

CHAPTER 1249
COMMERCIAL CODE

S. F. 1315

AN ACT amending the uniform commercial code and making coordinating amendments relating to security interests, securities depositories, sales contracts, rights of buyers, warranties, commercial paper, bank deposits and collections, letters of credit, and warehouseman's liens, establishing effective dates and transition provisions, and imposing a penalty.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION 1

1 SECTION 1. Section five hundred fifty-four point one thousand
2 two hundred one (554.1201), subsection thirty-seven (37), Code
3 1973, is amended to read as follows:

4 37. "Security interest" means an interest in personal property or
5 fixtures which secures payment or performance of an obligation. The
6 retention or reservation of title by a seller of goods notwithstanding
7 shipment or delivery to the buyer (section 554.2401) is limited in
8 effect to a reservation of a "security interest". The term also in-
9 cludes any interest of a buyer of accounts, chattel paper, or contract
10 rights which is subject to Article 9. The special property interest
11 of a buyer of goods on identification of such goods to a contract for
12 sale under section 554.2401 is not a "security interest", but a buyer
13 may also acquire a "security interest" by complying with Article 9.
14 Unless a lease or consignment is intended as security, reservation
15 of title thereunder is not a "security interest" but a consignment is
16 in any event subject to the provisions on consignment sales (section
17 554.2326). Whether a lease is intended as security is to be deter-
18 mined by the facts of each case; however, (a) the inclusion of an
19 option to purchase does not of itself make the lease one intended for
20 security, and (b) an agreement that upon compliance with the terms
21 of the lease the lessee shall become or has the option to become the
22 owner of the property for no additional consideration or for a nomi-
23 nal consideration does make the lease one intended for security. The
24 term also includes any interest of an owner of farm products whose
25 possession is entrusted to a person engaged in farming operations.

1 SEC. 2. Section five hundred fifty-four point two thousand four
2 hundred three (554.2403), subsection two (2), Code 1973, is amended
3 to read as follows:

4 2. Any entrusting of possession of goods to a merchant who deals
5 in goods of that kind gives him power to transfer all rights of the
6 entruster to a buyer in ordinary course of business. ~~However, any~~
7 ~~entrusting of farm products to a person engaged in farming opera-~~
8 ~~tions shall not give the farmer the power to transfer all rights of the~~
9 ~~entruster to a buyer in the ordinary course of business if the entruster~~
10 ~~perfects a security interest as provided in Article 9.~~

1 SEC. 3. Section five hundred fifty-four point nine thousand one
2 hundred two (554.9102), subsection two (2), Code 1973, is amended
3 to read as follows:

4 2. This Article applies to security interests created by contract
5 including pledge, assignment, chattel mortgage, chattel trust, trust

6 deed, factor's lien, equipment trust, conditional sale, trust receipt,
7 ~~bailment~~, other lien or title retention contract and lease or consign-
8 ment intended as security. This Article does not apply to statutory
9 liens except as provided in section 554.9310.

1 SEC. 4. Section five hundred fifty-four point nine thousand three
2 hundred seven (554.9307), subsection one (1), Code 1973, is amended
3 to read as follows:

4 1. A buyer in ordinary course of business (subsection 9 of section
5 554.1201) other than a person buying farm products ~~subject to a~~
6 ~~perfected security interest~~ from a person engaged in farming opera-
7 tions takes free of a security interest created by his seller even though
8 the security interest is perfected and even though the buyer knows of
9 its existence.

1 SEC. 5. Section five hundred fifty-four point eight thousand one
2 hundred two (554.8102), Code 1973, is amended by striking subsec-
3 tion three (3) and inserting in lieu thereof the following:

4 3. A "clearing corporation" is a corporation

5 a. At least ninety percent of the capital stock of which is held by or
6 for one or more persons, other than individuals, each of whom

7 i. is subject to supervision or regulation pursuant to the provi-
8 sions of federal or state banking laws or state insurance laws, or

9 ii. is a broker or dealer or investment company registered under
10 the Securities Exchange Act of 1934 (forty-eight (48) Stat. eight
11 hundred eighty-one (881); fifteen (15) U.S.C. sec. seventy-eight a
12 (78a) et seq.) or the Investment Company Act of 1940 (fifty-four
13 (54) Stat. seven hundred eighty-nine (789); fifteen (15) U.S.C. sec.
14 eighty a dash one (80a-1) et seq.) or

15 iii. is a national securities exchange or association registered
16 under a statute of the United States such as the Securities Exchange
17 Act of 1934, and none of whom, other than a national securities ex-
18 change or association, holds in excess of twenty percent of the capi-
19 tal stock of such corporation; and

20 b. Any remaining capital stock of which is held by individuals
21 who have purchased such capital stock at or prior to the time of their
22 taking office as directors of such corporation and who have pur-
23 chased only so much of such capital stock as may be necessary to
24 permit them to qualify as such directors.

