

1 SENATE BILL 146

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO SECURED TRANSACTIONS; AMENDING THE UNIFORM
12 COMMERCIAL CODE; AMENDING AND ADDING DEFINITIONS; CLARIFYING
13 THE APPLICABILITY OF THAT ACT TO A REMITTANCE TRANSFER AS
14 DEFINED IN THE FEDERAL ELECTRONIC FUND TRANSFER ACT OF 1978;
15 CLARIFYING WHEN A SECURED PARTY HAS CONTROL OF ELECTRONIC
16 CHATTEL PAPER; CLARIFYING THE EFFECT ON FINANCING STATEMENTS BY
17 A CHANGE IN THE GOVERNING LAW; CLARIFYING FILING RULES;
18 AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

21 SECTION 1. Section 14-16-3 NMSA 1978 (being Laws 2001,
22 Chapter 131, Section 3, as amended) is amended to read:

23 "14-16-3. SCOPE.--

24 [~~(a)~~] A. Except as otherwise provided in Subsection
25 [~~(b)~~] B of this section, the Uniform Electronic Transactions

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1 Act applies to electronic records and electronic signatures
2 relating to a transaction.

3 ~~[(b)]~~ B. The Uniform Electronic Transactions Act
4 does not apply to:

5 (1) a transaction to the extent it is governed
6 by:

7 ~~[(i)]~~ (a) a law governing the creation
8 and execution of wills, codicils or testamentary trusts;

9 ~~[(ii)]~~ (b) the Uniform Commercial Code,
10 other than ~~[Sections 55-1-107 and 55-1-206 NMSA 1978 and]~~
11 Chapter 55, Articles 2 and 2A NMSA 1978; or

12 ~~[(iii)]~~ (c) court orders, notices or
13 official court documents, including briefs, pleadings and other
14 records, required to be executed in connection with court
15 proceedings;

16 (2) a notice concerning:

17 ~~[(i)]~~ (a) the cancellation or
18 termination of utility services, including water, gas, heat or
19 power services;

20 ~~[(ii)]~~ (b) default, acceleration,
21 repossession, foreclosure, eviction or the right to cure, under
22 a credit agreement secured by or a rental agreement for a
23 primary residence of an individual; or

24 ~~[(iii)]~~ (c) the cancellation or
25 termination of health insurance or benefits or life insurance

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1 or benefits, but not including annuities; or

2 (3) any document required to accompany any
3 transportation or handling of hazardous materials, pesticides
4 or other toxic or dangerous materials.

5 [~~(c)~~] C. The Uniform Electronic Transactions Act
6 applies to an electronic record or electronic signature
7 otherwise excluded from the application of that act under
8 Subsection [~~(b)~~] B of this section to the extent it is governed
9 by a law other than those specified in Subsection [~~(b)~~] B of
10 this section.

11 [~~(d)~~] D. A transaction subject to the Uniform
12 Electronic Transactions Act is also subject to other applicable
13 substantive law."

14 **SECTION 2.** Section 55-2A-103 NMSA 1978 (being Laws 1992,
15 Chapter 114, Section 10, as amended) is amended to read:

16 "55-2A-103. DEFINITIONS AND INDEX OF DEFINITIONS.--

17 (1) In this article unless the context otherwise
18 requires:

19 (a) "buyer in ordinary course of business"
20 means a person who, in good faith and without knowledge that
21 the sale to that person is in violation of the ownership rights
22 or security interest or leasehold interest of a third party in
23 the goods, buys in ordinary course from a person in the
24 business of selling goods of that kind, but does not include a
25 pawnbroker. "Buying" may be for cash or by exchange of other

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1 property or on secured or unsecured credit and includes
2 acquiring goods or documents of title under a preexisting
3 contract for sale but does not include a transfer in bulk or as
4 security for or in total or partial satisfaction of a money
5 debt;

6 (b) "cancellation" occurs when either party
7 puts an end to the lease contract for default by the other
8 party;

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

17 (d) "conforming" goods or performance under a
18 lease contract means goods or performance that are in
19 accordance with the obligations under the lease contract;

20 (e) "consumer lease" means a lease that a
21 lessor regularly engaged in the business of leasing or selling
22 makes to a lessee who is an individual and who takes under the
23 lease primarily for a personal, family or household purpose;

24 (f) "fault" means wrongful act, omission,
25 breach or default;

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1 (g) "finance lease" means a lease with respect
2 to which:

3 (i) the lessor does not select,
4 manufacture or supply the goods;

5 (ii) the lessor acquires the goods or
6 the right to possession and use of the goods in connection with
7 the lease; and

8 (iii) one of the following occurs:

9 (A) the lessee receives a copy of
10 the contract by which the lessor acquired the goods or the
11 right to possession and use of the goods before signing the
12 lease contract;

13 (B) the lessee's approval of the
14 contract by which the lessor acquired the goods or the right to
15 possession and use of the goods is a condition to effectiveness
16 of the lease contract;

17 (C) the lessee, before signing the
18 lease contract, receives an accurate and complete statement
19 designating the promises and warranties, and any disclaimers of
20 warranties, limitations or modifications of remedies, or
21 liquidated damages, including those of a third party, such as
22 the manufacturer of the goods, provided to the lessor by the
23 person supplying the goods in connection with or as part of the
24 contract by which the lessor acquired the goods or the right to
25 possession and use of the goods; or

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1 (D) if the lease is not a consumer
2 lease, the lessor, before the lessee signs the lease contract,
3 informs the lessee in writing (a) of the identity of the person
4 supplying the goods to the lessor, unless the lessee has
5 selected that person and directed the lessor to acquire the
6 goods or the right to possession and use of the goods from that
7 person; (b) that the lessee is entitled under this article to
8 the promises and warranties, including those of any third
9 party, provided to the lessor by the person supplying the goods
10 in connection with or as part of the contract by which the
11 lessor acquired the goods or the right to possession and use of
12 the goods; and (c) that the lessee may communicate with the
13 person supplying the goods to the lessor and receive an
14 accurate and complete statement of those promises and
15 warranties, including any disclaimers and limitations of them
16 or of remedies;

17 (h) "goods" means all things that are movable
18 at the time of identification to the lease contract or are
19 fixtures (Section 55-2A-309 NMSA 1978), but the term does not
20 include money, documents, instruments, accounts, chattel paper,
21 general intangibles or minerals or the like, including oil and
22 gas, before extraction. The term also includes the unborn
23 young of animals;

24 (i) "installment lease contract" means a lease
25 contract that authorizes or requires the delivery of goods in

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1 separate lots to be separately accepted, even though the lease
2 contract contains a clause "each delivery is a separate lease"
3 or its equivalent;

4 (j) "lease" means a transfer of the right to
5 possession and use of goods for a term in return for
6 consideration, but a sale, including a sale on approval or a
7 sale or return, or retention or creation of a security interest
8 is not a lease; unless the context clearly indicates otherwise,
9 the term includes a sublease;

10 (k) "lease agreement" means the bargain, with
11 respect to the lease, of the lessor and the lessee in fact as
12 found in their language or by implication from other
13 circumstances, including course of dealing or usage or trade or
14 course of performance as provided in this article; unless the
15 context clearly indicates otherwise, the term includes a
16 sublease agreement;

17 (l) "lease contract" means the total legal
18 obligation that results from the lease agreement as affected by
19 this article and any other applicable rules of law; unless the
20 context clearly indicates otherwise, the term includes a
21 sublease contract;

22 (m) "leasehold interest" means the interest of
23 the lessor or the lessee under a lease contract;

24 (n) "lessee" means a person who acquires the
25 right to possession and use of goods under a lease; unless the

1 context clearly indicates otherwise, the term includes a
2 sublessee;

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

14 (p) "lessor" means a person who transfers the
15 right to possession and use of goods under a lease; unless the
16 context clearly indicates otherwise, the term includes a
17 sublessor;

18 (q) "lessor's residual interest" means the
19 lessor's interest in the goods after expiration, termination or
20 cancellation of the lease contract;

21 (r) "lien" means a charge against or interest
22 in goods to secure payment of a debt or performance of an
23 obligation, but the term does not include a security interest;

24 (s) "lot" means a parcel or a single article
25 that is the subject matter of a separate lease or delivery

1 whether or not it is sufficient to perform the lease contract;

2 (t) "merchant lessee" means a lessee that is a
3 merchant with respect to goods of the kind subject to the
4 lease;

5 (u) "present value" means the amount as of a
6 date certain of one or more sums payable in the future,
7 discounted to the date certain. The discount is determined by
8 the interest rate specified by the parties if the rate was not
9 manifestly unreasonable at the time the transaction was entered
10 into; otherwise, the discount is determined by a commercially
11 reasonable rate that takes into account the facts and
12 circumstances of each case at the time the transaction was
13 entered into;

14 (v) "purchase" includes taking by sale, lease,
15 mortgage, security interest, pledge, gift or any other
16 voluntary transaction creating an interest in goods;

17 (w) "sublease" means a lease of goods the
18 right to possession and use of which was acquired by the lessor
19 as a lessee under an existing lease;

20 (x) "supplier" means a person from whom a
21 lessor buys or leases goods to be leased under a finance lease;

22 (y) "supply contract" means a contract under
23 which a lessor buys or leases goods to be leased; and

24 (z) "termination" occurs when either party
25 pursuant to a power created by agreement or law puts an end to

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1 the lease contract otherwise than for default.

2 (2) Other definitions applying to this article and
3 the sections in which they appear are:

4 "accessions" Section
5 55-2A-310 NMSA 1978;

6 "construction mortgage" Section
7 55-2A-309 NMSA 1978;

8 "encumbrance" Section
9 55-2A-309 NMSA 1978;

10 "fixtures" Section
11 55-2A-309 NMSA 1978;

12 "fixture filing" Section
13 55-2A-309 NMSA 1978; and

14 "purchase money lease" Section
15 55-2A-309 NMSA 1978.

16 (3) The following definitions in other articles
17 apply to this article:

18 "account" Paragraph (2)
19 of Subsection (a) of Section 55-9-102 NMSA 1978;

20 "between merchants" Subsection (3)
21 of Section 55-2-104 NMSA 1978;

22 "buyer" Paragraph (a)
23 of Subsection (1) of Section 55-2-103 NMSA 1978;

24 "chattel paper" Paragraph (11)
25 of Subsection (a) of Section 55-9-102 NMSA 1978;

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1 "consumer goods" Paragraph (23)
2 of Subsection (a) of Section 55-9-102 NMSA 1978;
3 "document" Paragraph (30)
4 of Subsection (a) of Section 55-9-102 NMSA 1978;
5 "entrusting" Subsection (3)
6 of Section 55-2-403 NMSA 1978;
7 "general intangible" Paragraph (42)
8 of Subsection (a) of Section 55-9-102 NMSA 1978;
9 "instrument" Paragraph (47)
10 of Subsection (a) of Section 55-9-102 NMSA 1978;
11 "merchant" Subsection (1)
12 of Section 55-2-104 NMSA 1978;
13 "mortgage" Paragraph (55)
14 of Subsection (a) of Section 55-9-102 NMSA 1978;
15 "pursuant to commitment" Paragraph [~~68~~]
16 (69) of Subsection (a) of Section 55-9-102 NMSA 1978;
17 "receipt" Paragraph (c)
18 of Subsection (1) of Section 55-2-103 NMSA 1978;
19 "sale" Subsection (1)
20 of Section 55-2-106 NMSA 1978;
21 "sale on approval" Section
22 55-2-326 NMSA 1978;
23 "sale or return" Section
24 55-2-326 NMSA 1978; and
25 "seller" Paragraph (d)

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1 of Subsection (1) of Section 55-2-103 NMSA 1978.

