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AN ACT

RELATING TO SECURED TRANSACTIONS; CONFORMING PROVISIONS OF
THE UNIFORM COMMERCIAL CODE TO THE OFFICIAL TEXT; MAKING
CONFORMING AMENDMENTS; REPEALING SECTION 55-1-110 NMSA 1978
(BEING LAWS 2015, CHAPTER 54, SECTION 8).

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

SECTION 1. Section 55-9-102 NMSA 1978 (being Laws 2001,
Chapter 139, Section 2, as amended) is amended to read:

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

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

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

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

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

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

(ii) for services rendered or to
be rendered;

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

1 (iv) for a secondary obligation
2 incurred or to be incurred;

3 (v) for energy provided or to be
4 provided;

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

7 (vii) arising out of the use of a
8 credit or charge card or information contained on or for use
9 with the card; or

10 (viii) as winnings in a lottery
11 or other game of chance operated or sponsored by a state,
12 governmental unit of a state or person licensed or authorized
13 to operate the game by a state or governmental unit of a
14 state; and

15 (B) includes health-care-insurance
16 receivables; but

17 (C) does not include:

18 (i) rights to payment evidenced
19 by chattel paper or an instrument;

20 (ii) commercial tort claims;

21 (iii) deposit accounts;

22 (iv) investment property;

23 (v) letter-of-credit rights or
24 letters of credit; or

25 (vi) rights to payment for money

1 or funds advanced or sold, other than rights arising out of
2 the use of a credit or charge card or information contained
3 on or for use with the card;

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

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

11 (A) authenticated by a secured party;

12 (B) indicating the aggregate unpaid
13 secured obligations as of a date not more than thirty-five
14 days earlier or thirty-five days later than the date of the
15 record; and

16 (C) identifying the components of the
17 obligations in reasonable detail;

18 (5) "agricultural lien" means an interest in
19 farm products:

20 (A) that secures payment or performance
21 of an obligation for:

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

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

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

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

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

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

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

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

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

15 (ii) attaches to the minerals as
16 extracted; or

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

20 (7) "authenticate" means to:

21 (A) sign; or

22 (B) with present intent to adopt or
23 accept a record, to attach to or logically associate with the
24 record an electronic sound, symbol or process;

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

1 engaged in the business of banking and includes savings
2 banks, 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
10 interest's obtaining priority over the rights of a lien
11 creditor with respect to the collateral. The term includes
12 another record maintained as an alternative to a certificate
13 of title by the governmental unit that issues certificates of
14 title if a statute permits the security interest in question
15 to be 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
19 records that evidence both a monetary obligation and a
20 security interest in specific goods, a security interest in
21 specific goods and software used in the goods, a security
22 interest in specific goods and license of software used in
23 the goods, a lease of specific goods or a lease of specific
24 goods and license of software used in the goods. In this
25 paragraph, "monetary obligation" means a monetary obligation

1 secured by the goods or owed under a lease of the goods and
2 includes a monetary obligation with respect to software used
3 in the goods. 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
10 instrument or series of instruments, the group of records
11 taken together 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,
10 a commodity option or another contract if the contract or
11 option is:

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

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

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

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

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

1 (B) in the ordinary course of its
2 business provides clearance or settlement services for a
3 board of trade that has been designated as a contract market
4 pursuant to federal commodities law;

5 (18) "communicate" means:

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

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

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

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

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

19 (A) the merchant:

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

23 (ii) is not an auctioneer; and

24 (iii) is not generally known by
25 its creditors to be substantially engaged in selling the

1 goods of others;

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

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

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

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

11 (22) "consumer debtor" means a debtor in a
12 consumer transaction;

13 (23) "consumer goods" means goods that are
14 used or bought for use primarily for personal, family or
15 household purposes;

16 (24) "consumer-goods transaction" means a
17 consumer transaction in which:

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

20 (B) a security interest in consumer
21 goods secures the obligation;

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

1 (26) "consumer transaction" means a
2 transaction in which:

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

5 (B) a security interest secures the
6 obligation; and

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

10 (27) "continuation statement" means an
11 amendment of a financing statement that:

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

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

17 (28) "debtor" means:

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

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

23 (C) a consignee;