1 SEC. 6. Chapter five hundred twenty-four (524), Code 1973, is
2 amended by adding the following new section:

3 NEW SECTION. A bank, either acting as a fiduciary or holding secu-
4 rities as a managing agent or custodian, including a custodian for a
5 fiduciary, may deposit securities in a federally regulated clearing cor-
6 poration as provided in section seven (7) of this Act, and in addition
7 may deposit securities, the principal and interest of which the United
8 States or any United States department, agency, or instrumentality
9 either has agreed to pay or has guaranteed, in a federal reserve bank.

10 The records of a depositing bank at all times must identify the
11 persons on whose behalf securities have been deposited in a federal
12 reserve bank. An interest in deposited securities may be transferred
13 by entry on the books of the federal reserve bank without physical
14 delivery of the securities. A depositing bank is subject to rules and

15 regulations adopted by the superintendent of banking, with respect
 16 to state banks, and by the comptroller of the currency, with respect
 17 to national banking associations. On demand by the owner, a bank
 18 acting as a managing agent or as a custodian shall identify in writ-
 19 ing the securities deposited in a federal reserve bank for the ac-
 20 count of the owner. On demand by any party to the accounting of
 21 a bank acting as a fiduciary, the bank shall identify in writing the
 22 securities deposited in a federal reserve bank for its account as fiduci-
 23 ary.

24 This section applies regardless of the date of the agreement, instru-
 25 ment, or court order under which the bank was appointed.

1 SEC. 7. Chapter six hundred thirty-three (633), Code 1973, is
 2 amended by adding the following new section:

3 **NEW SECTION. Power of fiduciary or custodian to deposit securi-**
 4 **ties.** A fiduciary as defined in section six hundred thirty-three point
 5 three (633.3), subsection seventeen (17), of the Code, holding securi-
 6 ties, and a bank as defined in section five hundred twenty-four point
 7 one hundred three (524.103), subsection five (5) of the Code, which
 8 is holding securities as a managing agent or as a custodian, includ-
 9 ing a custodian for a fiduciary, may deposit securities in a clearing cor-
 10 poration, as defined in section five hundred fifty-four point eight
 11 thousand one hundred two (554.8102), subsection three (3), of the
 12 Code, which is located within or without the state of Iowa, if the
 13 clearing corporation is federally regulated. A depositing bank is
 14 subject to rules and regulations adopted by the superintendent of
 15 banking, with respect to state banks, and by the comptroller of the
 16 currency, with respect to national banking associations.

17 Certificates representing deposited securities of the same class of
 18 the same issuer may merge securities deposited by a fiduciary, or
 19 by a bank acting as a managing agent or custodian, with securities
 20 deposited by any other person and may be held in the name of the
 21 clearing corporation or its nominee. The records of a depositing
 22 fiduciary and a depositing bank acting as a managing agent or cus-
 23 todian at all times must identify the persons on whose behalf securi-
 24 ties have been deposited. Title to deposited securities may be trans-
 25 ferred by entry on the books of a clearing corporation without
 26 physical delivery of the securities.

27 On demand by the owner, a bank depositing securities in a clear-
 28 ing corporation as a managing agent or as a custodian shall identify
 29 in writing the securities so deposited. On demand by any party to
 30 the accounting of a fiduciary, the fiduciary shall identify in writing
 31 the securities deposited in a clearing corporation for its account as
 32 fiduciary.

33 This section applies regardless of the date of the agreement, in-
 34 strument, or court order under which the fiduciary or bank was
 35 appointed.

1 **SEC. 8. Effective date.**

2 1. Division one (1) of this Act, sections one (1) through eight
 3 (8), the Iowa amendments to the Uniform Commercial Code pertain-
 4 ing to entrusting of farm products, and to securities depositories,
 5 and related amendments, shall become effective at 12:01 a.m. on
 6 July 1, 1974.

7 2. Security interests in farm products whose possession is en-
 8 trusted to a person engaged in farming operations, which were filed
 9 as provided by this chapter prior to July 1, 1974, remain effective
 10 for their original term and may have their effectiveness continued,
 11 subject to the provisions of subsection five (5) of section five hun-
 12 dred fifty-four point eleven thousand one hundred five (554.11105)
 13 of the Code. Notwithstanding sections one (1) through eight (8)
 14 of this Act, an owner of farm products whose possession is entrusted
 15 to a person engaged in farming operations may create an Article
 16 nine (9) security interest in the farm products, with respect to the
 17 obligation of the person engaged in farming operations.

DIVISION 2

1 SEC. 9. Section one hundred thirty-five D point twenty-six
 2 (135D.26), Code 1973, is amended to read as follows:

3 135D.26 **Conversion to real property.** No mobile home shall be
 4 assessed for property tax nor be eligible for homestead tax credit or
 5 military service tax credit unless:

6 1. The mobile home owner intends to convert his mobile home to
 7 real estate and does so by:

8 a. Attaching his unencumbered mobile home to a permanent foun-
 9 dation on real estate owned by him. Encumbered mobile homes shall
 10 not be converted to real property.