2 (4) In addition, Chapter 55, Article 1 NMSA 1978
3 contains general definitions and principles of construction and
4 interpretation applicable throughout this article."

5 SECTION 3. Section 55-4A-108 NMSA 1978 (being Laws 1992,
6 Chapter 114, Section 204) is amended to read:

7 "55-4A-108. [~~EXCLUSION OF CONSUMER TRANSACTIONS GOVERNED~~
8 ~~BY FEDERAL LAW~~] RELATIONSHIP TO ELECTRONIC FUND TRANSFER ACT.--

9 (a) Except as provided in Subsection (b) of this
10 section, this article does not apply to a funds transfer any
11 part of which is governed by the Electronic Fund Transfer Act
12 of 1978 (Title XX, Public Law 95-630, 92 Stat. 3728, 15 U.S.C.
13 Section 1693 et seq.) as amended from time to time.

14 (b) This article applies to a funds transfer that
15 is a remittance transfer as defined in the Electronic Fund
16 Transfer Act of 1978 (15 U.S.C. Section 1693o-1) as amended
17 from time to time, unless the remittance transfer is an
18 electronic fund transfer as defined in the Electronic Fund
19 Transfer Act of 1978 (15 U.S.C. Section 1693a) as amended from
20 time to time.

21 (c) In a funds transfer to which this article
22 applies, in the event of an inconsistency between an applicable
23 provision of this article and an applicable provision of the
24 Electronic Fund Transfer Act of 1978 (15 U.S.C. Section 1693 et
25 seq.) as amended from time to time, the provisions of the

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1 Electronic Fund Transfer Act of 1978 (15 U.S.C. Section 1693 et
2 seq.) as amended from time to time, governs to the extent of
3 the inconsistency."

4 SECTION 4. Section 55-9-102 NMSA 1978 (being Laws 2001,
5 Chapter 139, Section 2, as amended) is amended to read:

6 "55-9-102. DEFINITIONS AND INDEX OF DEFINITIONS.--

7 (a) In Chapter 55, Article 9 NMSA 1978:

8 (1) "accession" means goods that are
9 physically united with other goods in such a manner that the
10 identity of the original goods is not lost;

11 (2) "account", except as used in "account
12 for":

13 (A) means a right to payment of a
14 monetary obligation, whether or not earned by performance:

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

18 (ii) for services rendered or to be
19 rendered;

20 (iii) for a policy of insurance
21 issued or to be issued;

22 (iv) for a secondary obligation
23 incurred or to be incurred;

24 (v) for energy provided or to be
25 provided;

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1 (vi) for the use or hire of a
2 vessel under a charter or other contract;

3 (vii) arising out of the use of a
4 credit or charge card or information contained on or for use
5 with the card; or

6 (viii) as winnings in a lottery or
7 other game of chance operated or sponsored by a state,
8 governmental unit of a state or person licensed or authorized
9 to operate the game by a state or governmental unit of a state;
10 and

11 (B) includes health-care-insurance
12 receivables; but

13 (C) does not include:

14 (i) rights to payment evidenced by
15 chattel paper or an instrument;

16 (ii) commercial tort claims;

17 (iii) deposit accounts;

18 (iv) investment property;

19 (v) letter-of-credit rights or
20 letters of credit; or

21 (vi) rights to payment for money or
22 funds advanced or sold, other than rights arising out of the
23 use of a credit or charge card or information contained on or
24 for use with the card;

25 (3) "account debtor" means a person obligated

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1 on an account, chattel paper or general intangible. The term
2 does not include persons obligated to pay a negotiable
3 instrument, even if the instrument constitutes part of chattel
4 paper;

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

7 (A) authenticated by a secured party;

8 (B) indicating the aggregate unpaid
9 secured obligations as of a date not more than thirty-five days
10 earlier or thirty-five days later than the date of the record;
11 and

12 (C) identifying the components of the
13 obligations in reasonable detail;

14 (5) "agricultural lien" means an interest in
15 farm products:

16 (A) that secures payment or performance
17 of an obligation for:

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

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

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

24 (i) in the ordinary course of its
25 business furnished goods or services to a debtor in connection

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1 with a debtor's farming operation; or

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

4 (C) whose effectiveness does not depend
5 on the person's possession of the personal property;

6 (6) "as-extracted collateral" means:

7 (A) oil, gas or other minerals that are
8 subject to a security interest that:

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

11 (ii) attaches to the minerals as
12 extracted; or

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

16 (7) "authenticate" means to:

17 (A) sign; or

18 (B) ~~[execute or otherwise adopt a~~
19 ~~symbol, or encrypt or similarly process a record in whole or in~~
20 ~~part, with the present intent of the authenticating person to~~
21 ~~identify the person and adopt or accept a record]~~ with present
22 intent to adopt or accept a record, to attach to or logically
23 associate with the record an electronic sound, symbol or
24 process;

25 (8) "bank" means an organization that is

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1 engaged in the business of banking and includes savings banks,
2 savings and loan associations, credit unions and trust
3 companies;

4 (9) "cash proceeds" means proceeds that are
5 money, checks, deposit accounts or the like;

6 (10) "certificate of title" means a
7 certificate of title with respect to which a statute provides
8 for the security interest in question to be indicated on the
9 certificate as a condition or result of the security interest's
10 obtaining priority over the rights of a lien creditor with
11 respect to the collateral. The term includes another record
12 maintained as an alternative to a certificate of title by the
13 governmental unit that issues certificates of title if a
14 statute permits the security interest in question to be
15 indicated on the record as a condition or result of the
16 security interest's obtaining priority over the rights of a
17 lien creditor with respect to the collateral;

18 (11) "chattel paper" means a record or records
19 that evidence both a monetary obligation and a security
20 interest in specific goods, a security interest in specific
21 goods and software used in the goods, a security interest in
22 specific goods and license of software used in the goods, a
23 lease of specific goods or a lease of specific goods and
24 license of software used in the goods. In this paragraph,
25 "monetary obligation" means a monetary obligation secured by

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1 the goods or owed under a lease of the goods and includes a
2 monetary obligation with respect to software used in the goods.

3 The term does not include:

4 (A) charters or other contracts
5 involving the use or hire of a vessel; or

6 (B) records that evidence a right to
7 payment arising out of the use of a credit or charge card or
8 information contained on or for use with the card. If a
9 transaction is evidenced by records that include an instrument
10 or series of instruments, the group of records taken together
11 constitutes chattel paper;

12 (12) "collateral" means the property subject
13 to a security interest or agricultural lien and includes:

14 (A) proceeds to which a security
15 interest attaches;

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

18 (C) goods that are the subject of a
19 consignment;

20 (13) "commercial tort claim" means a claim
21 arising in tort with respect to which:

22 (A) the claimant is an organization; or

23 (B) the claimant is an individual and
24 the claim:

25 (i) arose in the course of the

1 claimant's business or profession; and

2 (ii) does not include damages
3 arising out of personal injury to or the death of an
4 individual;

5 (14) "commodity account" means an account
6 maintained by a commodity intermediary in which a commodity
7 contract is carried for a commodity customer;

8 (15) "commodity contract" means a commodity
9 futures contract, an option on a commodity futures contract, a
10 commodity option or another contract if the contract or option
11 is:

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

15 (B) traded on a foreign commodity board
16 of trade, exchange or market, and is carried on the books of a
17 commodity intermediary for a commodity customer;

18 (16) "commodity customer" means a person for
19 which a commodity intermediary carries a commodity contract on
20 its books;

21 (17) "commodity intermediary" means a person
22 that:

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

25 (B) in the ordinary course of its

1 business provides clearance or settlement services for a board
2 of trade that has been designated as a contract market pursuant
3 to federal commodities law;

4 (18) "communicate" means:

5 (A) to send a written or other tangible
6 record;

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

9 (C) in the case of transmission of a
10 record to or by a filing office, to transmit a record by any
11 means prescribed by filing-office rule;

12 (19) "consignee" means a merchant to which
13 goods are delivered in a consignment;

14 (20) "consignment" means a transaction,
15 regardless of its form, in which a person delivers goods to a
16 merchant for the purpose of sale and:

17 (A) the merchant:

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

20 (ii) is not an auctioneer; and

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

24 (B) with respect to each delivery, the
25 aggregate value of the goods is one thousand dollars (\$1,000)

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1 or more at the time of delivery;

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

4 (D) the transaction does not create a
5 security interest that secures an obligation;

6 (21) "consignor" means a person that delivers
7 goods to a consignee in a consignment;

8 (22) "consumer debtor" means a debtor in a
9 consumer transaction;

10 (23) "consumer goods" means goods that are
11 used or bought for use primarily for personal, family or
12 household purposes;

13 (24) "consumer-goods transaction" means a
14 consumer transaction in which:

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

17 (B) a security interest in consumer
18 goods secures the obligation;

19 (25) "consumer obligor" means an obligor who
20 is an individual and who incurred the obligation as part of a
21 transaction entered into primarily for personal, family or
22 household purposes;

23 (26) "consumer transaction" means a
24 transaction in which:

25 (A) an individual incurs an obligation

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1 primarily for personal, family or household purposes;

2 (B) a security interest secures the
3 obligation; and

4 (C) the collateral is held or acquired
5 primarily for personal, family or household purposes. The term
6 includes consumer-goods transactions;

7 (27) "continuation statement" means an
8 amendment of a financing statement that:

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

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

14 (28) "debtor" means:

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

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

20 (C) a consignee;

21 (29) "deposit account" means a demand, time,
22 savings, passbook or similar account maintained with a bank.

23 The term does not include investment property or accounts
24 evidenced by an instrument;

25 (30) "document" means a document of title or a

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1 receipt of the type described in Subsection (b) of Section
2 55-7-201 NMSA 1978;

3 (31) "electronic chattel paper" means chattel
4 paper evidenced by a record or records consisting of
5 information stored in an electronic medium;

6 (32) "encumbrance" means a right, other than
7 an ownership interest, in real property. The term includes
8 mortgages and other liens on real property;

9 (33) "equipment" means goods other than
10 inventory, farm products or consumer goods;

11 (34) "farm products" means goods, other than
12 standing timber, with respect to which the debtor is engaged in
13 a farming operation and that are:

14 (A) crops grown, growing or to be grown,
15 including:

16 (i) crops produced on trees, vines
17 and bushes; and

18 (ii) aquatic goods produced in
19 aquacultural operations;

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

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

24 (D) products of crops or livestock in
25 their unmanufactured states;

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1 (35) "farming operation" means raising,
2 cultivating, propagating, fattening, grazing or any other
3 farming, livestock or aquacultural operation;

4 (36) "file number" means the number assigned
5 to an initial financing statement pursuant to Subsection (a) of
6 Section 55-9-519 NMSA 1978;

7 (37) "filing office" means an office
8 designated in Section 55-9-501 NMSA 1978 as the place to file a
9 financing statement;

10 (38) "filing-office rule" means a rule adopted
11 pursuant to Section 55-9-526 NMSA 1978;

12 (39) "financing statement" means a record or
13 records composed of an initial financing statement and any
14 filed record relating to the initial financing statement;

15 (40) "fixture filing" means the filing of a
16 financing statement covering goods that are or are to become
17 fixtures and satisfying Subsections (a) and (b) of Section
18 55-9-502 NMSA 1978. The term includes the filing of a
19 financing statement covering goods of a transmitting utility
20 that are or are to become fixtures;

21 (41) "fixtures" means goods that have become
22 so related to particular real property that an interest in them
23 arises under real property law;

24 (42) "general intangible" means any personal
25 property, including things in action, other than accounts,

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1 chattel paper, commercial tort claims, deposit accounts,
2 documents, goods, instruments, investment property, letter-of-
3 credit rights, letters of credit, money and oil, gas or other
4 minerals before extraction. The term includes payment
5 intangibles and software;