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

1 The term does not include investment property or accounts
2 evidenced by an instrument;

3 (30) "document" means a document of title or
4 a receipt of the type described in Subsection (b) of Section
5 55-7-201 NMSA 1978;

6 (31) "electronic chattel paper" means
7 chattel paper evidenced by a record or records consisting of
8 information stored in an electronic medium;

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

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

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

17 (A) crops grown, growing or to be
18 grown, including:

19 (i) crops produced on trees,
20 vines and bushes; and

21 (ii) aquatic goods produced in
22 aquacultural operations;

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

25 (C) supplies used or produced in a

1 farming operation; or

2 (D) products of crops or livestock in
3 their unmanufactured states;

4 (35) "farming operation" means raising,
5 cultivating, propagating, fattening, grazing or any other
6 farming, livestock or aquacultural operation;

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

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

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

15 (39) "financing statement" means a record or
16 records composed of an initial financing statement and any
17 filed record relating to the initial financing statement;

18 (40) "fixture filing" means the filing of a
19 financing statement covering goods that are or are to become
20 fixtures and satisfying Subsections (a) and (b) of Section
21 55-9-502 NMSA 1978. The term includes the filing of a
22 financing statement covering goods of a transmitting utility
23 that are or are to become fixtures;

24 (41) "fixtures" means goods that have become
25 so related to particular real property that an interest in

1 them arises under real property law;

2 (42) "general intangible" means any personal
3 property, including things in action, other than accounts,
4 chattel paper, commercial tort claims, deposit accounts,
5 documents, goods, instruments, investment property, letter-
6 of-credit rights, letters of credit, money and oil, gas or
7 other minerals before extraction. The term includes payment
8 intangibles and software;

9 (43) "good faith" means honesty in fact and
10 the observance of reasonable commercial standards of fair
11 dealing;

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

14 (A) includes:

- 15 (i) fixtures;
- 16 (ii) standing timber that is to
17 be cut and removed under a conveyance or contract for sale;
- 18 (iii) the unborn young of
19 animals;
- 20 (iv) crops grown, growing or to
21 be grown, even if the crops are produced on trees, vines or
22 bushes;
- 23 (v) manufactured homes; and
- 24 (vi) a computer program embedded
25 in goods and any supporting information provided in

1 connection with a transaction relating to the program if the
2 program is associated with the goods in such a manner that it
3 customarily is considered part of the goods, or by becoming
4 the owner of the goods, a person acquires a right to use the
5 program in connection with the goods; but

6 (B) does not include:

7 (i) a computer program embedded
8 in goods that consist solely of the medium in which the
9 program is embedded; or

10 (ii) accounts, chattel paper,
11 commercial tort claims, deposit accounts, documents, general
12 intangibles, instruments, investment property, letter-of-
13 credit rights, letters of credit, money or oil, gas or other
14 minerals before extraction;

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

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

1 (47) "instrument" means a negotiable
2 instrument or any other writing that evidences a right to the
3 payment of a monetary obligation, is not itself a security
4 agreement or lease and is of a type that in ordinary course
5 of business is transferred by delivery with any necessary
6 indorsement or assignment. The term does not include:

7 (A) investment property;

8 (B) letters of credit; or

9 (C) writings that evidence a right to
10 payment arising out of the use of a credit or charge card or
11 information contained on or for use with the card;

12 (48) "inventory" means goods, other than
13 farm products, that:

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

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

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

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

21 (49) "investment property" means a security,
22 whether certificated or uncertificated, security entitlement,
23 securities account, commodity contract or commodity account;

24 (50) "jurisdiction of organization", with
25 respect to a registered organization, means the jurisdiction

1 under whose law the organization is formed or organized;

2 (51) "letter-of-credit right" means a right
3 to payment or performance under a letter of credit, whether
4 or not the beneficiary has demanded or is at the time
5 entitled to demand payment or performance. The term does not
6 include the right of a beneficiary to demand payment or
7 performance under a letter of credit;

8 (52) "lien creditor" means:

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

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

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

15 (D) a receiver in equity from the time
16 of appointment;