11 b. Destruction or modification of the vehicular frame rendering it
 12 impossible to reconvert the real property thus created to a mobile
 13 home.

14 c. *If a lien is noted on the certificate of title, tendering to the*
 15 *secured party a mortgage on the real estate upon which the mobile*
 16 *home is to be located in the unpaid amount of the secured debt, and*
 17 *with the same priority as or a higher priority than the secured party's*
 18 *lien, or obtaining written consent of the secured party to the conver-*
 19 *sion.*

20 2. After converting a mobile home to real estate complying with
 21 the provisions of subsection one (1) of this section, the owner shall
 22 notify the assessor who shall inspect the new premises for compliance
 23 with the provisions of this section and if. *If a lien is noted on the*
 24 *certificate of title, the assessor shall require an affidavit, as defined in*
 25 *section six hundred twenty-two point eighty-five (622.85) of the Code,*
 26 *from the mobile home owner, declaring that the owner has complied*
 27 *with paragraph c of subsection one (1) of this section, and shall send*
 28 *notice of the proposed conversion to the secured party by regular mail*
 29 *not less than ten days before the conversion becomes effective. When*
 30 *the mobile home is properly converted, the assessor shall then collect*
 31 *the mobile home vehicle title, registration, and license plates from the*
 32 *owner and enter the property upon the tax rolls.*

1 SEC. 10. Section three hundred twenty-one point fifty (321.50),
 2 Code 1973, is amended by adding the following new subsection:

3 **NEW SUBSECTION.** Upon request of any person, the county trea-
 4 surer shall issue his certificate showing whether there are, on the date
 5 and hour stated therein, any liens noted on a particular vehicle's cer-
 6 tificate of title, and the name and address of each secured party
 7 whose lien is noted thereon. The uniform fee for a written certifi-
 8 cate shall be two dollars if the request for the certificate is on a form

9 conforming to standards prescribed by the secretary of state; other-
10 wise, three dollars.

1 SEC. 11. Section five hundred fifty-four point one thousand one
2 hundred five (554.1105), subsection two (2), Code 1973, is amended
3 to read as follows:

4 2. Where one of the following provisions of this chapter specifies
5 the applicable law, that provision governs and a contrary agreement
6 is effective only to the extent permitted by the law (including the con-
7 flict of laws rules) so specified:

8 Rights of creditors against sold goods. Section 554.2402.
9 Applicability of the Article on Bank Deposits and Collections.
10 Section 554.4102.

11 Bulk transfers subject to the Article on Bulk Transfers. Section
12 554.6102.

13 Applicability of the Article on Investment Securities. Section
14 554.8106.

15 ~~Policy and scope~~ *Perfection provisions* of the Article on Secured
16 Transactions. ~~Sections 554.9102 and~~, section 554.9103.

1 SEC. 12. Section five hundred fifty-four point one thousand two
2 hundred one (554.1201), subsections nine (9) and twelve (12), and
3 subsection thirty-seven (37) as amended by section one (1) of this
4 Act, are further amended to read as follows:

5 9. "Buyer in ordinary course of business" means a person who in
6 good faith and without knowledge that the sale to him is in violation
7 of the ownership rights or security interest of a third party in the
8 goods buys in ordinary course from a person in the business of sell-
9 ing goods of that kind but does not include a pawnbroker. *All per-*
10 *sons who sell minerals or the like (including oil and gas) at wellhead*
11 *or minehead shall be deemed to be persons in the business of selling*
12 *goods of that kind.* "Buying" may be for cash or by exchange of other
13 property or on secured or unsecured credit and includes receiving
14 goods or documents of title under a pre-existing contract for sale but
15 does not include a transfer in bulk or as security for or in total or
16 partial satisfaction of a money debt.

17 12. "Creditor" includes a general creditor, a secured creditor, a
18 lien creditor and any representative of creditors, including an as-
19 signee for the benefit of creditors, a trustee in bankruptcy, a receiver
20 in equity and ~~a legal representative of a decedent's or incompetent's~~
21 ~~estate an executor or administrator of an insolvent debtor's or as-~~
22 ~~signor's estate.~~

23 37. "Security interest" means an interest in personal property or
24 fixtures which secures payment or performance of an obligation. The
25 retention or reservation of title by a seller of goods notwithstanding
26 shipment or delivery to the buyer (section 554.2401) is limited in
27 effect to a reservation of a "security interest". The term also includes
28 any interest of a buyer of accounts, ~~or chattel paper, or contract rights~~
29 which is subject to Article 9. The special property interest of a buyer
30 of goods on identification of such goods to a contract for sale under
31 section 554.2401 is not a "security interest", but a buyer may also
32 acquire a "security interest" by complying with Article 9. Unless a
33 lease or consignment is intended as security, reservation of title there-
34 under is not a "security interest" but a consignment is in any event

35 subject to the provisions on consignment sales (section 554.2326).
 36 Whether a lease is intended as security is to be determined by the
 37 facts of each case; however, (a) the inclusion of an option to pur-
 38 chase does not of itself make the lease one intended for security, and
 39 (b) an agreement that upon compliance with the terms of the lease
 40 the lessee shall become or has the option to become the owner of the
 41 property for no additional consideration or for a nominal considera-
 42 tion does make the lease one intended for security.

