-1-9.1-628, if a
 42 secured party fails to prove that the collection, enforcement,

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1 disposition, or acceptance was conducted in accordance with
 2 the provisions of IC 26-1-9.1-601 through IC 26-1-9.1-628
 3 relating to collection, enforcement, disposition, or acceptance,
 4 the liability of a debtor or a secondary obligor for a deficiency
 5 is limited to an amount by which the sum of the secured
 6 obligation, expenses, and attorney's fees exceeds the greater
 7 of:

8 (A) the proceeds of the collection, enforcement, disposition,
 9 or acceptance; or

10 (B) the amount of proceeds that would have been realized
 11 had the noncomplying secured party proceeded in
 12 accordance with the provisions of IC 26-1-9.1-601 through
 13 IC 26-1-9.1-628 relating to collection, enforcement,
 14 disposition, or acceptance.

15 (4) For purposes of subdivision (3)(B), the amount of proceeds
 16 that would have been realized is equal to the sum of the
 17 secured obligation, expenses, and attorney's fees unless the
 18 secured party proves that the amount is less than that sum.

19 (5) If a deficiency or surplus is calculated under
 20 IC 26-1-9.1-615(f), the debtor or obligor has the burden of
 21 establishing that the amount of proceeds of the disposition is
 22 significantly below the range of prices that a complying
 23 disposition to a person other than the secured party, a person
 24 related to the secured party, or a secondary obligor would
 25 have brought.

26 Sec. 627. (a) The fact that a greater amount could have been
 27 obtained by a collection, enforcement, disposition, or acceptance at
 28 a different time or in a different method from that selected by the
 29 secured party is not of itself sufficient to preclude the secured party
 30 from establishing that the collection, enforcement, disposition, or
 31 acceptance was made in a commercially reasonable manner.

32 (b) A disposition of collateral is made in a commercially
 33 reasonable manner if the disposition is made:

34 (1) in the usual manner on any recognized market;

35 (2) at the price current in any recognized market at the time
 36 of the disposition; or

37 (3) otherwise in conformity with reasonable commercial
 38 practices among dealers in the type of property that was the
 39 subject of the disposition.

40 (c) A collection, enforcement, disposition, or acceptance is
 41 commercially reasonable if it has been approved:

42 (1) in a judicial proceeding;



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- 1 (2) by a bona fide creditors' committee;
- 2 (3) by a representative of creditors; or
- 3 (4) by an assignee for the benefit of creditors.
- 4 (d) Approval under subsection (c) need not be obtained, and
- 5 lack of approval does not mean that the collection, enforcement,
- 6 disposition, or acceptance is not commercially reasonable.
- 7 Sec. 628. (a) Unless a secured party knows that a person is a
- 8 debtor or obligor, knows the identity of the person, and knows how
- 9 to communicate with the person:
- 10 (1) the secured party is not liable to the person, or to a
- 11 secured party or lienholder that has filed a financing
- 12 statement against the person, for failure to comply with
- 13 IC 26-1-9.1; and
- 14 (2) the secured party's failure to comply with IC 26-1-9.1 does
- 15 not affect the liability of the person for a deficiency.
- 16 (b) A secured party is not liable because of its status as secured
- 17 party:
- 18 (1) to a person that is a debtor or obligor, unless the secured
- 19 party knows:
- 20 (A) that the person is a debtor or obligor;
- 21 (B) the identity of the person; and
- 22 (C) how to communicate with the person; or
- 23 (2) to a secured party or lienholder that has filed a financing
- 24 statement against a person, unless the secured party knows:
- 25 (A) that the person is a debtor; and
- 26 (B) the identity of the person.
- 27 (c) A secured party is not liable to any person, and a person's
- 28 liability for a deficiency is not affected, because of any act or
- 29 omission arising out of the secured party's reasonable belief that a
- 30 transaction is not a consumer-goods transaction or a consumer
- 31 transaction or that goods are not consumer goods, if the secured
- 32 party's belief is based on its reasonable reliance on:
- 33 (1) a debtor's representation concerning the purpose for
- 34 which collateral was to be used, acquired, or held; or
- 35 (2) an obligor's representation concerning the purpose for
- 36 which a secured obligation was incurred.
- 37 (d) A secured party is not liable to any person under
- 38 IC 26-1-9.1-625(c)(2) for its failure to comply with IC 26-1-9.1-616.
- 39 (e) A secured party is not liable under IC 26-1-9.1-625(c)(2)
- 40 more than once with respect to any one secured obligation.
- 41 Sec. 701. IC 26-1-9.1 takes effect on July 1, 2001.
- 42 Sec. 702. (a) Except as otherwise provided in this section

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1 through section 709 of this chapter, IC 26-1-9.1 applies to a
 2 transaction or lien within its scope, even if the transaction or lien
 3 was entered into or created before IC 26-1-9.1 takes effect.