6 (43) [Reserved];

7 (44) "goods" means all things that are movable
8 when a security interest attaches and:

9 (A) includes:

10 (i) fixtures;

11 (ii) standing timber that is to be
12 cut and removed under a conveyance or contract for sale;

13 (iii) the unborn young of animals;

14 (iv) crops grown, growing or to be
15 grown, even if the crops are produced on trees, vines or
16 bushes;

17 (v) manufactured homes; and

18 (vi) a computer program embedded in
19 goods and any supporting information provided in connection
20 with a transaction relating to the program if the program is
21 associated with the goods in such a manner that it customarily
22 is considered part of the goods, or by becoming the owner of
23 the goods, a person acquires a right to use the program in
24 connection with the goods; but

25 (B) does not include:

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1 (i) a computer program embedded in
2 goods that consist solely of the medium in which the program is
3 embedded; or

4 (ii) accounts, chattel paper,
5 commercial tort claims, deposit accounts, documents, general
6 intangibles, instruments, investment property, letter-of-credit
7 rights, letters of credit, money or oil, gas or other minerals
8 before extraction;

9 (45) "governmental unit" means a subdivision,
10 agency, department, county, parish, municipality or other unit
11 of the government of the United States, a state or a foreign
12 country. The term includes an organization having a separate
13 corporate existence if the organization is eligible to issue
14 debt on which interest is exempt from income taxation under the
15 laws of the United States;

16 (46) "health-care-insurance receivable" means
17 an interest in or claim under a policy of insurance that is a
18 right to payment of a monetary obligation for health care goods
19 or services provided or to be provided;

20 (47) "instrument" means a negotiable
21 instrument or any other writing that evidences a right to the
22 payment of a monetary obligation, is not itself a security
23 agreement or lease and is of a type that in ordinary course of
24 business is transferred by delivery with any necessary
25 indorsement or assignment. The term does not include:

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- 1 (A) investment property;
2 (B) letters of credit; or
3 (C) writings that evidence a right to
4 payment arising out of the use of a credit or charge card or
5 information contained on or for use with the card;

6 (48) "inventory" means goods, other than farm
7 products, that:

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

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

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

13 (D) consist of raw materials, work in
14 process or materials used or consumed in a business;

15 (49) "investment property" means a security,
16 whether certificated or uncertificated, security entitlement,
17 securities account, commodity contract or commodity account;

18 (50) "jurisdiction of organization", with
19 respect to a registered organization, means the jurisdiction
20 under whose law the organization is formed or organized;

21 (51) "letter-of-credit right" means a right to
22 payment or performance under a letter of credit, whether or not
23 the beneficiary has demanded or is at the time entitled to
24 demand payment or performance. The term does not include the
25 right of a beneficiary to demand payment or performance under a

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1 letter of credit;

2 (52) "lien creditor" means:

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

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

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

9 (D) a receiver in equity from the time
10 of appointment;

11 (53) "manufactured home" means a structure,
12 transportable in one or more sections, which, in the traveling
13 mode, is eight body feet or more in width or forty body feet or
14 more in length, or, when erected on site, is three hundred
15 twenty or more square feet, and which is built on a permanent
16 chassis and designed to be used as a dwelling with or without a
17 permanent foundation when connected to the required utilities,
18 and includes the plumbing, heating, air-conditioning and
19 electrical systems contained therein. The term includes any
20 structure that meets all of the requirements of this paragraph
21 except the size requirements and with respect to which the
22 manufacturer voluntarily files a certification required by the
23 United States secretary of housing and urban development and
24 complies with the standards established under 42 USCA;

25 (54) "manufactured-home transaction" means a

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1 secured transaction:

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

5 (B) in which a manufactured home, other
6 than a manufactured home held as inventory, is the primary
7 collateral;

8 (55) "mortgage" means a consensual interest in
9 real property, including fixtures, that secures payment or
10 performance of an obligation;

11 (56) "new debtor" means a person that becomes
12 bound as debtor under Subsection (d) of Section 55-9-203 NMSA
13 1978 by a security agreement previously entered into by another
14 person;

15 (57) "new value" means:

16 (A) money;

17 (B) money's worth in property, services
18 or new credit; or

19 (C) release by a transferee of an
20 interest in property previously transferred to the transferee.
21 The term does not include an obligation substituted for another
22 obligation;

23 (58) "noncash proceeds" means proceeds other
24 than cash proceeds;

25 (59) "obligor" means a person that, with

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1 respect to an obligation secured by a security interest in or
2 an agricultural lien on the collateral:

3 (A) owes payment or other performance of
4 the obligation;

5 (B) has provided property other than the
6 collateral to secure payment or other performance of the
7 obligation; or

8 (C) is otherwise accountable in whole or
9 in part for payment or other performance of the obligation.

10 The term does not include issuers or nominated persons under a
11 letter of credit;

12 (60) "original debtor", except as used in
13 Subsection (c) of Section 55-9-310 NMSA 1978, means a person
14 that, as debtor, entered into a security agreement to which a
15 new debtor has become bound under Subsection (d) of Section
16 55-9-203 NMSA 1978;

17 (61) "payment intangible" means a general
18 intangible under which the account debtor's principal
19 obligation is a monetary obligation;

20 (62) "person related to", with respect to an
21 individual, means:

22 (A) the spouse of the individual;

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

25 (C) an ancestor or lineal descendant of

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1 the individual or the individual's spouse; or

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

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

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

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

13 (C) an officer or director of, or a
14 person performing similar functions with respect to, a person
15 described in Subparagraph (A) of this paragraph;

16 (D) the spouse of an individual
17 described in Subparagraph (A), (B) or (C) of this paragraph; or

18 (E) an individual who is related by
19 blood or marriage to an individual described in Subparagraph
20 (A), (B), (C) or (D) of this paragraph and shares the same home
21 with the individual;

22 (64) "proceeds", except as used in Subsection
23 (b) of Section 55-9-609 NMSA 1978, means:

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

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

3 (C) rights arising out of collateral;

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

8 (E) to the extent of the value of
9 collateral and to the extent payable to the debtor or the
10 secured party, insurance payable by reason of the loss or
11 nonconformity of, defects or infringement of rights in, or
12 damage to, the collateral;

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

18 (66) "proposal" means a record authenticated
19 by a secured party, which record includes the terms on which
20 the secured party is willing to accept collateral in full or
21 partial satisfaction of the obligation it secures pursuant to
22 Sections 55-9-620 through 55-9-622 NMSA 1978;

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

25 (A) a record consisting of the record

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1 initially filed with or issued by a state or the United States
2 to form or organize an organization and any record filed with
3 or issued by the state or the United States that amends or
4 restates the initial record;

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

10 (C) a record consisting of legislation
11 enacted by the legislature of a state or the congress of the
12 United States that forms or organizes an organization; any
13 record amending the legislation; and any record filed with or
14 issued by the state or the United States that amends or
15 restates the name of the organization;

16 [~~67~~] (68) "pursuant to commitment", with
17 respect to an advance made or other value given by a secured
18 party, means pursuant to the secured party's obligation,
19 whether or not a subsequent event of default or other event not
20 within the secured party's control has relieved or may relieve
21 the secured party from its obligation;

22 [~~68~~] (69) "record", except as used in "for
23 record", "of record", "record or legal title" and "record
24 owner", means information that is inscribed on a tangible
25 medium or that is stored in an electronic or other medium and

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1 is retrievable in perceivable form;

2 [~~(69)~~] (70) "registered organization" means an
3 organization formed or organized solely under the law of a
4 single state or the United States [~~and as to which the state or~~
5 ~~the United States must maintain a public record showing the~~
6 ~~organization to have been organized~~] by the filing of a public
7 organic record with, the issuance of a public organic record by
8 or the enactment of legislation by the state or the United
9 States. The term includes a business trust that is formed or
10 organized under the law of a single state if a statute of the
11 state governing business trusts requires that the business
12 trust's organic record be filed with the state;

13 [~~(70)~~] (71) "secondary obligor" means an
14 obligor to the extent that:

15 (A) the obligor's obligation is
16 secondary; or

17 (B) the obligor has a right of recourse
18 with respect to an obligation secured by collateral against the
19 debtor, another obligor or property of either;

20 [~~(71)~~] (72) "secured party" means:

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

24 (B) a person that holds an agricultural
25 lien;

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1 (C) a consignor;

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

4 (E) a trustee, indenture trustee, agent,
5 collateral agent or other representative in whose favor a
6 security interest or agricultural lien is created or provided
7 for; or

8 (F) a person that holds a security
9 interest arising under Section 55-2-401, Section 55-2-505,
10 Subsection (3) of Section 55-2-711, Subsection (5) of Section
11 55-2A-508, Section 55-4-210 or Section 55-5-118 NMSA 1978;

12 [~~72~~] (73) "security agreement" means an
13 agreement that creates or provides for a security interest;

14 [~~73~~] (74) "send", in connection with a
15 record or notification, means:

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

21 (B) to cause the record or notification
22 to be received within the time that it would have been received
23 if properly sent under Subparagraph (A) of this paragraph;

24 [~~74~~] (75) "software" means a computer
25 program and any supporting information provided in connection

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1 with a transaction relating to the program. The term does not
2 include a computer program that is included in the definition
3 of goods;

4 [~~(75)~~] (76) "state" means a state of the
5 United States, the District of Columbia, Puerto Rico, the
6 United States Virgin Islands or any territory or insular
7 possession subject to the jurisdiction of the United States;

8 [~~(76)~~] (77) "supporting obligation" means a
9 letter-of-credit right or secondary obligation that supports
10 the payment or performance of an account, chattel paper, a
11 document, a general intangible, an instrument or investment
12 property;

13 [~~(77)~~] (78) "tangible chattel paper" means
14 chattel paper evidenced by a record or records consisting of
15 information that is inscribed on a tangible medium;

16 [~~(78)~~] (79) "termination statement" means an
17 amendment of a financing statement that:

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

20 (B) indicates either that it is a
21 termination statement or that the identified financing
22 statement is no longer effective; and

23 [~~(79)~~] (80) "transmitting utility" means [~~a~~
24 ~~person~~] an organization primarily engaged in the business of:

25 (A) operating a railroad, subway, street

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1 railway or trolley bus;

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

4 (C) transmitting goods by pipeline or
5 sewer; or

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

8 (b) "Control", as provided in Section 55-7-106 NMSA
9 1978, and the following definitions in other articles apply to
10 this article:

11 "applicant" Section
12 55-5-102 NMSA 1978;

13 "beneficiary" Section
14 55-5-102 NMSA 1978;

15 "broker" Section
16 55-8-102 NMSA 1978;

17 "certificated security" Section
18 55-8-102 NMSA 1978;

19 "check" Section
20 55-3-104 NMSA 1978;

21 "clearing corporation" Section
22 55-8-102 NMSA 1978;

23 "contract for sale" Section
24 55-2-106 NMSA 1978;

25 "customer" Section

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1 55-4-104 NMSA 1978;
2 "entitlement holder" Section
3 55-8-102 NMSA 1978;
4 "financial asset" Section
5 55-8-102 NMSA 1978;
6 "holder in due course" Section
7 55-3-302 NMSA 1978;
8 "issuer" (with respect to a letter of credit or
9 letter-of-credit right) Section
10 55-5-102 NMSA 1978;
11 "issuer" (with respect to a security) . . . Section
12 55-8-201 NMSA 1978;
13 "issuer" (with respect to documents of
14 title) Section
15 55-7-102 NMSA 1978;
16 "lease" Section
17 55-2A-103 NMSA 1978;
18 "lease agreement" Section
19 55-2A-103 NMSA 1978;
20 "lease contract" Section
21 55-2A-103 NMSA 1978;
22 "leasehold interest" Section
23 55-2A-103 NMSA 1978;
24 "lessee" Section
25 55-2A-103 NMSA 1978;

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1 "lessee in ordinary course of business" . . . Section
2 55-2A-103 NMSA 1978;
3 "lessor" Section
4 55-2A-103 NMSA 1978;
5 "lessor's residual interest" Section
6 55-2A-103 NMSA 1978;
7 "letter of credit" Section
8 55-5-102 NMSA 1978;
9 "merchant" Section
10 55-2-104 NMSA 1978;
11 "negotiable instrument" Section
12 55-3-104 NMSA 1978;
13 "nominated person" Section
14 55-5-102 NMSA 1978;
15 "note" Section
16 55-3-104 NMSA 1978;
17 "proceeds of a letter of credit" Section
18 55-5-114 NMSA 1978;
19 "prove" Section
20 55-3-103 NMSA 1978;
21 "sale" Section
22 55-2-106 NMSA 1978;
23 "securities account" Section
24 55-8-501 NMSA 1978;
25 "securities intermediary" Section

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1 55-8-102 NMSA 1978;
2 "security" Section
3 55-8-102 NMSA 1978;
4 "security certificate" Section
5 55-8-102 NMSA 1978;
6 "security entitlement" Section
7 55-8-102 NMSA 1978; and
8 "uncertificated security" Section
9 55-8-102 NMSA 1978.