1 SEC. 13. Chapter five hundred fifty-four (554), Article one (1),
 2 Code 1973, is amended by adding the following new section following
 3 section five hundred fifty-four point one thousand two hundred eight
 4 (554.1208):

5 NEW SECTION. 554.1209 **Subordinated obligations.** An obliga-
 6 tion may be issued as subordinated to payment of another obligation
 7 of the person obligated, or a creditor may subordinate his right to
 8 payment of an obligation by agreement with either the person obli-
 9 gated or another creditor of the person obligated. Such a subordina-
 10 tion does not create a security interest as against either the common
 11 debtor or a subordinated creditor. This section shall be construed as
 12 declaring the law as it existed prior to the enactment of this section
 13 and not as modifying it.

1 SEC. 14. Section five hundred fifty-four point two thousand one
 2 hundred seven (554.2107), subsections one (1) and two (2), Code
 3 1973, are amended to read as follows:

4 1. A contract for the sale of ~~timber~~, minerals or the like (*including*
 5 *oil and gas*) or a structure or its materials to be removed from realty
 6 is a contract for the sale of goods within this Article if they are to be
 7 severed by the seller but until severance a purported present sale
 8 thereof which is not effective as a transfer of an interest in land is
 9 effective only as a contract to sell.

10 2. A contract for the sale apart from the land of growing crops or
 11 other things attached to realty and capable of severance without materi-
 12 al harm thereto but not described in subsection 1 *or of timber to be*
 13 *cut* is a contract for the sale of goods within this Article whether the
 14 subject matter is to be severed by the buyer or by the seller even
 15 though it forms part of the realty at the time of contracting, and the
 16 parties can by identification effect a present sale before severance.

1 SEC. 15. Section five hundred fifty-four point two thousand two
 2 hundred seven (554.2207), subsection two (2), Code 1973, is
 3 amended to read as follows:

4 2. The additional ~~or different~~ terms are to be construed as pro-
 5 posals for addition to the contract. Between merchants such terms
 6 become part of the contract unless:

- 7 a. the offer expressly limits acceptance to the terms of the offer;
- 8 b. they materially alter it; or
- 9 c. notification of objection to them has already been given or is
 10 given within a reasonable time after notice of them is received.

1 SEC. 16. Section five hundred fifty-four point two thousand three
 2 hundred eighteen (554.2318), Code 1973, is amended by striking the
 3 section and inserting in lieu thereof the following:

4 554.2318 Third party beneficiaries of warranties express or im-
 5 plied. A seller's warranty whether express or implied extends to any
 6 person who may reasonably be expected to use, consume or be
 7 affected by the goods and who is injured by breach of the warranty.
 8 A seller may not exclude or limit the operation of this section with
 9 respect to injury to the person of an individual to whom the war-
 10 ranty extends.

1 SEC. 17. Section five hundred fifty-four point two thousand five
 2 hundred two (554.2502), subsection one (1), Code 1973, is amended
 3 to read as follows:

4 1. Subject to subsection 2 and even though the goods have not been
 5 shipped a buyer who has paid a part or all of the price of goods in
 6 which he has a special property under the provisions of the immedi-
 7 ately preceding section may on making and keeping good a tender
 8 of any unpaid portion of their price recover them from the seller if
 9 the seller is insolvent at the time of receipt of the first installment ~~on~~
 10 ~~their price or~~ becomes insolvent within ten days thereafter after
 11 receipt of the first installment on their price.

1 SEC. 18. Section five hundred fifty-four point two thousand five
 2 hundred thirteen (554.2513), subsection two (2), Code 1973, is
 3 amended to read as follows:

4 2. ~~Unless otherwise agreed expenses~~ *Expenses* of inspection must
 5 be borne by the buyer but may be recovered from the seller if the
 6 goods do not conform and are rejected.

1 SEC. 19. Section five hundred fifty-four point two thousand six
 2 hundred sixteen (554.2616), Code 1973, is amended by adding the
 3 following new subsection following subsection two (2):

4 NEW SUBSECTION. 3. The provisions of this section may not be
 5 negated by agreement except insofar as the seller has assumed a
 6 greater obligation under the preceding section.