4 (b) Except as otherwise provided in subsection (c) and
 5 IC 26-1-9.1-703 through IC 26-1-9.1-709:

6 (1) transactions and liens that were not governed by
 7 IC 26-1-9, before its repeal, were validly entered into or
 8 created before IC 26-1-9.1 takes effect, and would be subject
 9 to IC 26-1-9.1 if they had been entered into or created after
 10 IC 26-1-9.1 takes effect, and the rights, duties, and interests
 11 flowing from those transactions and liens remain valid after
 12 IC 26-1-9.1 takes effect; and

13 (2) the transactions and liens may be terminated, completed,
 14 consummated, and enforced as required or permitted by
 15 IC 26-1-9.1 or by the law that otherwise would apply if
 16 IC 26-1-9.1 had not taken effect.

17 (c) IC 26-1-9.1 does not affect an action, case, or proceeding
 18 commenced before IC 26-1-9.1 takes effect.

19 Sec. 703. (a) A security interest that is enforceable immediately
 20 before IC 26-1-9.1 takes effect and would have priority over the
 21 rights of a person that becomes a lien creditor at that time is a
 22 perfected security interest under IC 26-1-9.1 if, when IC 26-1-9.1
 23 takes effect, the applicable requirements for enforceability and
 24 perfection under IC 26-1-9.1 are satisfied without further action.

25 (b) Except as otherwise provided in IC 26-1-9.1-705, if,
 26 immediately before IC 26-1-9.1 takes effect, a security interest is
 27 enforceable and would have priority over the rights of a person
 28 that becomes a lien creditor at that time, but the applicable
 29 requirements for enforceability or perfection under IC 26-1-9.1 are
 30 not satisfied when IC 26-1-9.1 takes effect, the security interest:

31 (1) is a perfected security interest for one (1) year after
 32 IC 26-1-9.1 takes effect;

33 (2) remains enforceable thereafter only if the security interest
 34 becomes enforceable under IC 26-1-9.1-203 before the year
 35 expires; and

36 (3) remains perfected thereafter only if the applicable
 37 requirements for perfection under IC 26-1-9.1 are satisfied
 38 before the year expires.

39 Sec. 704. A security interest that is enforceable immediately
 40 before IC 26-1-9.1 takes effect but which would be subordinate to
 41 the rights of a person that becomes a lien creditor at that time:

42 (1) remains an enforceable security interest for one (1) year

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1 after IC 26-1-9.1 takes effect;

2 (2) remains enforceable thereafter if the security interest
3 becomes enforceable under IC 26-1-9.1-203 when IC 26-1-9.1
4 takes effect or within one (1) year thereafter; and

5 (3) becomes perfected:

6 (A) without further action, when IC 26-1-9.1 takes effect if
7 the applicable requirements for perfection under
8 IC 26-1-9.1 are satisfied before or at that time; or

9 (B) when the applicable requirements for perfection are
10 satisfied if the requirements are satisfied after that time.

11 **Sec. 705. (a)** If action, other than the filing of a financing
12 statement, is taken before IC 26-1-9.1 takes effect and the action
13 would have resulted in priority of a security interest over the rights
14 of a person that becomes a lien creditor had the security interest
15 become enforceable before IC 26-1-9.1 takes effect, the action is
16 effective to perfect a security interest that attaches under
17 IC 26-1-9.1 within one (1) year after IC 26-1-9.1 takes effect. An
18 attached security interest becomes unperfected one (1) year after
19 IC 26-1-9.1 takes effect unless the security interest becomes a
20 perfected security interest under IC 26-1-9.1 before the expiration
21 of that period.

22 (b) The filing of a financing statement before IC 26-1-9.1 takes
23 effect is effective to perfect a security interest to the extent the
24 filing would satisfy the applicable requirements for perfection
25 under IC 26-1-9.1.

26 (c) IC 26-1-9.1 does not render ineffective an effective financing
27 statement that is filed before IC 26-1-9.1 takes effect and satisfied
28 the applicable requirements for perfection under the law of the
29 jurisdiction governing perfection as provided in IC 26-1-9-103,
30 before its repeal. However, except as otherwise provided in
31 subsections (d) and (e) and IC 26-1-9.1-706, the financing statement
32 ceases to be effective at the earlier of:

33 (1) the time the financing statement would have ceased to be
34 effective under the law of the jurisdiction in which it is filed;
35 or

36 (2) June 30, 2006.

37 (d) The filing of a continuation statement after IC 26-1-9.1 takes
38 effect does not continue the effectiveness of the financing statement
39 filed before IC 26-1-9.1 takes effect. However, upon the timely
40 filing of a continuation statement after IC 26-1-9.1 takes effect and
41 in accordance with the law of the jurisdiction governing perfection
42 as provided in subsection (c), the effectiveness of a financing



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1 statement filed in the same office in that jurisdiction before
 2 IC 26-1-9.1 takes effect continues for the period provided by the
 3 law of that jurisdiction.

4 (e) Subsection (c)(2) applies to a financing statement that is filed
 5 against a transmitting utility before IC 26-1-9.1 takes effect and
 6 satisfied the applicable requirements for perfection under the law
 7 of the jurisdiction governing perfection as provided in
 8 IC 26-1-9-103, before its repeal, only to the extent that subsection
 9 (c) provides that the law of a jurisdiction other than jurisdiction in
 10 which the financing statement is filed governs perfection of a
 11 security interest in collateral covered by the financing statement.