10 (c) Chapter 12, Article 2A and Chapter 55, Article
11 1 NMSA 1978 contain general definitions and principles of
12 construction and interpretation applicable throughout Chapter
13 55, Article 9 NMSA 1978."

14 SECTION 5. Section 55-9-105 NMSA 1978 (being Laws 2001,
15 Chapter 130, Section 5) is amended to read:

16 "55-9-105. CONTROL OF ELECTRONIC CHATTEL PAPER.--

17 (a) A secured party has control of electronic
18 chattel paper if a system employed for evidencing the transfer
19 of interests in the chattel paper reliably establishes the
20 secured party as the person to which the chattel paper was
21 assigned.

22 (b) A system satisfies Subsection (a) of this
23 section if the record or records comprising the chattel paper
24 are created, stored and assigned in such a manner that:

25 [~~a~~] (1) a single authoritative copy of the

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1 record or records exists [~~which~~] that is unique, identifiable
2 and, except as otherwise provided in [~~Subsections (d) through~~
3 ~~(f) of this section~~] Paragraphs (4) through (6) of this
4 subsection, unalterable;

5 [~~(b)~~] (2) the authoritative copy identifies
6 the secured party as the assignee of the record or records;

7 [~~(c)~~] (3) the authoritative copy is
8 communicated to and maintained by the secured party or its
9 designated custodian;

10 [~~(d)~~] (4) copies or [~~revisions~~] amendments
11 that add or change an identified assignee of the authoritative
12 copy can be made only with the [~~participation~~] consent of the
13 secured party;

14 [~~(e)~~] (5) each copy of the authoritative copy
15 and any copy of a copy is readily identifiable as a copy that
16 is not the authoritative copy; and

17 [~~(f)~~] (6) any [~~revision~~] amendment of the
18 authoritative copy is readily identifiable as [~~an~~] authorized
19 or unauthorized [~~revision~~]."

20 SECTION 6. Section 55-9-307 NMSA 1978 (being Laws 2001,
21 Chapter 139, Section 27) is amended to read:

22 "55-9-307. LOCATION OF DEBTOR.--

23 (a) In this section, "place of business" means a
24 place where a debtor conducts its affairs.

25 (b) Except as otherwise provided in this section,

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1 the following rules determine a debtor's location:

2 (1) a debtor who is an individual is located
3 at the individual's principal residence;

4 (2) a debtor that is an organization and has
5 only one place of business is located at its place of business;
6 and

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

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

20 (d) A person that ceases to exist, have a residence
21 or have a place of business continues to be located in the
22 jurisdiction specified by Subsections (b) and (c) of this
23 section.

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

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1 (f) Except as otherwise provided in Subsection (i)
2 of this section, a registered organization that is organized
3 under the law of the United States and a branch or agency of a
4 bank that is not organized under the law of the United States
5 or a state are located:

6 (1) in the state that the law of the United
7 States designates if the law designates a state of location;

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

14 (3) in the District of Columbia if neither
15 Paragraph (1) nor Paragraph (2) of this subsection applies.

16 (g) A registered organization continues to be
17 located in the jurisdiction specified by Subsection (e) or (f)
18 of this section notwithstanding:

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

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

24 (h) The United States is located in the District of
25 Columbia.

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

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

10 (k) This section applies only for purposes of
11 Sections 55-9-301 through 55-9-342 NMSA 1978."

12 SECTION 7. Section 55-9-311 NMSA 1978 (being Laws 2001,
13 Chapter 139, Section 31) is amended to read:

14 "55-9-311. PERFECTION OF SECURITY INTERESTS IN PROPERTY
15 SUBJECT TO CERTAIN STATUTES, REGULATIONS AND TREATIES.--

16 (a) Except as otherwise provided in Subsection (d)
17 of this section, the filing of a financing statement is not
18 necessary or effective to perfect a security interest in
19 property subject to:

20 (1) a statute, regulation or treaty of the
21 United States whose requirements for a security interest's
22 obtaining priority over the rights of a lien creditor with
23 respect to the property preempt Subsection (a) of Section
24 55-9-310 NMSA 1978;

25 (2) the provisions of Chapter 66 NMSA 1978; or

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

7 (b) Compliance with the requirements of a statute,
8 regulation or treaty described in Subsection (a) of this
9 section for obtaining priority over the rights of a lien
10 creditor is equivalent to the filing of a financing statement
11 under Chapter 55, Article 9 NMSA 1978. Except as otherwise
12 provided in Subsection (d) of this section and in Section
13 55-9-313 and Subsections (d) and (e) of Section 55-9-316 NMSA
14 1978 for goods covered by a certificate of title, a security
15 interest in property subject to a statute, regulation or treaty
16 described in Subsection (a) of this section may be perfected
17 only by compliance with those requirements, and a security
18 interest so perfected remains perfected notwithstanding a
19 change in the use or transfer of possession of the collateral.

20 (c) Except as otherwise provided in Subsection (d)
21 of this section and Subsections (d) and (e) of Section 55-9-316
22 NMSA 1978, duration and renewal of perfection of a security
23 interest perfected by compliance with the requirements
24 prescribed by a statute, regulation or treaty described in
25 Subsection (a) of this section are governed by the statute,

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1 regulation or treaty. In other respects, the security interest
2 is subject to Chapter 55, Article 9 NMSA 1978.

3 (d) During any period in which collateral subject
4 to a statute specified in Paragraph (2) of Subsection (a) of
5 this section is inventory held for sale or lease by a person or
6 leased by that person as lessor and that person is in the
7 business of selling goods of that kind, this section does not
8 apply to a security interest in that collateral created by that
9 person."

10 SECTION 8. Section 55-9-316 NMSA 1978 (being Laws 2001,
11 Chapter 139, Section 36) is amended to read:

12 "55-9-316. [~~CONTINUED PERFECTION OF SECURITY INTEREST~~
13 ~~FOLLOWING]~~ EFFECT OF CHANGE IN GOVERNING LAW.--

14 (a) A security interest perfected pursuant to the
15 law of the jurisdiction designated in Subsection (1) of Section
16 55-9-301 or Subsection (c) of Section 55-9-305 NMSA 1978
17 remains perfected until the earliest of:

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

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

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

25 (b) If a security interest described in Subsection

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1 (a) of this section becomes perfected under the law of the
2 other jurisdiction before the earliest time or event described
3 in that subsection, it remains perfected thereafter. If the
4 security interest does not become perfected under the law of
5 the other jurisdiction before the earliest time or event, it
6 becomes unperfected and is deemed never to have been perfected
7 as against a purchaser of the collateral for value.

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

12 (1) the collateral is located in one
13 jurisdiction and subject to a security interest perfected under
14 the law of that jurisdiction;

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

17 (3) upon entry into the other jurisdiction,
18 the security interest is perfected under the law of the other
19 jurisdiction.

20 (d) Except as otherwise provided in Subsection (e)
21 of this section, a security interest in goods covered by a
22 certificate of title [~~which~~] that is perfected by any method
23 under the law of another jurisdiction when the goods become
24 covered by a certificate of title from this state remains
25 perfected until the security interest would have become

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1 unperfected under the law of the other jurisdiction had the
2 goods not become so covered.

3 (e) A security interest described in Subsection (d)
4 of this section becomes unperfected as against a purchaser of
5 the goods for value and is deemed never to have been perfected
6 as against a purchaser of the goods for value if the applicable
7 requirements for perfection under Subsection (b) of Section
8 55-9-311 or Section 55-9-313 NMSA 1978 are not satisfied before
9 the earlier of:

10 (1) the time the security interest would have
11 become unperfected under the law of the other jurisdiction had
12 the goods not become covered by a certificate of title from
13 this state; or

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

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

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

25 (2) the expiration of four months after a

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1 change of the applicable jurisdiction to another jurisdiction.

2 (g) If a security interest described in Subsection
3 (f) of this section becomes perfected under the law of the
4 other jurisdiction before the earlier of the time or the end of
5 the period described in that subsection, it remains perfected
6 thereafter. If the security interest does not become perfected
7 under the law of the other jurisdiction before the earlier of
8 that time or the end of that period, it becomes unperfected and
9 is deemed never to have been perfected as against a purchaser
10 of the collateral for value.

11 (h) The following rules apply to collateral to
12 which a security interest attaches within four months after the
13 debtor changes its location to another jurisdiction:

14 (1) a financing statement filed before the
15 change pursuant to the law of the jurisdiction designated in
16 Paragraph (1) of Section 55-9-301 or Subsection (c) of Section
17 55-9-305 NMSA 1978 is effective to perfect a security interest
18 in the collateral if the financing statement would have been
19 effective to perfect a security interest in the collateral had
20 the debtor not changed its location; and

21 (2) if a security interest perfected by a
22 financing statement that is effective under Paragraph (1) of
23 this subsection becomes perfected under the law of the other
24 jurisdiction before the earlier of the time the financing
25 statement would have become ineffective under the law of the

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1 jurisdiction designated in Paragraph (1) of Section 55-9-301 or
2 Subsection (c) of Section 55-9-305 NMSA 1978 or the expiration
3 of the four-month period, it remains perfected thereafter. If
4 the security interest does not become perfected under the law
5 of the other jurisdiction before the earlier time or event, it
6 becomes unperfected and is deemed never to have been perfected
7 as against a purchaser of the collateral for value.

8 (i) If a financing statement naming an original
9 debtor is filed pursuant to the law of the jurisdiction
10 designated in Paragraph (1) of Section 55-9-301 or Subsection
11 (c) of Section 55-9-305 NMSA 1978 and the new debtor is located
12 in another jurisdiction, the following rules apply:

13 (1) the financing statement is effective to
14 perfect a security interest in collateral acquired by the new
15 debtor before, and within four months after, the new debtor
16 becomes bound under Subsection (d) of Section 55-9-203 NMSA
17 1978 if the financing statement would have been effective to
18 perfect a security interest in the collateral had the
19 collateral been acquired by the original debtor; and

20 (2) a security interest perfected by the
21 financing statement that becomes perfected under the law of the
22 other jurisdiction before the earlier of the time the financing
23 statement would have become ineffective under the law of the
24 jurisdiction designated in Paragraph (1) of Section 55-9-301 or
25 Subsection (c) of Section 55-9-305 NMSA 1978 or the expiration

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1 of the four-month period remains perfected thereafter. A
2 security interest that is perfected by the financing statement
3 but that does not become perfected under the law of the other
4 jurisdiction before the earlier time or event becomes
5 unperfected and is deemed never to have been perfected as
6 against a purchaser of the collateral for value."