1 SEC. 20. Section five hundred fifty-four point two thousand seven
 2 hundred two (554.2702), subsection three (3), Code 1973, is amended
 3 to read as follows:

4 3. The seller's right to reclaim under subsection 2 is subject to the
 5 rights of a buyer in ordinary course or other good faith purchaser ~~or~~
 6 ~~lien creditor~~ under this Article (section 554.2403). Successful recla-
 7 mation of goods excludes all other remedies with respect to them.

1 SEC. 21. Section five hundred fifty-four point three thousand one
 2 hundred three (554.3103), subsection one (1), Code 1973, is amended
 3 to read as follows:

4 1. This Article does not apply to money, documents of title or *in-*
 5 *vestment* securities ~~as defined in section 554.3102.~~

1 SEC. 22. Section five hundred fifty-four point three thousand six
 2 hundred four (554.3604), Code 1973, is amended by striking sub-
 3 section four (4).

1 SEC. 23. Section five hundred fifty-four point four thousand one
 2 hundred two (554.4102), subsection two (2), Code 1973, is amended
 3 to read as follows:

4 2. The liability of a bank for action or nonaction with respect to
 5 any item handled by it for purposes of presentment, payment or col-

6 lection is governed by the law of the place where the bank is located.
 7 *In the case of action or nonaction by or at a branch or separate office*
 8 *of a bank, its liability is governed by the law of the place where the*
 9 *branch or separate office is located.*

1 SEC. 24. Section five hundred fifty-four point four thousand one
 2 hundred six (554.4106), Code 1973, is amended to read as follows:
 3 **554.4106 Separate office of a bank.** A branch or separate office of
 4 a bank is a separate bank for the purpose of computing the time
 5 within which and determining the place at or to which action may
 6 be taken or notices or orders shall be given under this Article and
 7 under Article 3.

1 SEC. 25. Section five hundred fifty-four point four thousand three
 2 hundred one (554.4301), subsection one (1), paragraph b, Code
 3 1973, is amended to read as follows:

4 b. sends written notice of dishonor or nonpayment if the item is
 5 held for protest or is otherwise unavailable for return; and the item
 6 or notice includes the reason for dishonor *or nonpayment.*

1 SEC. 26. Section five hundred fifty-four point five thousand one
 2 hundred sixteen (554.5116), subsection two (2), unnumbered para-
 3 graph one (1), Code 1973, is amended to read as follows:

4 2. Even though the credit specifically states that it is nontransfer-
 5 able or nonassignable the beneficiary may before performance of the
 6 conditions of the credit assign his right to proceeds. Such an assign-
 7 ment is an assignment of a ~~contract right~~ *an account* under Article
 8 9 on Secured Transactions and is governed by that Article except
 9 that

1 SEC. 27. Section five hundred fifty-four point seven thousand two
 2 hundred nine (554.7209), subsection three (3), Code 1973, is amended
 3 to read as follows:

4 3. a. A warehouseman's lien for charges and expenses under sub-
 5 section 1 or a security interest under subsection 2 is also effective
 6 against any person who so entrusted the bailor with possession of
 7 the goods that a pledge of them by him to a good faith purchaser for
 8 value would have been valid but is not effective against a person as
 9 to whom the document confers no right in the goods covered by it
 10 under section 554.7503.

11 b. *A warehouseman's lien on household goods for charges and ex-*
 12 *penditures in relation to the goods under subsection one (1) is also effec-*
 13 *tive against all persons if the depositor was the legal possessor of the*
 14 *goods at the time of deposit. "Household goods" means furniture,*
 15 *furnishings and personal effects used by the depositor in a dwelling.*

1 SEC. 28. The Code editor shall change the title of Article nine (9)
 2 of the Uniform Commercial Code, chapter five hundred fifty-four
 3 (554), Code 1973, to read as follows:

ARTICLE 9

SECURED TRANSACTIONS; SALES OF ACCOUNTS AND CHATTEL PAPER

1 SEC. 29. Section five hundred fifty-four point nine thousand one
 2 hundred two (554.9102), title and subsection one (1), Code 1973, are
 3 amended to read as follows:

4 **554.9102 Policy and scope subject matter of article.**

5 1. Except as otherwise provided in section ~~554.9103~~ on multiple
6 state transactions and in section 554.9104 on excluded transactions,
7 this Article applies so far as concerns any personal property and fix-
8 tures within the jurisdiction of this state

9 a. to any transaction (regardless of its form) which is intended to
10 create a security interest in personal property or fixtures including
11 goods, documents, instruments, general intangibles, chattel paper, or
12 accounts or contract rights; and also

13 b. to any sale of accounts, contract rights or chattel paper.

1 SEC. 30. Section five hundred fifty-four point nine thousand one
2 hundred three (554.9103), Code 1973, is amended by striking the sec-
3 tion and inserting in lieu thereof the following:

4 **554.9103 Perfection of security interests in multiple state trans-**
5 **actions.**

6 1. Documents, instruments and ordinary goods.