17 (53) "manufactured home" means a structure,
18 transportable in one or more sections, which, in the
19 traveling mode, is eight body feet or more in width or forty
20 body feet or more in length, or, when erected on site, is
21 three hundred twenty or more square feet, and which is built
22 on a permanent chassis and designed to be used as a dwelling
23 with or without a permanent foundation when connected to the
24 required utilities, and includes the plumbing, heating, air-
25 conditioning and electrical systems contained therein. The

1 term includes any structure that meets all of the
2 requirements of this paragraph except the size requirements
3 and with respect to which the manufacturer voluntarily files
4 a certification required by the United States secretary of
5 housing and urban development and complies with the standards
6 established under 42 USCA;

7 (54) "manufactured-home transaction" means a
8 secured transaction:

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

12 (B) in which a manufactured home, other
13 than a manufactured home held as inventory, is the primary
14 collateral;

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

18 (56) "new debtor" means a person that
19 becomes bound as debtor under Subsection (d) of Section
20 55-9-203 NMSA 1978 by a security agreement previously entered
21 into by another person;

22 (57) "new value" means:

23 (A) money;

24 (B) money's worth in property, services
25 or new credit; or

1 (C) release by a transferee of an
2 interest in property previously transferred to the
3 transferee. The term does not include an obligation
4 substituted for another obligation;

5 (58) "noncash proceeds" means proceeds other
6 than cash proceeds;

7 (59) "obligor" means a person that, with
8 respect to an obligation secured by a security interest in or
9 an agricultural lien on the collateral:

10 (A) owes payment or other performance
11 of the obligation;

12 (B) has provided property other than
13 the collateral to secure payment or other performance of the
14 obligation; or

15 (C) is otherwise accountable in whole
16 or in part for payment or other performance of the
17 obligation. The term does not include issuers or nominated
18 persons under a letter of credit;

19 (60) "original debtor", except as used in
20 Subsection (c) of Section 55-9-310 NMSA 1978, means a person
21 that, as debtor, entered into a security agreement to which a
22 new debtor has become bound under Subsection (d) of Section
23 55-9-203 NMSA 1978;

24 (61) "payment intangible" means a general
25 intangible under which the account debtor's principal

1 obligation is a monetary obligation;

2 (62) "person related to", with respect to an
3 individual, means:

4 (A) the spouse of the individual;

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

7 (C) an ancestor or lineal descendant of
8 the individual or the individual's spouse; or

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

12 (63) "person related to", with respect to an
13 organization, means:

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

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

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

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

25 or

1 (E) an individual who is related by
2 blood or marriage to an individual described in Subparagraph
3 (A), (B), (C) or (D) of this paragraph and shares the same
4 home with the individual;

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

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

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

11 (C) rights arising out of collateral;

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

16 (E) to the extent of the value of
17 collateral and to the extent payable to the debtor or the
18 secured party, insurance payable by reason of the loss or
19 nonconformity of, defects or infringement of rights in, or
20 damage to, the collateral;

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

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

6 (67) "public-finance transaction" means a
7 secured transaction in connection with which:

8 (A) debt securities are issued;

9 (B) all or a portion of the securities
10 issued have an initial stated maturity of at least twenty
11 years; and

12 (C) the debtor, obligor, secured party,
13 account debtor or other person obligated on collateral,
14 assignor or assignee of a secured obligation or assignor or
15 assignee of a security interest is a state or a governmental
16 unit of a state;

17 (68) "public organic record" means a record
18 that is available to the public for inspection and is:

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

24 (B) an organic record of a business
25 trust consisting of the record initially filed with a state

1 and any record filed with the state that amends or restates
2 the initial record if a statute of the state governing
3 business trusts requires that the record be filed with the
4 state; or

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

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

17 (70) "record", except as used in "for
18 record", "of record", "record or legal title" and "record
19 owner", means information that is inscribed on a tangible
20 medium or that is stored in an electronic or other medium and
21 is retrievable in perceivable form;

22 (71) "registered organization" means an
23 organization formed or organized solely under the law of a
24 single state or the United States by the filing of a public
25 organic record with, the issuance of a public organic record

1 by or the enactment of legislation by the state or the United
2 States. The term includes a business trust that is formed or
3 organized under the law of a single state if a statute of the
4 state governing business trusts requires that the business
5 trust's organic record be filed with the state;