12 (f) A financing statement that includes a financing statement
 13 filed before IC 26-1-9.1 takes effect and a continuation statement
 14 filed after IC 26-1-9.1 takes effect is effective only to the extent that
 15 it satisfies the requirements of subsection (e) for an initial financing
 16 statement.

17 **Sec. 706. (a) The filing of an initial financing statement in the**
 18 **office specified in IC 26-1-9.1-501 continues the effectiveness of a**
 19 **financing statement filed before IC 26-1-9.1 takes effect if:**

- 20 (1) the filing of an initial financing statement in that office
- 21 would be effective to perfect a security interest under
- 22 IC 26-1-9.1;
- 23 (2) the pre-effective-date financing statement was filed in an
- 24 office in another state or another office in this state; and
- 25 (3) the initial financing statement satisfies subsection (c).

26 (b) The filing of an initial financing statement under subsection
 27 (a) continues the effectiveness of the pre-effective date financing
 28 statement if the initial financing statement is filed:

- 29 (1) before IC 26-1-9.1 takes effect, for the period provided in
- 30 IC 26-1-9-403 (before its repeal) for a financing statement;
- 31 and
- 32 (2) after IC 26-1-9.1 takes effect, for the period provided in
- 33 IC 26-9.1-9-515 for an initial financing statement.

34 (c) To be effective for purposes of subsection (a), an initial
 35 financing statement must:

- 36 (1) satisfy the requirements of IC 26-1-9.1-501 through
- 37 IC 26-1-9.1-526 for an initial financing statement;
- 38 (2) identify the pre-effective-date financing statement by
- 39 indicating the office in which the financing statement was filed
- 40 and providing the dates of filing and file numbers, if any, of
- 41 the financing statement and of the most recent continuation
- 42 statement filed with respect to the financing statement; and



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

3 Sec. 707. (a) In this section, "pre-effective-date financing
4 statement" means a financing statement filed before IC 26-1-9.1
5 takes effect.

6 (b) After IC 26-1-9.1 takes effect, a person may add or delete
7 collateral covered by, continue, or terminate the effectiveness of,
8 or otherwise amend the information provided in, a
9 pre-effective-date financing statement only in accordance with the
10 law of the jurisdiction governing perfection as provided under
11 IC 26-1-9.1-301 through IC 26-1-9.1-342. However, the
12 effectiveness of a pre-effective-date financing statement also may
13 be terminated in accordance with the law of the jurisdiction in
14 which the financing statement is filed.

15 (c) Except as otherwise provided in subsection (d), if Indiana
16 law governs perfection of a security interest, the information in a
17 pre-effective-date financing statement may be amended after
18 IC 26-1-9.1 takes effect only if:

19 (1) the pre-effective date financing statement and an
20 amendment are filed in the office specified in IC 26-1-9.1-501;
21 (2) an amendment is filed in the office specified in
22 IC 26-1-9.1-501 concurrently with, or after the filing in that
23 office of, an initial financing statement that satisfies
24 IC 26-1-9.1-706(c); or

25 (3) an initial financing statement that provides the
26 information as amended and satisfies IC 26-1-9.1-706(c) is
27 filed in the office specified in IC 26-1-9.1-501.

28 (d) If Indiana law governs the perfection of a security interest,
29 the effectiveness of a pre-effective-date financing statement may be
30 continued only under IC 26-1-9.1-705(d) and IC 26-1-9.1-705(f) or
31 IC 26-1-9.1-706

32 (e) Whether or not Indiana law governs perfection of a security
33 interest, the effectiveness of a pre-effective-date financing
34 statement filed in Indiana may be terminated after IC 26-1-9.1
35 takes effect by filing a termination statement in the office in which
36 the pre-effective-date financing statement is filed, unless an initial
37 financing statement that satisfies IC 26-1-9.1-706(c) has been filed
38 in the office specified by the law of the jurisdiction governing
39 perfection in IC 26-1-9.1-301 through IC 26-1-9.1-342 as the office
40 in which to file a financing statement.

41 Sec. 708. A person may file an initial financing statement or a
42 continuation statement under IC 26-1-9.1-701 through

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IC 26-1-9.1-709 if:

- (1) the secured party of record authorizes the filing; and**
- (2) the filing is necessary under IC 26-1-9.1-701 through IC 26-1-9.1-709:**
 - (A) to continue the effectiveness of a financing statement filed before IC 26-1-9.1 takes effect; or**
 - (B) to perfect or continue the perfection of a security interest.**

Sec. 709. (a) IC 26-1-9, before its repeal, determines the priority of conflicting claims to collateral if the relative priorities of the claims were established before IC 26-1-9.1 takes effect. In other cases, IC 26-1-9.1 determines priority.

(b) For purposes of IC 26-1-9.1-322(a), the priority of a security interest that becomes enforceable under IC 26-1-9.1-203 dates from the time IC 26-1-9.1 takes effect if the security interest is perfected under IC 26-1-9.1 by the filing of a financing statement before IC 26-1-9.1 takes effect which would not have been effective to perfect the security interest under IC 26-1-9, before its repeal. This subsection does not apply to conflicting security interests each of which is perfected by the filing of such a financing statement.