7 SECTION 9. Section 55-9-317 NMSA 1978 (being Laws 2001,
8 Chapter 139, Section 37, as amended) is amended to read:

9 "55-9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE
10 OF SECURITY INTEREST OR AGRICULTURAL LIEN.--

11 (a) A security interest or agricultural lien is
12 subordinate to the rights of:

13 (1) a person entitled to priority under
14 Section 55-9-322 NMSA 1978; and

15 (2) except as otherwise provided in Subsection
16 (e) of this section, a person that becomes a lien creditor
17 before the earlier of the time:

18 (A) the security interest or
19 agricultural lien is perfected; or

20 (B) one of the conditions specified in
21 Paragraph (3) of Subsection (b) of Section 55-9-203 NMSA 1978
22 is met and a financing statement covering the collateral is
23 filed.

24 (b) Except as otherwise provided in Subsection (e)
25 of this section, a buyer, other than a secured party, of

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1 tangible chattel paper, tangible documents, goods, instruments
2 or a security certificate takes free of a security interest or
3 agricultural lien if the buyer gives value and receives
4 delivery of the collateral without knowledge of the security
5 interest or agricultural lien and before it is perfected.

6 (c) Except as otherwise provided in Subsection (e)
7 of this section, a lessee of goods takes free of a security
8 interest or agricultural lien if the lessee gives value and
9 receives delivery of the collateral without knowledge of the
10 security interest or agricultural lien and before it is
11 perfected.

12 (d) A licensee of a general intangible or a buyer,
13 other than a secured party, of [~~accounts, electronic chattel~~
14 ~~paper, electronic documents, general intangibles or investment~~
15 ~~property~~] collateral other than tangible chattel paper,
16 tangible documents, goods, instruments or a certificated
17 security takes free of a security interest if the licensee or
18 buyer gives value without knowledge of the security interest
19 and before it is perfected.

20 (e) Except as otherwise provided in Sections
21 55-9-320 and 55-9-321 NMSA 1978, if a person files a financing
22 statement with respect to a purchase-money security interest
23 before or within twenty days after the debtor receives delivery
24 of the collateral, the security interest takes priority over
25 the rights of a buyer, lessee or lien creditor that arise

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1 between the time the security interest attaches and the time of
2 filing."

3 SECTION 10. Section 55-9-326 NMSA 1978 (being Laws 2001,
4 Chapter 139, Section 46) is amended to read:

5 "55-9-326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW
6 DEBTOR.--

7 (a) Subject to Subsection (b) of this section, a
8 security interest that is created by a new debtor [~~which is~~] in
9 collateral in which the new debtor has or acquires rights and
10 is perfected solely by a filed financing statement that [~~is~~
11 ~~effective solely under Section 55-9-508 NMSA 1978 in collateral~~
12 ~~in which a new debtor has or acquires rights~~] would be
13 ineffective to perfect the security interest but for the
14 application of Paragraph (1) of Subsection (i) of Section
15 55-9-316 or Section 55-9-508 NMSA 1978 is subordinate to a
16 security interest in the same collateral [~~which~~] that is
17 perfected other than by such a filed financing statement [~~that~~
18 ~~is effective solely under Section 55-9-508 NMSA 1978~~].

19 (b) The other provisions of Sections 55-9-301
20 through 55-9-342 NMSA 1978 determine the priority among
21 conflicting security interests in the same collateral perfected
22 by filed financing statements [~~that are effective solely under~~
23 ~~Section 55-9-508 NMSA 1978~~] described in Subsection (a) of this
24 section. However, if the security agreements to which a new
25 debtor became bound as debtor were not entered into by the same

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1 original debtor, the conflicting security interests rank
2 according to priority in time of the new debtor having become
3 bound."

4 SECTION 11. Section 55-9-406 NMSA 1978 (being Laws 2001,
5 Chapter 139, Section 68) is amended to read:

6 "55-9-406. DISCHARGE OF ACCOUNT DEBTOR--NOTIFICATION OF
7 ASSIGNMENT--IDENTIFICATION AND PROOF OF ASSIGNMENT--
8 RESTRICTIONS ON ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT
9 INTANGIBLES AND PROMISSORY NOTES INEFFECTIVE.--

10 (a) Subject to Subsections (b) through (i) of this
11 section, an account debtor on an account, chattel paper or a
12 payment intangible may discharge its obligation by paying the
13 assignor until, but not after, the account debtor receives a
14 notification, authenticated by the assignor or the assignee,
15 that the amount due or to become due has been assigned and that
16 payment is to be made to the assignee. After receipt of the
17 notification, the account debtor may discharge its obligation
18 by paying the assignee and may not discharge the obligation by
19 paying the assignor.

20 (b) Subject to Subsection (h) of this section,
21 notification is ineffective under Subsection (a) of this
22 section:

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

25 (2) to the extent that an agreement between an

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1 account debtor and a seller of a payment intangible limits the
2 account debtor's duty to pay a person other than the seller and
3 the limitation is effective under law other than Chapter 55,
4 Article 9 NMSA 1978; or

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

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

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

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

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

23 (d) Except as otherwise provided in Subsection (e)
24 of this section and Sections 55-2A-303 and 55-9-407 NMSA 1978,
25 and subject to Subsection (h) of this section, a term in an

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1 agreement between an account debtor and an assignor or in a
2 promissory note is ineffective to the extent that it:

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

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

15 (e) Subsection (d) of this section does not apply
16 to the sale of a payment intangible or promissory note, other
17 than a sale pursuant to a disposition under Section 55-9-610
18 NMSA 1978 or an acceptance of collateral under Section 55-9-620
19 NMSA 1978.

20 (f) Except as otherwise provided in Sections
21 55-2A-303 and 55-9-407 NMSA 1978 and subject to Subsections (h)
22 and (i) of this section, a rule of law, statute or regulation
23 that prohibits, restricts or requires the consent of a
24 government, governmental body or official, or account debtor to
25 the assignment or transfer of, or creation of a security

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1 interest in, an account or chattel paper is ineffective to the
2 extent that the rule of law, statute or regulation:

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

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

13 (g) Subject to Subsection (h) of this section, an
14 account debtor may not waive or vary its option under Paragraph
15 (3) of Subsection (b) of this section.

16 (h) This section is subject to law other than
17 Chapter 55, Article 9 NMSA 1978 [~~which~~] that establishes a
18 different rule for an account debtor who is an individual and
19 who incurred the obligation primarily for personal, family or
20 household purposes.

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

23 (j) This section is subject to laws other than
24 Chapter 55, Article 9 NMSA 1978 to the extent that those laws
25 prohibit or restrict the assignment, transfer of or creation of

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1 a security interest in benefits, compensation, any other
2 account or chattel paper."

3 SECTION 12. Section 55-9-408 NMSA 1978 (being Laws 2001,
4 Chapter 139, Section 70) is amended to read:

5 "55-9-408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY
6 NOTES, HEALTH-CARE-INSURANCE RECEIVABLES AND CERTAIN GENERAL
7 INTANGIBLES INEFFECTIVE.--

8 (a) Except as otherwise provided in Subsection (b)
9 of this section, a term in a promissory note or in an agreement
10 between an account debtor and a debtor [~~which~~] that relates to
11 a health-care-insurance receivable or a general intangible,
12 including a contract, permit, license or franchise, and [~~which~~
13 ~~term~~] that prohibits, restricts or requires the consent of the
14 person obligated on the promissory note or the account debtor
15 to the assignment or transfer of, or creation, attachment or
16 perfection of a security interest in, the promissory note,
17 health-care-insurance receivable or general intangible is
18 ineffective to the extent that the term:

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

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

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1 receivable or general intangible.

2 (b) Subsection (a) of this section applies to a
3 security interest in a payment intangible or promissory note
4 only if the security interest arises out of a sale of the
5 payment intangible or promissory note other than a sale
6 pursuant to a disposition under Section 55-9-610 NMSA 1978 or
7 an acceptance of collateral under Section 55-9-620 NMSA 1978.

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

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

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

25 (d) To the extent that a term in a promissory note

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1 or in an agreement between an account debtor and a debtor
2 [~~which~~] that relates to a health-care-insurance receivable or
3 general intangible or a rule of law, statute or regulation
4 described in Subsection (c) of this section would be effective
5 under law other than Chapter 55, Article 9 NMSA 1978 but is
6 ineffective under Subsection (a) or (c) of this section, the
7 creation, attachment or perfection of a security interest in
8 the promissory note, health-care-insurance receivable or
9 general intangible:

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

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

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

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

25 (5) does not entitle the secured party to use,

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1 assign, possess or have access to any trade secrets or
2 confidential information of the person obligated on the
3 promissory note or the account debtor; and

4 (6) does not entitle the secured party to
5 enforce the security interest in the promissory note, health-
6 care-insurance receivable or general intangible. The
7 provisions of this section shall prevail over an inconsistent
8 provision of an existing or future statute or rule of this
9 state, unless the inconsistent provision is set forth in a
10 statute of this state that refers expressly to this section and
11 states that the inconsistent provision shall prevail over the
12 provisions of this section."

13 SECTION 13. Section 55-9-502 NMSA 1978 (being Laws 2001,
14 Chapter 139, Section 73) is amended to read:

15 "55-9-502. CONTENTS OF FINANCING STATEMENT--RECORD OF
16 MORTGAGE AS FINANCING STATEMENT--TIME OF FILING FINANCING
17 STATEMENT.--

18 (a) Subject to Subsection (b) of this section, a
19 financing statement is sufficient only if it:

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

25 (b) Except as otherwise provided in Subsection (b)

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1 of Section 55-9-501 NMSA 1978, to be sufficient a financing
2 statement that covers as-extracted collateral or timber to be
3 cut, or ~~which~~ that is filed as a fixture filing and covers
4 goods that are or are to become fixtures, must satisfy
5 Subsection (a) of this section and also:

6 (1) indicate that it covers this type of
7 collateral;

8 (2) indicate that it is to be filed for record
9 in the real property records;

10 (3) provide a description of the real property
11 to which the collateral is related sufficient to give
12 constructive notice of a mortgage pursuant to the laws of this
13 state if the description were contained in a record of the
14 mortgage of the real property; and

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

18 (c) A record of a mortgage is effective, from the
19 date it is filed for record, as a financing statement filed as
20 a fixture filing or as a financing statement covering as-
21 extracted collateral or timber to be cut only if:

22 (1) the record indicates the goods or accounts
23 that it covers;

24 (2) the goods are or are to become fixtures
25 related to the real property described in the record or the

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1 collateral is related to the real property described in the
2 record and is as-extracted collateral or timber to be cut;

3 (3) the record satisfies the requirements for
4 a financing statement in this section [~~other than an~~
5 ~~indication~~] but:

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

8 (B) the record sufficiently provides the
9 name of a debtor who is an individual if it provides the
10 individual name of the debtor or the surname and first personal
11 name of the debtor, even if the debtor is an individual to whom
12 Paragraph (4) of Subsection (a) of Section 55-9-503 NMSA 1978
13 applies; and

14 (4) the record is recorded.

15 (d) A financing statement may be filed before a
16 security agreement is made or a security interest otherwise
17 attaches."