6 (72) "secondary obligor" means an obligor to
7 the extent that:

8 (A) the obligor's obligation is
9 secondary; or

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

13 (73) "secured party" means:

14 (A) a person in whose favor a security
15 interest is created or provided for under a security
16 agreement, whether or not any obligation to be secured is
17 outstanding;

18 (B) a person that holds an agricultural
19 lien;

20 (C) a consignor;

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

24 (E) a trustee, indenture trustee,
25 agent, collateral agent or other representative in whose

1 favor a security interest or agricultural lien is created or
2 provided for; or

3 (F) a person that holds a security
4 interest arising under Section 55-2-401, Section 55-2-505,
5 Subsection (3) of Section 55-2-711, Subsection (5) of Section
6 55-2A-508, Section 55-4-210 or Section 55-5-118 NMSA 1978;

7 (74) "security agreement" means an agreement
8 that creates or provides for a security interest;

9 (75) "send", in connection with a record or
10 notification, means:

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

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

20 (76) "software" means a computer program and
21 any supporting information provided in connection with a
22 transaction relating to the program. The term does not
23 include a computer program that is included in the definition
24 of goods;

25 (77) "state" means a state of the United

1 States, the District of Columbia, Puerto Rico, the United
2 States Virgin Islands or any territory or insular possession
3 subject to the jurisdiction of the United States;

4 (78) "supporting obligation" means a letter-
5 of-credit right or secondary obligation that supports the
6 payment or performance of an account, chattel paper, a
7 document, a general intangible, an instrument or investment
8 property;

9 (79) "tangible chattel paper" means chattel
10 paper evidenced by a record or records consisting of
11 information that is inscribed on a tangible medium;

12 (80) "termination statement" means an
13 amendment of a financing statement that:

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

16 (B) indicates either that it is a
17 termination statement or that the identified financing
18 statement is no longer effective; and

19 (81) "transmitting utility" means an
20 organization primarily engaged in the business of:

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

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

25 (C) transmitting goods by pipeline or

1 sewer; or

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

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

7 "applicant" Section
8 55-5-102 NMSA 1978;

9 "beneficiary" Section
10 55-5-102 NMSA 1978;

11 "broker" Section
12 55-8-102 NMSA 1978;

13 "certificated security" Section
14 55-8-102 NMSA 1978;

15 "check" Section
16 55-3-104 NMSA 1978;

17 "clearing corporation" Section
18 55-8-102 NMSA 1978;

19 "contract for sale" Section
20 55-2-106 NMSA 1978;

21 "customer" Section
22 55-4-104 NMSA 1978;

23 "entitlement holder" Section
24 55-8-102 NMSA 1978;

25 "financial asset" Section HB 66/a
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1 55-8-102 NMSA 1978;
2 "holder in due course" Section
3 55-3-302 NMSA 1978;
4 "issuer" (with respect to a letter of credit or
5 letter-of-credit right) Section
6 55-5-102 NMSA 1978;
7 "issuer" (with respect to a security). . . Section
8 55-8-201 NMSA 1978;
9 "issuer" (with respect to documents of
10 title). Section
11 55-7-102 NMSA 1978;
12 "lease". Section
13 55-2A-103 NMSA 1978;
14 "lease agreement". Section
15 55-2A-103 NMSA 1978;
16 "lease contract" Section
17 55-2A-103 NMSA 1978;
18 "leasehold interest" Section
19 55-2A-103 NMSA 1978;
20 "lessee" Section
21 55-2A-103 NMSA 1978;
22 "lessee in ordinary course of business". . Section
23 55-2A-103 NMSA 1978;
24 "lessor" Section
25 55-2A-103 NMSA 1978;

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

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

6 (c) Chapter 55, Article 1 NMSA 1978 contains
7 general definitions and principles of construction and
8 interpretation applicable throughout Chapter 55, Article 9
9 NMSA 1978."