SECTION 46. IC 32-1-2-16.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 16.3. (a) This section applies to an instrument regardless of when the instrument was recorded, except that this section does not divest rights that vested before May 1, 1993.

(b) An assignment, a mortgage, or a pledge of rents and profits arising from real estate that is intended as security, whether contained in a separate instrument or otherwise, shall be recorded under section 16 of this chapter.

(c) When an assignment, a mortgage, or a pledge of rents and profits is recorded under subsection (b), the security interest of the assignee, mortgagee, or pledgee is immediately perfected as to the assignor, mortgagor, pledgor, and any third parties:

- (1) regardless of whether the assignment, mortgage, or pledge is operative:
 - (A) immediately;
 - (B) upon the occurrence of a default; or
 - (C) under any other circumstances; and
- (2) without the holder of the security interest taking any further action.

(d) This section does not apply to security interests in:

- (1) farm products;

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- 1 (2) accounts or general intangibles arising from or relating to the
- 2 sale of farm products by a farmer;
- 3 (3) timber to be cut; **or**
- 4 (4) minerals or the like (including oil and gas); **or**
- 5 ~~(5) accounts subject to IC 26-1-9-103(5);~~
- 6 that may be perfected under ~~IC 26-1-9-103~~; **IC 26-1-9.1.**

7 SECTION 47. IC 32-8-24-2 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. (a) Any employee
 9 wishing to acquire such lien upon the corporate property of any
 10 corporation, or the earnings thereof, whether the employee's claim be
 11 due or not, shall file in the recorder's office of the county where such
 12 corporation is located or doing business, notice of the employee's
 13 intention to hold a lien upon such property and earnings aforesaid, for
 14 the amount of the employee's claim, setting forth the date of such
 15 employment, the name of the corporation and the amount of such
 16 claim, and it shall be the duty of the recorder of any county, when such
 17 notice is presented for record, to record the same in the record required
 18 by law for notice of mechanics' liens, for which the recorder shall
 19 charge a fee in an amount specified in IC 36-2-7-10(b)(1) and
 20 IC 36-2-7-10(b)(2). The lien so created shall relate to the time when
 21 such employee was employed by such corporation, or to any
 22 subsequent date during such employment, at the election of such
 23 employee, and shall have priority over all liens suffered or created
 24 thereafter, except other employees' liens, over which there shall be no
 25 such priority.

- 26 (b) Where:
- 27 (1) any person, other than an employee, shall acquire a lien upon
- 28 the corporate property of any corporation located or doing
- 29 business in this state;
- 30 (2) such lien for a period of sixty (60) days either:
- 31 (A) remains a matter of record in the proper place specified in
- 32 ~~IC 26-1-9-401~~; **IC 26-1-9.1-501**; or
- 33 (B) remains otherwise perfected under applicable law; and
- 34 (3) no notice of an employee's intention to hold a lien shall have
- 35 been filed by any employee of such corporation during that
- 36 period;

37 then and in that case such lien so created shall have priority over the
 38 lien of such employee in the county where such corporation is located
 39 or doing business, and not otherwise.

40 (c) This section shall not apply to any lien acquired by any person
 41 for purchase money.

42 SECTION 48. IC 26-1-9 IS REPEALED [EFFECTIVE JULY 1,

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred House Bill 1326, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning commercial law.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1326 as introduced.)

DVORAK, Chair

Committee Vote: yeas 9, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1326 be amended to read as follows:

Delete pages 15 through 17 and insert the following:

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UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT FILER (optional)	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
+ ,	
. -	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		1f. JURISDICTION OF ORGANIZATION		1g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		2a. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

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

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		2a. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured part name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
		3f. JURISDICTION OF ORGANIZATION		3g. ORGANIZATION ID#, if any
ADDL INFO RE ORGANIZATION DEBTOR		3a. TYPE OF ORGANIZATION	<input type="checkbox"/> NONE	

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attached Addendum [if applicable] 7. Check to REQUEST SEARCH REPORTS(S) on Debtor(s) [ADDITIONAL FEE] [optional] All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY —NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 04/23/98)

EH 1326—LS 6756/DI 69+



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UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT		
9a. ORGANIZATION'S NAME		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX
10. MISCELLANEOUS:		

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -insert only <u>one</u> debtor name (11a or 11b) - do not abbreviate or combine names					
11a. ORGANIZATION'S NAME					
OR					
11b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME	
				SUFFIX	
11c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
					COUNTRY
		ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATION ID#, if any
					<input type="checkbox"/> NONE
12. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S or <input type="checkbox"/> ASSIGNOR S/P/S NAME - insert only <u>one</u> name (12a or 12b)					
12a. ORGANIZATION'S NAME					
OR					
12b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME	
				SUFFIX	
12c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
					COUNTRY
13. This FINANCING STATEMENT covers <input type="checkbox"/> amber to be out or <input type="checkbox"/> as-extracted collateral, or is filed as a <input type="checkbox"/> future filing.			16. Additional collateral description:		
14. Description of real estate:					
15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):					
17. Check only if applicable and check only one box. Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to property held in trust or <input type="checkbox"/> Decedent's Estate					
18. Check only if applicable and check only one box. <input type="checkbox"/> Debtor is a TRANSMITTING UTILITY <input type="checkbox"/> Filed in connection with a Manufactured-Home Transaction —effective 30 years <input type="checkbox"/> Filed in connection with a Public-Finance Transaction —effective 30 years					