18 SECTION 14. Section 55-9-503 NMSA 1978 (being Laws 2001,
19 Chapter 139, Section 74) is amended to read:

20 "55-9-503. NAME OF DEBTOR AND SECURED PARTY.--

21 (a) A financing statement sufficiently provides the
22 name of the debtor:

23 (1) except as otherwise provided in Paragraph
24 (3) of this section, if the debtor is a registered organization
25 or the collateral is held in a trust that is a registered

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1 organization, only if the financing statement provides the name
2 ~~[of the debtor indicated]~~ that is stated to be the registered
3 organization's name on the public organic record ~~[of]~~ most
4 recently filed with or issued or enacted by the ~~[debtor's]~~
5 registered organization's jurisdiction of organization ~~[which~~
6 ~~shows the debtor to have been organized]~~ that purports to
7 state, amend or restate the registered organization's name;

8 (2) subject to Subsection (f) of this section,
9 if the ~~[debtor is a decedent's estate]~~ collateral is being
10 administered by the personal representative of a decedent, only
11 if the financing statement provides, as the name of the debtor,
12 the name of the decedent and, in a separate part of the
13 financing statement, indicates that the ~~[debtor is an estate]~~
14 collateral is being administered by a personal representative;

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

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

23 (B) ~~indicates, in the debtor's name or~~
24 ~~otherwise, that the debtor is a trust or is a trustee acting~~
25 ~~with respect to property held in trust]~~ collateral is held in a

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1 trust that is not a registered organization, only if the
2 financing statement:

3 (A) provides, as the name of the debtor:

4 (i) if the organic record of the
5 trust specifies a name for the trust, the name specified; or

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

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

11 (i) if the name is provided in
12 accordance with Subparagraph (A)(i) of this paragraph,
13 indicates that the collateral is held in a trust; or

14 (ii) if the name is provided in
15 accordance with Subparagraph (A)(ii) of this paragraph,
16 provides additional information sufficient to distinguish the
17 trust from other trusts having one or more of the same settlors
18 or the same testator and indicates that the collateral is held
19 in a trust, unless the additional information so indicates;

20 (4) subject to Subsection (g) of this section,
21 if the debtor is an individual to whom this state has issued a
22 driver's license that has not expired, only if the financing
23 statement provides the name of the individual indicated on the
24 driver's license;

25 (5) if the debtor is an individual to whom

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1 Paragraph (4) of this subsection does not apply, only if the
2 financing statement provides the individual name of the debtor
3 or the surname and first personal name of the debtor; and

4 [~~(4)~~] (6) in other cases:

5 (A) if the debtor has a name, only if
6 [~~it~~] the financing statement provides the [~~individual or~~]
7 organizational name of the debtor; and

8 (B) if the debtor does not have a name,
9 only if it provides the names of the partners, members,
10 associates or other persons comprising the debtor in a manner
11 such that each name provided would be sufficient if the person
12 named were the debtor.

13 (b) A financing statement that provides the name of
14 the debtor in accordance with Subsection (a) of this section is
15 not rendered ineffective by the absence of:

16 (1) a trade name or other name of the debtor;
17 or

18 (2) unless required under Subparagraph (B) of
19 Paragraph [~~(4)~~] (6) of Subsection (a) of this section, names of
20 partners, members, associates or other persons comprising the
21 debtor.

22 (c) A financing statement that provides only the
23 debtor's trade name does not sufficiently provide the name of
24 the debtor.

25 (d) Failure to indicate the representative capacity

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1 of a secured party or representative of a secured party does
2 not affect the sufficiency of a financing statement.

3 (e) A financing statement may provide the name of
4 more than one debtor and the name of more than one secured
5 party.

6 (f) The name of the decedent indicated on the order
7 appointing the personal representative of the decedent issued
8 by the court having jurisdiction over the collateral is
9 sufficient as the name of the decedent under Paragraph (2) of
10 Subsection (a) of this section.

11 (g) If this state has issued to an individual more
12 than one driver's license of a kind described in Paragraph (4)
13 of Subsection (a) of this section, the one that was issued most
14 recently is the one to which Paragraph (4) of Subsection (a) of
15 this section refers.

16 (h) As used in this section, "name of the settlor
17 or testator" means:

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

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

25 SECTION 15. Section 55-9-507 NMSA 1978 (being Laws 2001,

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1 Chapter 139, Section 78) is amended to read:

2 "55-9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF
3 FINANCING STATEMENT.--

4 (a) A filed financing statement remains effective
5 with respect to collateral that is sold, exchanged, leased,
6 licensed or otherwise disposed of and in which a security
7 interest or agricultural lien continues, even if the secured
8 party knows of or consents to the disposition.

9 (b) Except as otherwise provided in Subsection (c)
10 of this section and Section 55-9-508 NMSA 1978, a financing
11 statement is not rendered ineffective if, after the financing
12 statement is filed, the information provided in the financing
13 statement becomes seriously misleading under Section 55-9-506
14 NMSA 1978.

15 (c) If [~~a debtor so changes its~~] the name that a
16 filed financing statement provides for a debtor becomes
17 insufficient as the name of the debtor under Subsection (a) of
18 Section 55-9-503 NMSA 1978 such that the financing statement
19 becomes seriously misleading under Section 55-9-506 NMSA 1978:

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

24 (2) the financing statement is not effective
25 to perfect a security interest in collateral acquired by the

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1 debtor more than four months after the [~~change~~] filed financing
2 statement becomes seriously misleading, unless an amendment to
3 the financing statement [~~which~~] that renders the financing
4 statement not seriously misleading is filed within four months
5 after the [~~change~~] financing statement became seriously
6 misleading."

7 SECTION 16. Section 55-9-515 NMSA 1978 (being Laws 2001,
8 Chapter 139, Section 86, as amended) is amended to read:

9 "55-9-515. DURATION AND EFFECTIVENESS OF FINANCING
10 STATEMENT--EFFECT OF LAPSED FINANCING STATEMENT.--

11 (a) Except as otherwise provided in Subsections
12 (b), (e), (f) and (g) of this section, a filed financing
13 statement is effective for a period of five years after the
14 date of filing.

15 (b) Except as otherwise provided in Subsections
16 (e), (f) and (g) of this section, an initial financing
17 statement filed in connection with a manufactured-home
18 transaction is effective for a period of thirty years after the
19 date of filing if it indicates that it is filed in connection
20 with a manufactured-home transaction.

21 (c) The effectiveness of a filed financing
22 statement lapses on the expiration of the period of its
23 effectiveness unless before the lapse a continuation statement
24 is filed pursuant to Subsection (d) of this section. Upon
25 lapse, a financing statement ceases to be effective and any

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1 security interest or agricultural lien that was perfected by
2 the financing statement becomes unperfected unless the security
3 interest is perfected otherwise. If the security interest or
4 agricultural lien becomes unperfected upon lapse, it is deemed
5 never to have been perfected as against a purchaser of the
6 collateral for value.

7 (d) A continuation statement may be filed only
8 within six months before the expiration of the five-year period
9 specified in Subsection (a) of this section or the thirty-year
10 period specified in Subsection (b) of this section, whichever
11 is applicable.

12 (e) Except as otherwise provided in Section
13 55-9-510 NMSA 1978, upon timely filing of a continuation
14 statement, the effectiveness of the initial financing statement
15 continues for a period of five years commencing on the day on
16 which the financing statement would have become ineffective in
17 the absence of the filing. Upon the expiration of the five-
18 year period, the financing statement lapses in the same manner
19 as provided in Subsection (c) of this section, unless, before
20 the lapse, another continuation statement is filed pursuant to
21 Subsection (d) of this section. Succeeding continuation
22 statements may be filed in the same manner to continue the
23 effectiveness of the initial financing statement.

24 (f) If a debtor is a transmitting utility and a
25 filed initial financing statement so indicates, the financing

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underscoring material = new
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1 statement is effective until a termination statement is filed.
2 The filing officer may require proof of the debtor's authority
3 to operate as a transmitting utility as a condition of filing
4 the financing statement or an amendment.

5 (g) A record of a mortgage that is effective as a
6 financing statement filed as a fixture filing under Subsection
7 (c) of Section 55-9-502 NMSA 1978 remains effective as a
8 financing statement filed as a fixture filing until the
9 mortgage is released or satisfied of record or its
10 effectiveness otherwise terminates as to the real property."

11 SECTION 17. Section 55-9-516 NMSA 1978 (being Laws 2001,
12 Chapter 139, Section 87) is amended to read:

13 "55-9-516. WHAT CONSTITUTES FILING--EFFECTIVENESS OF
14 FILING.--

15 (a) Except as otherwise provided in Subsection (b)
16 of this section, communication of a record to a filing office
17 and tender of the filing fee or acceptance of the record by the
18 filing office constitutes filing.

19 (b) Filing does not occur with respect to a record
20 that the secretary of state refuses to accept because:

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

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

25 (3) the filing office is unable to index the

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underscored material = new
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1 record because:

2 (A) in the case of an initial financing
3 statement, the record does not provide a name for the debtor;
4 [~~or~~]

5 (B) in the case of an amendment or
6 [~~correction~~] information statement, the record:

7 (i) does not identify the initial
8 financing statement as required by Section 55-9-512 or 55-9-518
9 NMSA 1978, as applicable; or

10 (ii) identifies an initial
11 financing statement whose effectiveness has lapsed under
12 Section 55-9-515 NMSA 1978;

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

19 (D) in the case of a record filed or
20 recorded in the filing office described in Paragraph (1) of
21 Subsection (a) of Section 55-9-501 NMSA 1978, the record does
22 not provide a sufficient description of the real property to
23 which it relates;

24 (4) in the case of an initial financing
25 statement or an amendment that adds a secured party of record,

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underscored material = new
[bracketed material] = delete

1 the record does not provide a name and mailing address for the
2 secured party of record;

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

7 (A) provide a mailing address for the
8 debtor; or

9 (B) indicate whether the name provided
10 as the name of the debtor is the name of an individual or an
11 organization; [~~or~~

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

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

16 ~~(ii) a jurisdiction of organization~~
17 ~~for the debtor; and~~

18 ~~(iii) an organizational~~
19 ~~identification number for the debtor or indicate that the~~
20 ~~debtor has none]~~

21 (6) in the case of an assignment reflected in
22 an initial financing statement under Subsection (a) of Section
23 55-9-514 NMSA 1978 or an amendment filed under Subsection (b)
24 of Section 55-9-514 NMSA 1978, the record does not provide a
25 name and mailing address for the assignee; or

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underscoring material = new
[bracketed material] = delete

1 (7) in the case of a continuation statement,
2 the record is not filed within the six-month period prescribed
3 by Subsection (d) of Section 55-9-515 NMSA 1978.

4 (c) For purposes of Subsection (b) of this section:

5 (1) a record does not provide information if
6 the secretary of state is unable to read or decipher the
7 information; and

8 (2) a record that does not indicate that it is
9 an amendment or identify an initial financing statement to
10 which it relates, as required by Section 55-9-512, 55-9-514 or
11 55-9-518 NMSA 1978, is an initial financing statement.

12 (d) A record that is communicated to the filing
13 office with tender of the filing fee, but ~~[which]~~ that the
14 secretary of state refuses to accept for a reason other than
15 one set forth in Subsection (b) of this section, is effective
16 as a filed record except as against a purchaser of the
17 collateral ~~[which]~~ that gives value in reasonable reliance upon
18 the absence of the record from the files."

19 SECTION 18. Section 55-9-518 NMSA 1978 (being Laws 2001,
20 Chapter 139, Section 89) is amended to read:

21 "55-9-518. CLAIM CONCERNING INACCURATE OR WRONGFULLY
22 FILED RECORD.--

23 (a) A person may file in the filing office [~~a~~
24 ~~correction~~] an information statement with respect to a record
25 indexed there under the person's name if the person believes

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underscored material = new
[bracketed material] = delete

1 that the record is inaccurate or was wrongfully filed.