10 SECTION 2. Section 55-9-109 NMSA 1978 (being Laws 2001,
11 Chapter 139, Section 9) is amended to read:

12 "55-9-109. SCOPE.--

13 (a) Except as otherwise provided in Subsections
14 (c) and (d) of this section, Chapter 55, Article 9 NMSA 1978
15 applies to:

- 16 (1) a transaction, regardless of its form,
17 that creates a security interest in personal property or
18 fixtures by contract;
- 19 (2) an agricultural lien;
- 20 (3) a sale of accounts, chattel paper,
21 payment intangibles or promissory notes;
- 22 (4) a consignment;
- 23 (5) a security interest arising under

24 Section 55-2-401, 55-2-505, Subsection (3) of Section
25 55-2-711 or Subsection (5) of Section 55-2A-508 NMSA 1978, as

1 provided in Section 55-9-110 NMSA 1978; and

2 (6) a security interest arising under
3 Section 55-4-210 or 55-5-118 NMSA 1978.

4 (b) The application of Chapter 55, Article 9 NMSA
5 1978 to a security interest in a secured obligation is not
6 affected by the fact that the obligation is itself secured by
7 a transaction or interest to which this article does not
8 apply.

9 (c) Chapter 55, Article 9 NMSA 1978 does not apply
10 to the extent that:

11 (1) a statute, regulation or treaty of the
12 United States preempts the article;

13 (2) another statute of this state expressly
14 governs the creation, perfection, priority or enforcement of
15 a security interest created by this state or a governmental
16 unit of this state;

17 (3) a statute of another state, a foreign
18 country or a governmental unit of another state or a foreign
19 country, other than a statute generally applicable to
20 security interests, expressly governs creation, perfection,
21 priority or enforcement of a security interest created by the
22 state, country or governmental unit; or

23 (4) the rights of a transferee beneficiary
24 or nominated person under a letter of credit are independent
25 and superior under Section 55-5-114 NMSA 1978.

1 (d) Chapter 55, Article 9 NMSA 1978 does not apply
2 to:

3 (1) a landlord's lien, other than an
4 agricultural lien;

5 (2) a lien, other than an agricultural lien,
6 given by statute or other rule of law for services or
7 materials, but Section 55-9-333 NMSA 1978 applies with
8 respect to priority of the lien;

9 (3) an assignment of a claim for wages,
10 salary or other compensation of an employee;

11 (4) a sale of accounts, chattel paper,
12 payment intangibles or promissory notes as part of a sale of
13 the business out of which they arose;

14 (5) an assignment of accounts, chattel
15 paper, payment intangibles or promissory notes which is for
16 the purpose of collection only;

17 (6) an assignment of a right to payment
18 under a contract to an assignee that is also obligated to
19 perform under the contract;

20 (7) an assignment of a single account,
21 payment intangible or promissory note to an assignee in full
22 or partial satisfaction of a preexisting indebtedness;

23 (8) a transfer of an interest in or an
24 assignment of a claim under a policy of insurance, other than
25 an assignment by or to a health-care provider of a health-

1 care-insurance receivable and any subsequent assignment of
2 the right to payment, but Sections 55-9-315 and 55-9-322 NMSA
3 1978 apply with respect to proceeds and priorities in
4 proceeds;

5 (9) an assignment of a right represented by
6 a judgment, other than a judgment taken on a right to payment
7 that was collateral;

8 (10) a right of recoupment or set-off, but:

9 (A) Section 55-9-340 NMSA 1978 applies
10 with respect to the effectiveness of rights of recoupment or
11 set-off against deposit accounts; and

12 (B) Section 55-9-404 NMSA 1978 applies
13 with respect to defenses or claims of an account debtor;

14 (11) the creation or transfer of an interest
15 in or lien on real property, including a lease or rents
16 thereunder, except to the extent that provision is made for:

17 (A) liens on real property in Sections
18 55-9-203 and 55-9-308 NMSA 1978;

19 (B) fixtures in Section 55-9-334 NMSA
20 1978;

21 (C) fixture filings in Sections
22 55-9-501, 55-9-502, 55-9-512, 55-9-516 and 55-9-519 NMSA
23 1978; and

24 (D) security agreements covering
25 personal and real property in Section 55-9-604 NMSA 1978;

1 (12) an assignment of a claim arising in
2 tort, other than a commercial tort claim, but Sections
3 55-9-315 and 55-9-322 NMSA 1978 apply with respect to
4 proceeds and priorities in proceeds;

5 (13) an assignment of a deposit account in a
6 consumer transaction, but Sections 55-9-315 and 55-9-322 NMSA
7 1978 apply with respect to proceeds and priorities in
8 proceeds; or

9 (14) a public-finance transaction or other
10 transfer by a state or a governmental unit of a state."