FILING OFFICE COPY—NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad)(REV. 04/23/98)

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END OF IC 26-1-9.1 FINANCING STATEMENT

EH 1326—LS 6756/DI 69+



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UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT FILER (optional)	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
+	,
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THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # _____ 1b. This FINANCING STATEMENT AMENDMENT IS
 to be filed (for record) (or recorded) in the
 REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured party authorizing this Termination Statement
3. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.
4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 9.
5. AMENDMENT (PARTY INFORMATION): This Amendment effects Debtor or Secured party of record. Check only one of these boxes.
 Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.
 CHANGE name and/or address: Give current record name in item 6 or 6b; also give new Name (if name change) in item 7a or 7b and (if address change) in item 7c; to be deleted in item 6a or 6b; Item 7c; also complete 7d-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME _____

OR

6b. INDIVIDUAL'S NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7. CHANGED NEW OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME _____

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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ADDL INFO RE ORGANIZATION DEBTOR	7a. TYPE OF ORGANIZATION	7i. JURISDICTION OF ORGANIZATION	7g. ORGANIZATION ID#, if any	<input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): Check only one box.
 Describe collateral Deleted or Added, or give entire restated collateral description, or describe collateral assigned.

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

9a. ORGANIZATION'S NAME _____

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA _____

FILING OFFICE COPY —NATIONAL UCC FINANCING STATEMENT AMENDMENT(FORM UCC3) (REV. 04/23/98)

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(Reference is to HB 1326 as printed January 27, 2000.)

DVORAK

EH 1326—LS 6756/DI 69+



COMMITTEE REPORT

Mr. President: The Senate Committee on Judiciary, to which was referred House Bill No. 1326, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- Page 11, line 18, delete "promissary" and insert "**promissory**".
- Page 14, line 24, delete "this article." and insert "**IC 26-1.**".
- Page 30, line 2, strike "subsections" and insert "**subsection**".
- Page 30, line 2, after "(4)" delete "and".
- Page 47, line 15, delete ",".
- Page 52, line 37, delete "This article" and insert "**IC 26-1-9.1**".
- Page 52, line 39, delete "this article" and insert "**IC 26-1-9.1**".
- Page 54, line 37, after "the goods," insert "**a security interest in specific goods and license of software used in the goods,**".
- Page 54, line 38, delete "a".
- Page 55, line 1, after "include" insert ": (i)".
- Page 55, line 2, delete "." and insert "**; or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.**".
- Page 59, line 3, delete "with" and insert "**in**".
- Page 60, line 2, delete "and" and insert "**or**".
- Page 61, line 20, after "debtor"" insert "**, except as used in IC 26-1-9.1-310(c),**".
- Page 62, line 7, after ""Proceeds"" insert "**, except as used in IC 26-1-9.1-609(b),**".
- Page 64, line 34, delete "in other articles" and insert "**outside IC 26-1-9.1**".
- Page 64, line 34, delete "this" and insert "**IC 26-1-9.1:**".
- Page 64, delete line 35.
- Page 65, line 30, delete "Article 1" and insert "**IC 26-1-1**".
- Page 65, line 31, delete "this article" and insert "**IC 26-1-9.1**".
- Page 65, line 38, delete "in,or" and insert "**in, or**".
- Page 69, line 5, delete "this article" and insert "**IC 26-1-9.1**".
- Page 69, line 17, after "in" insert "**a**".
- Page 69, line 20, delete "this article" and insert "**IC 26-1-9.1**".
- Page 69, line 22, delete "this article" and insert "**IC 26-1-9.1**".
- Page 69, line 24, delete "This article" and insert "**IC 26-1-9.1**".
- Page 69, line 26, delete "this article" and insert "**IC 26-1-9.1**".
- Page 69, line 30, delete "This article" and insert "**IC 26-1-9.1**".
- Page 70, line 37, delete "IC 26-1-9.1" and insert "**IC 26-1-9.1-315**".
- Page 71, line 5, delete "this article" and insert "**IC 26-1-9.1**".