2 (b) ~~[A correction]~~ An information statement under
3 Subsection (a) of this section must:

4 (1) identify the record to which it relates by
5 the file number assigned to the initial financing statement to
6 which the record relates;

7 (2) indicate that it is ~~[a correction]~~ an
8 information statement; and

9 (3) provide the basis for the person's belief
10 that the record is inaccurate and indicate the manner in which
11 the person believes the record should be amended to cure any
12 inaccuracy or provide the basis for the person's belief that
13 the record was wrongfully filed.

14 (c) A person may file in the filing office an
15 information statement with respect to a record filed there if
16 the person is a secured party of record with respect to the
17 financing statement to which the record relates and believes
18 that the person that filed the record was not entitled to do so
19 under Subsection (d) of Section 55-9-509 NMSA 1978.

20 (d) An information statement under Subsection (c)
21 of this section must:

22 (1) identify the record to which it relates by
23 the file number assigned to the initial financing statement to
24 which the record relates;

25 (2) indicate that it is an information

underscored material = new
[bracketed material] = delete

1 statement; and

2 (3) provide the basis for the person's belief
3 that the person that filed the record was not entitled to do so
4 under Subsection (d) of Section 55-9-509 NMSA 1978.

5 [~~e~~] (e) The filing of [~~a correction~~] an
6 information statement does not affect the effectiveness of an
7 initial financing statement or other filed record."

8 SECTION 19. Section 55-9-521 NMSA 1978 (being Laws 2001,
9 Chapter 139, Section 92) is repealed and a new Section 55-9-521
10 NMSA 1978 is enacted to read:

11 "55-9-521. [NEW MATERIAL] FORM OF FINANCING STATEMENT AND
12 AMENDMENT--RECORDS.--

13 (a) A filing office that accepts written records
14 may not refuse to accept a written initial financing statement
15 that is in the following form and format, except for a reason
16 set forth in Subsection (b) of Section 55-9-516 NMSA 1978:

17 "UCC FINANCING STATEMENT

18 FOLLOW INSTRUCTIONS

19 A. NAME & PHONE OF CONTACT AT FILER (optional)

20 _____

21 B. E-MAIL CONTACT AT FILER (optional)

22 _____

23 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

24 _____

25 _____

THE ABOVE SPACE IS
FOR FILING

underscored material = new
[bracketed material] = delete

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1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b)
(use exact, full name; do not omit, modify, or abbreviate
any part of the Debtor's name), if any part of the
Individual Debtor's name will not fit in line 1b, leave
all of item 1 blank, check here and provide the
Individual Debtor information in item 10 of the Financing
Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME

OR 1b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

1c. MAILING ADDRESS

CITY STATE POSTAL CODE COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b)
(use exact, full name; do not omit, modify, or abbreviate
any part of the Debtor's name), if any part of the
Individual Debtor's name will not fit in line 2b, leave
all of item 2 blank, check here and provide the

underscoring material = new
[bracketed material] = delete

1 Individual Debtor information in item 10 of the Financing
2 Statement Addendum (Form UCC1Ad)

3 2a. ORGANIZATION'S NAME
4 _____

5 OR 2b. INDIVIDUAL'S SURNAME
6 _____

7 FIRST PERSONAL NAME
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9 ADDITIONAL NAME(S)/INITIALS(S) SUFFIX
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11 2c. MAILING ADDRESS
12 _____

13 CITY STATE POSTAL CODE COUNTRY
14 _____

15 3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR
16 SECURED PARTY) Provide only one Secured Party name (3a or
17 3b)

18 3a. ORGANIZATION'S NAME
19 _____

20 OR 3b. INDIVIDUAL'S SURNAME
21 _____

22 FIRST PERSONAL NAME
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24 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
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1 3c. MAILING ADDRESS

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3 CITY STATE POSTAL CODE COUNTRY
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5 4. COLLATERAL: This financing statement covers the following
6 collateral

7 _____
8 _____
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10 5. Check only if applicable and check only one box.

11 Collateral is

12 held in a Trust (see UCC1Ad, item 17 and instructions)

13 being administered by a Decedent's Personal
14 Representative

15 6a. Check only if applicable and check only one box.

16 Public-Finance Transaction

17 Manufactured-Home Transaction

18 A Debtor is a Transmitting Utility

19 6b. Check only if applicable and check only one box.

20 Agricultural Lien

21 Non-UCC Filing

22 7. ALTERNATIVE DESIGNATION (if applicable)

23 Lessee/Lessor

24 Consignee/Consignor

25 Seller/Buyer

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underscored material = new
[bracketed material] = delete

- 1 Bailee/Bailor
- 2 Licensee/Licensors

3 8. OPTIONAL FILER REFERENCE DATA:

4 _____

5 UCC FINANCING STATEMENT (Form UCC1)(Rev. 04/20/11)

6 **UCC FINANCING STATEMENT ADDENDUM**

7 FOLLOW INSTRUCTIONS

8 9. NAME OF FIRST DEBTOR: Same as line
 9 1a or 1b on Financing Statement; if
 10 line 1b was left blank because
 11 Individual Debtor name did not fit,
 12 check here ____

13 9a. ORGANIZATION'S NAME

14 _____

15 _____

16 OR 9b. INDIVIDUAL'S SURNAME

17 _____

18 FIRST PERSONAL NAME

19 _____ **THE ABOVE SPACE IS**

20 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX **FOR FILING**

21 _____ **OFFICE USE ONLY**

22 10. DEBTOR'S NAME: Provide (10a or 10b) only one additional
 23 Debtor name or Debtor name that did not fit in line 1b or
 24 2b of the Financing Statement (Form UCC1)(use exact, full
 25 name; do not omit, modify, or abbreviate any part of the

underscored material = new
[bracketed material] = delete

1 Debtor's name) and enter the mailing address in line 10c

2 10a. ORGANIZATION'S NAME

3 _____

4 OR 10b. INDIVIDUAL'S SURNAME

5 _____

6 FIRST PERSONAL NAME

7 _____

8 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

9 _____

10 10c. MAILING ADDRESS

11 _____

12 CITY STATE POSTAL CODE COUNTRY

13 _____

14 11. ___ ADDITIONAL SECURED PARTY'S NAME or

15 ___ ASSIGNOR SECURED PARTY'S NAME: Provide only one

16 name (11a or 11b)

17 11a. ORGANIZATION'S NAME

18 _____

19 OR 11b. INDIVIDUAL'S SURNAME

20 _____

21 FIRST PERSONAL NAME

22 _____

23 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

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25 11c. MAILING ADDRESS

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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. ___ This FINANCING STATEMENT is to be filed [for record]
(or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

- ___ covers timber to be cut
- ___ covers as-extracted collateral
- ___ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate
described in item 16 (if Debtor does not have a record
interest):

16. Description of real estate:

17. MISCELLANEOUS:

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underscored material = new
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UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad)(Rev. 04/20/11)".

(b) A filing office that accepts written records may not refuse to accept a written record in the following form and format except for a reason set forth in Subsection (b) of Section 55-9-516 NMSA 1978:

"UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS
FOR FILING
OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

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

Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

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

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underscored material = new
[bracketed material] = delete

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Statement.

3. ___ ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9. For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8.

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

5. PARTY INFORMATION CHANGE:
Check one of these two boxes:
This change affects ___ Debtor or ___ Secured Party of record

AND Check one of these three boxes to:
___ CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
___ ADD name: Complete item 7a or 7b, and item 7c
___ DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

underscored material = new
[bracketed material] = delete

1 OR 6b. INDIVIDUAL'S SURNAME

2 _____

3 FIRST PERSONAL NAME

4 _____

5 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

6 _____

7 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or
8 Party Information Change - provide only one name (7a or 7b)
9 (use exact, full name; do not omit, modify, or abbreviate
10 any part of the Debtor's name)

11 7a. ORGANIZATION'S NAME

12 _____

13 OR 7b. INDIVIDUAL'S SURNAME

14 _____

15 FIRST PERSONAL NAME

16 _____

17 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

18 _____

19 7c. MAILING ADDRESS

20 _____

21 CITY STATE POSTAL CODE COUNTRY

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23 8. ___ COLLATERAL CHANGE: Also check one of these four boxes:

24 ___ ADD collateral ___ DELETE collateral

25 ___ RESTATE covered collateral ___ ASSIGN collateral

.189993.3

underscored material = new
[bracketed material] = delete

1 Indicate collateral: _____

2 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:

3 Provide only one name (9a or 9b) (name of Assignor, if this
4 is an Assignment)

5 If this is an Amendment authorized by a DEBTOR, check here
6 ___ and provide name of authorizing Debtor

7 9a. ORGANIZATION'S NAME

8 _____

9 OR 9b. INDIVIDUAL'S SURNAME

10 _____

11 FIRST PERSONAL NAME

12 _____

13 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

14 _____

15 10. OPTIONAL FILER REFERENCE DATA:

16 _____

17 **UCC FINANCING STATEMENT AMENDMENT ADDENDUM**

18 FOLLOW INSTRUCTIONS

19 11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a
20 on Amendment form

21 _____

22 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9
23 on Amendment form

24 12a. ORGANIZATION'S NAME

25 _____

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OR 12b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

THE ABOVE SPACE IS

FOR FILING

OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices – see Instruction item 13). Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name). See instructions if name does not fit.

13a. ORGANIZATION'S NAME

OR 13b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral):

15. This FINANCING STATEMENT AMENDMENT:

.189993.3

underscored material = new
[bracketed material] = delete

1 __ covers timber to be cut, __ covers as-extracted
2 collateral, __ is filed as a fixture filing

3 16. Name and address of a RECORD OWNER of real estate
4 described in item 17 (if Debtor does not have a record
5 interest):

6 _____

7 _____

8 _____

9 17. Description of real estate:

10 _____

11 _____

12 _____

13 18. MISCELLANEOUS

14 _____

15 UCC FINANCING STATEMENT AMENDMENT ADDENDUM
16 (Form UCC3Ad) (Rev 04/20/11)"."

17 **SECTION 20.** Section 55-9-607 NMSA 1978 (being Laws 2001,
18 Chapter 139, Section 104) is amended to read:

19 "55-9-607. COLLECTION AND ENFORCEMENT BY SECURED PARTY.--

20 (a) If so agreed, and in any event after default, a
21 secured party:

22 (1) may notify an account debtor or other
23 person obligated on collateral to make payment or otherwise
24 render performance to or for the benefit of the secured party;

25 (2) may take any proceeds to which the secured

underscored material = new
[bracketed material] = delete

1 party is entitled under Section 55-9-315 NMSA 1978;

2 (3) may enforce the obligations of an account
3 debtor or other person obligated on collateral and exercise the
4 rights of the debtor with respect to the obligation of the
5 account debtor or other person obligated on collateral to make
6 payment or otherwise render performance to the debtor, and with
7 respect to any property that secures the obligations of the
8 account debtor or other person obligated on the collateral;

9 (4) if it holds a security interest in a
10 deposit account perfected by control under Paragraph (1) of
11 Subsection (a) of Section 55-9-104 NMSA 1978, may apply the
12 balance of the deposit account to the obligation secured by the
13 deposit account; and

14 (5) if it holds a security interest in a
15 deposit account perfected by control under [~~Paragraphs~~]
16 Paragraph (2) or (3) of Subsection (a) of Section 55-9-104 NMSA
17 1978, may instruct the bank to pay the balance of the deposit
18 account to or for the benefit of the secured party.