11 SECTION 3. Section 55-9-620 NMSA 1978 (being Laws 2001,
12 Chapter 139, Section 117) is amended to read:

13 "55-9-620. ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL
14 SATISFACTION OF OBLIGATION--COMPULSORY DISPOSITION OF
15 COLLATERAL.--

16 (a) Except as otherwise provided in Subsection (g)
17 of this section, a secured party may accept collateral in
18 full or partial satisfaction of the obligation it secures
19 only if:

20 (1) the debtor consents to the acceptance
21 under Subsection (c) of this section;

22 (2) the secured party does not receive,
23 within the time set forth in Subsection (d) of this section,
24 a notification of objection to the proposal authenticated by:

25 (A) a person to which the secured party HB 66/a
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1 was required to send a proposal under Section 55-9-621 NMSA
2 1978; or

3 (B) any other person, other than the
4 debtor, holding an interest in the collateral subordinate to
5 the security interest that is the subject of the proposal;

6 (3) if the collateral is consumer goods, the
7 collateral is not in the possession of the debtor when the
8 debtor consents to the acceptance; and

9 (4) Subsection (e) of this section does not
10 require the secured party to dispose of the collateral or the
11 debtor waives the requirement pursuant to Section 55-9-624
12 NMSA 1978.

13 (b) A purported or apparent acceptance of
14 collateral under this section is ineffective unless:

15 (1) the secured party consents to the
16 acceptance in an authenticated record or sends a proposal to
17 the debtor; and

18 (2) the conditions of Subsection (a) of this
19 section are met.

20 (c) For purposes of this section:

21 (1) a debtor consents to an acceptance of
22 collateral in partial satisfaction of the obligation it
23 secures only if the debtor agrees to the terms of the
24 acceptance in a record authenticated after default; and

25 (2) a debtor consents to an acceptance of

1 collateral in full satisfaction of the obligation it secures
2 only if the debtor agrees to the terms of the acceptance in a
3 record authenticated after default or the secured party:

4 (A) sends to the debtor after default a
5 proposal that is unconditional or subject only to a condition
6 that collateral not in the possession of the secured party be
7 preserved or maintained;

8 (B) in the proposal, proposes to accept
9 collateral in full satisfaction of the obligation it secures;
10 and

11 (C) does not receive a notification of
12 objection authenticated by the debtor within twenty days
13 after the proposal is sent.

14 (d) To be effective under Paragraph (2) of
15 Subsection (a) of this section, a notification of objection
16 must be received by the secured party:

17 (1) in the case of a person to which the
18 proposal was sent pursuant to Section 55-9-621 NMSA 1978,
19 within twenty days after notification was sent to that
20 person; and

21 (2) in other cases:

22 (A) within twenty days after the last
23 notification was sent pursuant to Section 55-9-621 NMSA 1978;
24 or

25 (B) if a notification was not sent,

1 before the debtor consents to the acceptance under Subsection
2 (c) of this section.

3 (e) A secured party that has taken possession of
4 collateral shall dispose of the collateral pursuant to
5 Section 55-9-610 NMSA 1978 within the time specified in
6 Subsection (f) of this section if:

7 (1) sixty percent of the cash price has been
8 paid in the case of a purchase-money security interest in
9 consumer goods; or

10 (2) sixty percent of the principal amount of
11 the obligation secured has been paid in the case of a non-
12 purchase-money security interest in consumer goods.

13 (f) To comply with Subsection (e) of this section,
14 the secured party shall dispose of the collateral:

15 (1) within ninety days after taking
16 possession; or

17 (2) within any longer period to which the
18 debtor and all secondary obligors have agreed in an agreement
19 to that effect entered into and authenticated after default.

20 (g) In a consumer transaction, a secured party may
21 not accept collateral in partial satisfaction of the
22 obligation it secures."

23 SECTION 4. REPEAL.--Section 55-1-110 NMSA 1978 (being
24 Laws 2015, Chapter 54, Section 8) is repealed. _____