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- Page 71, line 20, delete "this article" and insert "**IC 26-1-9.1**".
- Page 71, line 25, delete "This article" and insert "**IC 26-1-9.1**".
- Page 72, line 29, delete "this article" and insert "**IC 26-1-9.1**".
- Page 78, line 4, delete "security".
- Page 83, line 14, delete "this" and insert "**IC 26-1-9.1**".
- Page 83, line 15, before "and" delete "article".
- Page 83, line 15, after "under" delete "this article" and insert "**IC 26-1-9.1**".
- Page 85, line 4, delete "this article" and insert "**IC 26-1-9.1**".
- Page 85, line 26, delete "this article" and insert "**IC 26-1-9.1**".
- Page 85, line 39, delete "this" and insert "**IC 26-1-9.1**".
- Page 85, delete line 40.
- Page 85, line 41, after "collateral" insert ", **subject to a statute specified in subsection (a)(2)**".
- Page 86, line 1, delete "or leasing".
- Page 86, line 3, delete "as debtor".
- Page 87, line 12, delete "this" and insert "**IC 26-1-9.1**".
- Page 87, delete line 13.
- Page 87, line 23, delete "IC 26-1-9.1-316(d)" and insert "**IC 26-1-9.1-316(e)**".
- Page 88, line 9, delete "this" and insert "**IC 26-1-9.1**".
- Page 88, line 10, delete "article".
- Page 88, line 27, delete "this article" and insert "**IC 26-1-9.1**".
- Page 89, line 7, delete "this article" and insert "**IC 26-1-9.1**".
- Page 89, line 23, delete "this article" and insert "**IC 26-1-9.1**".
- Page 90, line 13, after "jurisdiction;" insert "**or**".
- Page 90, line 16, delete "; or" and insert ".".
- Page 90, delete lines 17 through 18.
- Page 91, line 35, after "time" insert ":".
- Page 91, line 35, before "the security" begin a new line double block indented and insert:
 "(A)".
- Page 91, line 35, after "perfected" insert ";".
- Page 91, line 36, after "or" begin a new line double block indented and insert:
 "**(B) one (1) of the conditions specified in IC 26-1-9.1-203(b)(3) is met;**".
- Page 91, line 36, before "a" begin a new line single blocked indented and insert "**and**".
- Page 93, line 4, delete "he" and insert ", **within one (1) year before the sale of the farm products, the buyer**".
- Page 93, line 6, delete "an original financing statement or a" and

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insert **"any writing"**.

Page 93, delete lines 7 through 9.

Page 93, line 10, delete "photographic, or other reproduction of the form".

Page 93, run in lines 6 through 10.

Page 93, between lines 13 and 14, begin a new line double block indented and insert:

"(C) In the case of a debtor doing business other than as an individual, the United States Internal Revenue Service taxpayer identification number of the debtor."

Page 93, line 14, delete "(C)" and insert "(D)".

Page 93, line 14, delete "." and insert **", including the type and amount of farm products, the crop year, the county of location, and a description of the real property on which the farm products were grown or produced."**

Page 93, delete lines 15 through 20, begin a new line double block indented and insert:

"(E) Any payment obligations imposed on the buyer by the secured party as conditions for waiver or release of the security interest."

Page 93, line 21, beginning with "Notice" begin a new line single block indented.

Page 93, line 24, after "notice"." insert **"The written notice lapses on either the expiration period of the statement or the transmission of a notice signed by the secured party that the statement has lapsed, whichever occurs first."**

Page 94, line 5, delete "(a)" and insert "(1)".

Page 94, line 15, delete "subdivision" and insert **"subsection"**.

Page 95, line 10, after "under" delete "the" and insert **"a nonexclusive"**.

Page 97, line 6, delete "while" and insert **"to the extent that"**.

Page 97, line 6, delete "is perfected only to the extent" and insert **"secures an advance"**.

Page 97, line 7, delete "that it secures advances".

Page 98, line 24, delete "Subsections" and insert **"Subsection"**.

Page 99, line 9, delete "Subsections" and insert **"Subsection"**.

Page 103, line 17, delete "this article" and insert **"IC 26-1-9.1"**.

Page 103, line 39, delete "this article" and insert **"IC 26-1-9.1"**.

Page 103, line 41, delete "this article" and insert **"IC 26-1-9.1"**.

Page 104, line 2, delete "This article" and insert **"IC 26-1-9.1"**.

Page 104, line 28, delete "this article" and insert **"IC 26-1-9.1"**.

Page 104, line 37, delete "this" and insert **"IC 26-1-9.1;"**.