7 a. This subsection applies to documents and instruments and to
8 goods other than those covered by a certificate of title described in
9 subsection two (2), mobile goods described in subsection three (3),
10 and minerals described in subsection five (5).

11 b. Except as otherwise provided in this subsection, perfection and
12 the effect of perfection or nonperfection of a security interest in col-
13 lateral are governed by the law of the jurisdiction where the collat-
14 eral is when the last event occurs on which is based the assertion
15 that the security interest is perfected or unperfected.

16 c. If the parties to a transaction creating a purchase money secu-
17 rity interest in goods in one jurisdiction understand at the time that
18 the security interest attaches that the goods will be kept in another
19 jurisdiction, then the law of the other jurisdiction governs the per-
20 fection and the effect of perfection or nonperfection of the security
21 interest from the time it attaches until thirty days after the debtor
22 receives possession of the goods and thereafter if the goods are taken
23 to the other jurisdiction before the end of the thirty-day period.

24 d. When collateral is brought into and kept in this state while sub-
25 ject to a security interest perfected under the law of the jurisdiction
26 from which the collateral was removed, the security interest remains
27 perfected, but if action is required by Part three (3) of this Article
28 to perfect the security interest,

29 i. if the action is not taken before the expiration of the period of
30 perfection in the other jurisdiction or the end of four months after
31 the collateral is brought into this state, whichever period first ex-
32 pires, the security interest becomes unperfected at the end of that
33 period and is thereafter deemed to have been unperfected as against
34 a person who became a purchaser after removal;

35 ii. if the action is taken before the expiration of the period speci-
36 fied in subparagraph (i), the security interest continues perfected
37 thereafter;

38 iii. for the purpose of priority over a buyer of consumer goods,
39 section five hundred fifty-four point nine thousand three hundred
40 seven (554.9307), subsection two (2), the period of the effectiveness
41 of a filing in the jurisdiction from which the collateral is removed is
42 governed by the rules with respect to perfection in subparagraphs (i)
43 and (ii).

44 2. Certificate of title.

45 a. This subsection applies to goods covered by a certificate of title
46 issued under a statute of this state or of another jurisdiction under
47 the law of which indication of a security interest on the certificate
48 is required as a condition of perfection.

49 b. Except as otherwise provided in this subsection, perfection and
50 the effect of perfection or nonperfection of the security interest are
51 governed by the law (including the conflict of laws rules) of the juris-
52 diction issuing the certificate until four months after the goods are
53 removed from that jurisdiction and thereafter until the goods are
54 registered in another jurisdiction, but in any event not beyond sur-
55 render of the certificate. After the expiration of that period, the
56 goods are not covered by the certificate of title within the meaning
57 of this section.

58 c. Except with respect to the rights of a buyer described in the
59 next paragraph, a security interest, perfected in another jurisdic-
60 tion otherwise than by notation on a certificate of title, in goods
61 brought into this state and thereafter covered by a certificate of
62 title issued by this state is subject to the rules stated in subsection
63 one (1), paragraph d.

64 d. If goods are brought into this state while a security interest
65 therein is perfected in any manner under the law of the jurisdiction
66 from which the goods are removed and a certificate of title is issued
67 by this state and the certificate does not show that the goods are sub-
68 ject to the security interest or that they may be subject to security
69 interests not shown on the certificate, the security interest is subor-
70 dinate to the rights of a buyer of the goods who is not in the busi-
71 ness of selling goods of that kind to the extent that he gives value
72 and receives delivery of the goods after issuance of the certificate
73 and without knowledge of the security interest.

74 3. Accounts, general intangibles and mobile goods.

75 a. This subsection applies to accounts (other than an account de-
76 scribed in subsection five (5) on minerals) and general intangibles
77 and to goods which are mobile and which are of a type normally
78 used in more than one jurisdiction, such as motor vehicles, trailers,
79 rolling stock, airplanes, shipping containers, road building and con-
80 struction machinery and commercial harvesting machinery and the
81 like, if the goods are equipment or are inventory leased or held for
82 lease by the debtor to others, and are not covered by a certificate of
83 title described in subsection two (2).

84 b. The law (including the conflict of laws rules) of the jurisdic-
85 tion in which the debtor is located governs the perfection and the
86 effect of perfection or nonperfection of the security interest.

87 c. If, however, the debtor is located in a jurisdiction which is not
88 a part of the United States, and which does not provide for perfec-
89 tion of the security interest by filing or recording in that jurisdic-
90 tion, the law of the jurisdiction in the United States in which the
91 debtor has its major executive office in the United States governs
92 the perfection and the effect of perfection or nonperfection of the
93 security interest through filing. In the alternative, if the debtor is
94 located in a jurisdiction which is not a part of the United States or
95 Canada and the collateral is accounts or general intangibles for
96 money due or to become due, the security interest may be perfected

97 by notification to the account debtor. As used in this paragraph,
98 "United States" includes its territories and possessions and the Com-
99 monwealth of Puerto Rico.