19 (b) If necessary to enable a secured party to
20 exercise under Paragraph (3) of Subsection (a) of this section
21 the right of a debtor to enforce a mortgage nonjudicially, the
22 secured party may record in the office in which a record of the
23 mortgage is recorded:

24 (1) a copy of the security agreement that
25 creates or provides for a security interest in the obligation

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underscored material = new
[bracketed material] = delete

1 secured by the mortgage; and

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

4 (A) a default has occurred with respect
5 to the obligation secured by the mortgage; and

6 (B) the secured party is entitled to
7 enforce the mortgage nonjudicially.

8 (c) A secured party shall proceed in a commercially
9 reasonable manner if the secured party:

10 (1) undertakes to collect from or enforce an
11 obligation of an account debtor or other person obligated on
12 collateral; and

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

16 (d) A secured party may deduct from the collections
17 made pursuant to Subsection (c) of this section reasonable
18 expenses of collection and enforcement, including reasonable
19 attorney fees and legal expenses incurred by the secured party.

20 (e) This section does not determine whether an
21 account debtor, bank or other person obligated on collateral
22 owes a duty to a secured party."

23 **SECTION 21.** A new Section 55-9-801 NMSA 1978 is enacted to
24 read:

25 "55-9-801. [NEW MATERIAL] EFFECTIVE DATE.--The effective
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underscoring material = new
~~[bracketed material] = delete~~

1 date of the provisions of this 2013 act is July 1, 2013."

2 SECTION 22. A new Section 55-9-802 NMSA 1978 is enacted to
3 read:

4 "55-9-802. [NEW MATERIAL] APPLICABILITY.--

5 (a) Except as otherwise provided in this part, this
6 2013 act applies to a transaction or lien within its scope,
7 even if the transaction or lien was entered into or created
8 before this 2013 act takes effect.

9 (b) This 2013 act does not affect an action, case
10 or proceeding commenced before this 2013 act takes effect."

11 SECTION 23. A new Section 55-9-803 NMSA 1978 is enacted to
12 read:

13 "55-9-803. [NEW MATERIAL] SECURITY INTEREST PERFECTED
14 BEFORE EFFECTIVE DATE.--

15 (a) A security interest that is a perfected
16 security interest immediately before this 2013 act takes effect
17 is a perfected security interest under Chapter 55, Article 9
18 NMSA 1978, as amended by this 2013 act, if, when this 2013 act
19 takes effect, the applicable requirements for attachment and
20 perfection under Chapter 55, Article 9 NMSA 1978, as amended by
21 this 2013 act, are satisfied without further action.

22 (b) Except as otherwise provided in Section
23 55-9-805 NMSA 1978, if, immediately before this 2013 act takes
24 effect, a security interest is a perfected security interest
25 but the applicable requirements for perfection under Chapter

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1 55, Article 9 NMSA 1978, as amended by this 2013 act, are not
2 satisfied when this act takes effect, the security interest
3 remains perfected thereafter only if the applicable
4 requirements for perfection under Chapter 55, Article 9 NMSA
5 1978, as amended by this 2013 act, are satisfied within one
6 year after this 2013 act takes effect."

7 SECTION 24. A new Section 55-9-804 NMSA 1978 is enacted to
8 read:

9 "55-9-804. [NEW MATERIAL] SECURITY INTEREST UNPERFECTED
10 BEFORE EFFECTIVE DATE.--A security interest that is an
11 unperfected security interest immediately before this 2013 act
12 takes effect becomes a perfected security interest:

13 (a) without further action, when this 2013 act
14 takes effect, if the applicable requirements for perfection
15 under Chapter 55, Article 9 NMSA 1978, as amended by this 2013
16 act, are satisfied before or at that time; or

17 (b) when the applicable requirements for perfection
18 are satisfied if the requirements are satisfied after that
19 time."

20 SECTION 25. A new Section 55-9-805 NMSA 1978 is enacted to
21 read:

22 "55-9-805. [NEW MATERIAL] EFFECTIVENESS OF ACTION TAKEN
23 BEFORE EFFECTIVE DATE.--

24 (a) The filing of a financing statement before this
25 2013 act takes effect is effective to perfect a security

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1 interest to the extent the filing would satisfy the applicable
2 requirements for perfection under Chapter 55, Article 9 NMSA
3 1978, as amended by this 2013 act.

4 (b) This 2013 act does not render ineffective an
5 effective financing statement that, before this 2013 act takes
6 effect, is filed and satisfies the applicable requirements for
7 perfection under the law of the jurisdiction governing
8 perfection as provided in Chapter 55, Article 9 NMSA 1978 as it
9 existed before amendment. However, except as otherwise
10 provided in Subsections (c) and (d) of this section and Section
11 55-9-806 NMSA 1978, the financing statement ceases to be
12 effective:

13 (1) if the financing statement is filed in
14 this state at the time the financing statement would have
15 ceased to be effective had this 2013 act not taken effect; or

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

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

21 (B) June 30, 2018.

22 (c) The filing of a continuation statement after
23 this 2013 act takes effect does not continue the effectiveness
24 of a financing statement filed before this 2013 act takes
25 effect. However, upon the timely filing of a continuation

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1 statement after this 2013 act takes effect, and in accordance
2 with the law of the jurisdiction governing perfection as
3 provided in Chapter 55, Article 9 NMSA 1978, as amended by this
4 2013 act, the effectiveness of a financing statement filed in
5 the same office in that jurisdiction before this 2013 act takes
6 effect continues for the period provided by the law of that
7 jurisdiction.

8 (d) Subparagraph (B) of Paragraph (2) of Subsection
9 (b) of this section applies to a financing statement that,
10 before this 2013 act takes effect, is filed against a
11 transmitting utility and satisfies the applicable requirements
12 for perfection under the law of the jurisdiction governing
13 perfection as provided in Chapter 55, Article 9 NMSA 1978, as
14 it existed before amendment, only to the extent that Chapter
15 55, Article 9 NMSA 1978, as amended by this 2013 act, provides
16 that the law of a jurisdiction other than the jurisdiction in
17 which the financing statement is filed governs perfection of a
18 security interest in collateral covered by the financing
19 statement.

20 (e) A financing statement that includes a financing
21 statement filed before this 2013 act takes effect and a
22 continuation statement filed after this 2013 act takes effect
23 is effective only to the extent that it satisfies the
24 requirements of Part 5, as amended by this 2013 act, for an
25 initial financing statement. A financing statement that

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1 indicates that the debtor is a decedent's estate indicates that
2 the collateral is being administered by a personal
3 representative within the meaning of Paragraph (2) of
4 Subsection (a) of Section 55-9-503 NMSA 1978, as amended by
5 this 2013 act. A financing statement that indicates that the
6 debtor is a trust, or is a trustee acting with respect to
7 property held in trust, indicates that the collateral is held
8 in a trust within the meaning of Paragraph (3) of Subsection
9 (a) of Section 55-9-503 NMSA 1978, as amended by this 2013
10 act."

11 **SECTION 26.** A new Section 55-9-806 NMSA 1978 is enacted to
12 read:

13 "55-9-806. [NEW MATERIAL] WHEN INITIAL FINANCING STATEMENT
14 SUFFICES TO CONTINUE EFFECTIVENESS OF FINANCING STATEMENT.--

15 (a) The filing of an initial financing statement in
16 the office specified in Section 55-9-501 NMSA 1978 continues
17 the effectiveness of a financing statement filed before this
18 2013 act takes effect if:

19 (1) the filing of an initial financing
20 statement in that office would be effective to perfect a
21 security interest under Chapter 55, Article 9 NMSA 1978, as
22 amended by this 2013 act;

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

25 (3) the initial financing statement satisfies

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1 Subsection (c) of this section.

2 (b) The filing of an initial financing statement
3 under Subsection (a) of this section continues the
4 effectiveness of the pre-effective-date financing statement:

5 (1) if the initial financing statement is
6 filed before this 2013 act takes effect, for the period
7 provided in unamended Section 55-9-515 NMSA 1978 with respect
8 to an initial financing statement; and

9 (2) if the initial financing statement is
10 filed after this 2013 act takes effect, for the period provided
11 in Section 55-9-515 NMSA 1978, as amended by this 2013 act,
12 with respect to an initial financing statement.

13 (c) To be effective for purposes of Subsection (a)
14 of this section, an initial financing statement must:

15 (1) satisfy the requirements of Part 5, as
16 amended by this 2013 act, for an initial financing statement;

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

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

25 **SECTION 27.** A new Section 55-9-807 NMSA 1978 is enacted to
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1 read:

2 "55-9-807. [NEW MATERIAL] AMENDMENT OF PRE-EFFECTIVE-DATE
3 FINANCING STATEMENT.--

4 (a) As used in this section, "pre-effective-date
5 financing statement" means a financing statement filed before
6 this 2013 act takes effect.

7 (b) After this 2013 act takes effect, a person may
8 add or delete collateral covered by, continue or terminate the
9 effectiveness of, or otherwise amend the information provided
10 in, a pre-effective-date financing statement only in accordance
11 with the law of the jurisdiction governing perfection as
12 provided in Chapter 55, Article 9 NMSA 1978, as amended by this
13 2013 act. However, the effectiveness of a pre-effective-date
14 financing statement also may be terminated in accordance with
15 the law of the jurisdiction in which the financing statement is
16 filed.

17 (c) Except as otherwise provided in Subsection (d)
18 of this section, if the law of this state governs perfection of
19 a security interest, the information in a pre-effective-date
20 financing statement may be amended after this 2013 act takes
21 effect only if:

22 (1) the pre-effective-date financing statement
23 and an amendment are filed in the office specified in Section
24 55-9-501 NMSA 1978;

25 (2) an amendment is filed in the office

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1 specified in Section 55-9-501 NMSA 1978 concurrently with, or
2 after the filing in that office of, an initial financing
3 statement that satisfies Subsection (c) of Section 55-9-806
4 NMSA 1978; or

5 (3) an initial financing statement that
6 provides the information as amended and that satisfies
7 Subsection (c) of Section 55-9-806 NMSA 1978, is filed in the
8 office specified in Section 55-9-501 NMSA 1978.

9 (d) If the law of this state governs perfection of
10 a security interest, the effectiveness of a pre-effective-date
11 financing statement may be continued only pursuant to
12 Subsections (c) and (e) of Section 55-9-805 or Section 55-9-806
13 NMSA 1978.

14 (e) Whether or not the law of this state governs
15 perfection of a security interest, the effectiveness of a pre-
16 effective-date financing statement filed in this state may be
17 terminated after this 2013 act takes effect by filing a
18 termination statement in the office in which the pre-effective-
19 date financing statement is filed, unless an initial financing
20 statement that satisfies Subsection (c) of Section 55-9-806
21 NMSA 1978 has been filed in the office specified by the law of
22 the jurisdiction governing perfection as provided in Chapter
23 55, Article 9 NMSA 1978, as amended by this 2013 act as the
24 office in which to file a financing statement."

25 **SECTION 28.** A new Section 55-9-808 NMSA 1978 is enacted to
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1 read:

2 "55-9-808. [NEW MATERIAL] PERSON ENTITLED TO FILE INITIAL
3 FINANCING STATEMENT OR CONTINUATION STATEMENT.--A person may
4 file an initial financing statement or a continuation statement
5 under this part if:

6 (a) the secured party of record authorizes the
7 filing; and

8 (b) the filing is necessary under this part:

9 (1) to continue the effectiveness of a
10 financing statement filed before this 2013 act takes effect; or

11 (2) to perfect or continue the perfection of a
12 security interest."

13 **SECTION 29.** A new Section 55-9-809 NMSA 1978 is enacted to
14 read:

15 "55-9-809. [NEW MATERIAL] PRIORITY.--This 2013 act
16 determines the priority of conflicting claims to collateral.
17 However, if the relative priorities of the claims are
18 established before this 2013 act takes effect, Chapter 55,
19 Article 9 NMSA 1978, as it existed before amendment, determines
20 priority."