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- Page 104, line 38, delete "article;".
- Page 106, line 3, delete "encumbrancer" and insert "**holder of a security interest or other lien on,**".
- Page 106, line 4, after "owner of" insert ",".
- Page 106, line 4, after "whole or" delete "of".
- Page 106, line 7, delete "encumbrancer" and insert "**holder**".
- Page 107, line 8, delete "26-1-9.1-311(b,)" and insert "**26-1-9.1-311(b),**".
- Page 107, line 26, delete "This article" and insert "**IC 26-1-9.1**".
- Page 107, line 33, delete "this article" and insert "**IC 26-1-9.1**".
- Page 108, line 8, delete "This article" and insert "**IC 26-1-9.1**".
- Page 108, line 18, delete "this article." and insert "**IC 26-1-9.1**".
- Page 109, line 2, delete "this article" and insert "**IC 26-1-9.1**".
- Page 109, line 12, delete "this article" and insert "**IC 26-1-9.1**".
- Page 109, line 17, delete "this article" and insert "**IC 26-1-9.1**".
- Page 109, line 34, delete "this article" and insert "**IC 26-1-9.1**".
- Page 109, line 39, delete "this article" and insert "**IC 26-1-9.1**".
- Page 110, line 20, delete "this article" and insert "**IC 26-1-9.1**".
- Page 110, line 26, delete "(h)" and insert "**(i)**".
- Page 110, line 35, delete "(g)" and insert "**(h)**".
- Page 110, line 41, delete "this article;" and insert "**IC 26-1-9.1;**".
- Page 111, line 4, delete "general" and insert "**payment**".
- Page 111, line 9, delete "(g)" and insert "**(h)**".
- Page 111, line 16, delete "(g)" and insert "**(h)**".
- Page 112, line 10, delete "this article" and insert "**IC 26-1-9.1**".
- Page 112, line 19, after "to the" insert "**assignment, transfer,**".
- Page 112, line 23, after "that the" insert "**assignment, transfer,**".
- Page 112, line 41, delete "seller. Even in that event, the creation," and insert "**lessor.**".
- Page 112, delete line 42.
- Page 113, delete line 1.
- Page 113, line 14, after "that the" insert "**assignment, transfer,**".
- Page 113, line 32, after "that the" insert "**assignment, transfer,**".
- Page 113, line 41, delete "this article" and insert "**IC 26-1-9.1**".
- Page 113, line 42, after "the" insert "**assignment, transfer,**".
- Page 114, line 35, after "that the" insert "**assignment, transfer,**".
- Page 114, line 41, delete "this article" and insert "**IC 26-1-9.1**".
- Page 115, line 13, delete "subsection" and insert "**subsections**".
- Page 115, line 13, after "(b)" insert "**and (c)**".
- Page 115, between lines 32 and 33, begin a new paragraph and insert:
- "(c) Before July 1, 2002, the office in which to file a financing

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statement to perfect a security interest or agricultural lien in:

- (1) equipment used in a farming operation;
- (2) a farm product; or
- (3) an account or a general intangible arising from or relating to the sale of a farm product by a farmer;

is the office of county recorder in the county of the debtor's location, as determined under IC 26-1-9.1-307.

(d) A financing statement filed under subsection (c) is effective for five (5) years after the date the financing statement is filed.

(e) After June 30, 2001, and before July 1, 2002, a financing statement filed under subsection (c) may be amended only by filing an amendment in the same office of county recorder as the office in which the financing statement being amended was filed.

(f) After June 30, 2002, a financing statement filed under subsection (c) may be amended only if a replacement financing statement is filed in the office of the secretary of state. The replacement financing statement must:

- (1) satisfy the requirements of IC 26-1-9.1 for an initial financing statement;
- (2) identify the earlier financing statement filed under subsection (c) by:
 - (A) indicating the office in which the earlier financing statement was filed; and
 - (B) providing the dates of filing and file numbers, if any, of:
 - (i) the earlier financing statement filed under subsection (c); and
 - (ii) the most recent amendment filed with respect to the financing statement filed under subsection (c); and
 - (3) indicate that the earlier financing statement filed under subsection (c) remains effective.

(g) The filing of a replacement financing statement under subsection (f) is effective as a continuation statement of the earlier financing statement filed under subsection (c) if it is filed:

- (1) after June 30, 2002; and
- (2) before the lapse of the earlier financing statement filed under subsection (c).

The filing of a replacement financing statement under subsection (f) continues the effectiveness of the earlier financing statement filed under subsection (c) for five (5) years after the date the replacement financing statement is filed.

(h) After June 30, 2002, a financing statement filed under



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subsection (c) may be terminated only if:

- (1) a replacement financing statement is filed under subsection (f); and
- (2) a termination statement has been filed that satisfies IC 26-1-9.1-513.

(i) After June 30, 2002, a financing statement filed under subsection (c) may be assigned only if:

- (1) a replacement financing statement is filed under subsection (f); and
- (2) an assignment of record is filed that satisfies IC 26-1-9.1-514.

(j) After June 30, 2002, a financing statement filed under subsection (c) may be amended (for purposes other than continuation, termination, or assignment) only if:

- (1) a replacement financing statement is filed under subsection (f); and
- (2) an amendment is filed that satisfies IC 26-1-9.1-512."

Page 116, line 20, delete "complies with" and insert "satisfies".

Page 117, line 27, delete "only".

Page 117, line 36, after ""bailee"", insert ""licensor", "licensee",".

Page 119, line 26, delete ";" and insert "or under subsection (b) or (c);".

Page 119, line 32, after "authenticating" insert "or becoming bound as debtor by".

Page 119, line 32, after "debtor" insert "or new debtor".

Page 122, line 18, after "effective." insert "Except as otherwise provided in IC 26-1-9.1-510, for purposes of IC 26-1-9.1-519(g), IC 26-1-9.1-522(a), and IC 26-1-9.1-523(c), the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse."

Page 123, line 10, delete "without filing" and insert "otherwise".

Page 126, line 5, delete "enables" and insert "aids".

Page 126, line 5, delete "to detect" and insert "in determining".

Page 130, line 23, delete "this article." and insert "IC 26-1-9.1".

Page 130, line 24, delete "this chapter." and insert "IC 26-1-9.1".

Page 130, line 31, delete "this article," and insert "IC 26-1-9.1",.

Page 132, line 1, delete "this article." and insert "IC 26-1-9.1".

Page 132, line 28, delete "IC 26-1-9.1-610(b), IC 26-1-9.1-611" and insert "IC 26-1-9.1-610(b), IC 26-1-9.1-611".

Page 133, line 1, delete "this article." and insert "IC 26-1-9.1".

Page 135, line 22, delete "this section" and insert "IC

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26-1-9.1-607".

- Page 136, line 1, delete "this" and insert "**IC 26-1-9.1-607**".
- Page 136, line 2, delete "section".
- Page 138, line 29, delete "sale" and insert "**disposition**".
- Page 140, line 40, delete "this article." and insert "**IC 26-1-9.1**".
- Page 140, line 42, delete "this article" and insert "**IC 26-1-9.1**".
- Page 141, line 4, after "disposition" insert "**under IC 26-1-9.1-610**".
- Page 141, line 34, delete "this section" and insert "**IC**

26-1-9.1-610".

- Page 144, line 28, delete "this article" and insert "**IC 26-1-9.1**".
- Page 145, line 8, delete "this" and insert "**IC 26-1-9.1**".
- Page 145, delete line 9.
- Page 145, line 33, delete "this article" and insert "**IC 26-1-9.1**".
- Page 145, line 34, delete "this article." and insert "**IC 26-1-9.1**".
- Page 148, line 13, delete "this" and insert "**IC 26-1-9.1**".
- Page 148, delete line 14.
- Page 148, line 42, delete "this article," and insert "**IC 26-1-9.1**".
- Page 149, line 3, after "(c)" delete ",."
- Page 149, line 3, delete "secured party" and insert "**person**".
- Page 149, line 5, delete "this article." and insert "**IC 26-1-9.1**".
- Page 149, line 5, delete "with a".
- Page 149, line 6, delete "request under IC 26-1-9.1-210".
- Page 149, line 31, after "the" insert "**list or**".
- Page 151, line 16, delete "this" and insert "**IC 26-1-9.1**";.
- Page 151, line 17, delete "article;".
- Page 151, line 18, delete "this article" and insert "**IC 26-1-9.1**".
- Page 152, line 5, delete "708" and insert "**709**".
- Page 152, line 9, delete "IC 26-1-9.1-708:" and insert "**IC 26-1-9.1-709**:".

26-1-9.1-709":

- Page 154, line 23, delete "for the" and insert "**if**".
- Page 154, delete lines 24 through 25.
- Page 154, line 34, after "filed" insert ":",.
- Page 154, line 34, before "before" begin a new line block indented and insert:
 - "**(1)**".
- Page 154, line 35, delete ":",.
- Page 154, line 36, delete "(1)".
- Page 154, run in lines 35 through 36.
- Page 154, line 38, delete "IC 26-1-9-115 (before its repeal)" and insert "**after IC 26-1-9.1 takes effect, for the period provided in IC 26-1-9.1-9-515**".
- Page 154, line 42, delete "IC 26-1-9.1-705(e)" and insert "**IC**

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26-1-9.1-501 through IC 26-1-9.1-526".

Page 155, between lines 8 and 9, begin a new paragraph and insert:

"Sec. 707. (a) In this section, "pre-effective-date financing statement" means a financing statement filed before IC 26-1-9.1 takes effect.

(b) After IC 26-1-9.1 takes effect, a person may add or delete collateral covered by, continue, or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective-date financing statement only in accordance with the law of the jurisdiction governing perfection as provided under IC 26-1-9.1-301 through IC 26-1-9.1-342. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed.

(c) Except as otherwise provided in subsection (d), if Indiana law governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after IC 26-1-9.1 takes effect only if:

- (1) the pre-effective date financing statement and an amendment are filed in the office specified in IC 26-1-9.1-501;**
- (2) an amendment is filed in the office specified in IC 26-1-9.1-501 concurrently with, or after the filing in that office of, an initial financing statement that satisfies IC 26-1-9.1-706(c); or**
- (3) an initial financing statement that provides the information as amended and satisfies IC 26-1-9.1-706(c) is filed in the office specified in IC 26-1-9.1-501.**

(d) If Indiana law governs the perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under IC 26-1-9.1-705(d) and IC 26-1-9.1-705(f) or IC 26-1-9.1-706

(e) Whether or not Indiana law governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in Indiana may be terminated after IC 26-1-9.1 takes effect by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies IC 26-1-9.1-706(c) has been filed in the office specified by the law of the jurisdiction governing perfection in IC 26-1-9.1-301 through IC 26-1-9.1-342 as the office in which to file a financing statement."

Page 155, line 9, delete "707." and insert "708."

Page 155, line 11, delete "IC 26-1-9.1-708" and insert "IC

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26-1-9.1-709".

Page 155, line 14, delete "IC 26-1-9.1-708:" and insert "**IC 26-1-9.1-709:**".

Page 155, line 19, delete "708." and insert "**709.**".

Page 155, line 21, delete "parties" and insert "**claims**".

Page 155, line 21, delete "fixed" and insert "**established**".

Page 155, delete lines 23 through 28.

Page 155, line 29, delete "(c)" and insert "**(b)**".

and when so amended that said bill do pass.

(Reference is to HB 1326 as reprinted February 2, 2000.)

BRAY, Chairperson

Committee Vote: Yeas 8, Nays 0.

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