100 d. A debtor shall be deemed located at his place of business if he
101 has one, at his chief executive office if he has more than one place
102 of business, otherwise at his residence. If, however, the debtor is a
103 foreign air carrier under the Federal Aviation Act of 1958, as
104 amended, it shall be deemed located at the designated office of the
105 agent upon whom service of process may be made on behalf of the
106 foreign air carrier.

107 e. A security interest perfected under the law of the jurisdiction of
108 the location of the debtor is perfected until the expiration of four
109 months after a change of the debtor's location to another jurisdiction,
110 or until perfection would have ceased by the law of the first jurisdic-
111 tion, whichever period first expires. Unless perfected in the new
112 jurisdiction before the end of that period, it becomes unperfected
113 thereafter and is deemed to have been unperfected as against a per-
114 son who became a purchaser after the change.

115 4. Chattel paper. The rules stated for goods in subsection one (1)
116 apply to a possessory security interest in chattel paper. The rules
117 stated for accounts in subsection three (3) apply to a nonpossessory
118 security interest in chattel paper, but the security interest may not
119 be perfected by notification to the account debtor.

120 5. Minerals. Perfection and the effect of perfection or nonperfec-
121 tion of a security interest which is created by a debtor who has an
122 interest in minerals or the like (including oil and gas) before extrac-
123 tion and which attaches thereto as extracted, or which attaches to
124 an account resulting from the sale thereof at the wellhead or mine-
125 head are governed by the law (including the conflict of laws rules)
126 of the jurisdiction wherein the wellhead or minehead is located.

1 SEC. 31. Section five hundred fifty-four point nine thousand one
2 hundred four (554.9104), Code 1973, is amended to read as follows:
3 554.9104 Transactions excluded from Article. This Article does
4 not apply

5 a. to a security interest subject to any statute of the United States
6 such as the Ship Mortgage Act, 1920, to the extent that such statute
7 governs the rights of parties to and third parties affected by trans-
8 actions in particular types of property; or

9 b. to a landlord's lien; or

10 c. to a lien given by statute or other rule of law for services or
11 materials except as provided in section 554.9310 on priority of such
12 liens; or

13 d. to a transfer of a claim for wages, salary or other compensation
14 of an employee; or

15 e. to ~~an equipment trust covering railway rolling stock a transfer~~
16 ~~by a government or governmental subdivision or agency; or~~

17 f. to a sale of accounts, ~~contract rights~~ or chattel paper as part of
18 a sale of the business out of which they arose, or an assignment of
19 accounts, ~~contract rights~~ or chattel paper which is for the purpose of
20 collection only, or a transfer of a ~~contract~~ right to payment under a
21 contract to an assignee who is also to do the performance under the
22 contract or a transfer of a single account to an assignee in whole or
23 partial satisfaction of a preexisting indebtedness; or

- 24 g. to a transfer of an interest or claim in or under any policy of
 25 insurance, *except as provided with respect to proceeds (section five*
 26 *hundred fifty-four point nine thousand three hundred six (554.9306))*
 27 *and priorities in proceeds (section five hundred fifty-four point nine*
 28 *thousand three hundred twelve (554.9312))*; or
 29 h. to a right represented by a judgment (*other than a judgment*
 30 *taken on a right to payment which was collateral*); or
 31 i. to any right of setoff; or
 32 j. except to the extent that provision is made for fixtures in sec-
 33 tion 554.9313, to the creation or transfer of an interest in or lien on
 34 real estate, including a lease or rents thereunder; or
 35 k. to a transfer in whole or in part of ~~any of the following: any~~
 36 ~~claim arising out of tort; any deposit, savings, passbook or like~~
 37 ~~account maintained with a bank, savings and loan association, credit~~
 38 ~~union or like organization.~~ *or*
 39 l. *to a transfer of an interest in any deposit account (subsection*
 40 *one (1) of section five hundred fifty-four point nine thousand one*
 41 *hundred five (554.9105)), except as provided with respect to proceeds*
 42 *(section five hundred fifty-four point nine thousand three hundred six*
 43 *(554.9306)) and priorities in proceeds (section five hundred fifty-four*
 44 *point nine thousand three hundred twelve (554.9312)).*

1 SEC. 32. Section five hundred fifty-four point nine thousand one
 2 hundred five (554.9105), subsections one (1) and two (2), Code 1973,
 3 are amended to read as follows:

- 4 1. In this Article unless the context otherwise requires:
 5 a. "Account debtor" means the person who is obligated on an ac-
 6 count, chattel paper, ~~contract right~~ or general intangible;
 7 b. "Chattel paper" means a writing or writings which evidence
 8 both a monetary obligation and a security interest in or a lease of
 9 specific goods, *but a charter or other contract involving the use or*
 10 *hire of a vessel is not chattel paper.* When a transaction is evidenced
 11 both by such a security agreement or a lease and by an instrument or
 12 a series of instruments, the group of writings taken together consti-
 13 tutes chattel paper;
 14 c. "Collateral" means the property subject to a security interest,
 15 and includes accounts, ~~contract rights~~ and chattel paper which have
 16 been sold;
 17 d. "Debtor" means the person who owes payment or other perform-
 18 ance of the obligation secured, whether or not he owns or has rights
 19 in the collateral, and includes the seller of accounts, ~~contract rights~~
 20 or chattel paper. Where the debtor and the owner of the collateral are
 21 not the same person, the term "debtor" means the owner of the col-
 22 lateral in any provision of the Article dealing with the collateral, the
 23 obligor in any provision dealing with the obligation, and may include
 24 both where the context so requires;
 25 e. "*Deposit account*" means a demand, time, savings, passbook or
 26 like account maintained with a bank, savings and loan association,
 27 credit union or like organization, *other than an account evidenced by*
 28 *a certificate of deposit*;
 29 e f. "Document" means document of title as defined in the general
 30 definitions of Article 1 (section 554.1201), *and a receipt of the kind*
 31 *described in subsection two (2) of section five hundred fifty-four*
 32 *point seven thousand two hundred one (554.7201)*;

33 *g. "Encumbrance" includes real estate mortgages and other liens*
 34 *on real estate and all other rights in real estate that are not ownership*
 35 *interests;*

36 *£ h. "Goods" include all things which are movable at the time the*
 37 *security interest attaches or which are fixtures (section 554.9313),*
 38 *but does do not include money, documents, instruments, accounts,*
 39 *chattel paper, general intangibles, ~~contract rights and other things in~~*
 40 *~~action~~ or minerals or the like (including oil and gas) before extrac-*
 41 *tion. "Goods" also include standing timber which is to be cut and*
 42 *removed under a conveyance or contract for sale, the unborn young of*
 43 *animals and growing crops;*

44 *§ i. "Instrument" means a negotiable instrument (defined in sec-*
 45 *tion 554.3104), or a security (defined in section 554.8102) or any*
 46 *other writing which evidences a right to the payment of money and*
 47 *is not itself a security agreement or lease and is of a type which is in*
 48 *ordinary course of business transferred by delivery with any neces-*
 49 *sary endorsement or assignment;*

50 *j. "Mortgage" means a consensual interest created by a real estate*
 51 *mortgage, a trust deed on real estate, or the like;*

52 *k. An advance is made "pursuant to commitment" if the secured*
 53 *party has bound himself to make it, whether or not a subsequent*
 54 *event of default or other event not within his control has relieved or*
 55 *may relieve him from his obligation;*

56 *h l. "Security agreement" means an agreement which creates or*
 57 *provides for a security interest;*

58 *i m. "Secured party" means a lender, seller or other person in*
 59 *whose favor there is a security interest, including a person to whom*
 60 *accounts, ~~contract rights~~ or chattel paper have been sold. When the*
 61 *holders of obligations issued under an indenture of trust, equipment*
 62 *trust agreement or the like are represented by a trustee or other per-*
 63 *son, the representative is the secured party-;*

64 *n. "Transmitting utility" means any person primarily engaged in*
 65 *the railroad, street railway or trolley bus business, the electric or*
 66 *electronics communications transmission business, the transmission*
 67 *of goods by pipeline, or the transmission or the production and trans-*
 68 *mission of electricity, steam, gas or water, or the provision of sewer*
 69 *service.*

70 2. Other definitions applying to this Article and the sections in
 71 which they appear are:

72 "Account". Section 554.9106.

73 "Attach". Section five hundred fifty-four point nine thousand two
 74 hundred three (554.9203).

75 "Construction mortgage". Section five hundred fifty-four point
 76 nine thousand three hundred thirteen (554.9313), subsection one
 77 (1).

78 "Consumer goods". Section 554.9109(1).

79 "~~Contract right~~". Section 554.9106.

80 "Equipment". Section 554.9109(2).

81 "Farm products". Section 554.9109(3).

82 "Fixture". Section five hundred fifty-four point nine thousand
 83 three hundred thirteen (554.9313).

84 "Fixture filing". Section five hundred fifty-four point nine thou-
 85 sand three hundred thirteen (554.9313).

- 86 "General intangibles". Section 554.9106.
 87 "Inventory". Section 554.9109(4).
 88 "Lien creditor". Section 554.9301(3).
 89 "Proceeds". Section 554.9306(1).
 90 "Purchase money security interest". Section 554.9107.
 91 "United States". Section five hundred fifty-four point nine thou-
 92 sand one hundred three (554.9103).

1 SEC. 33. Section five hundred fifty-four point nine thousand one
 2 hundred six (554.9106), Code 1973, is amended to read as follows:
 3 554.9106 Definitions: "Account"—~~"contract right"~~—"general in-
 4 tangibles". "Account" means any right to payment for goods sold or
 5 leased or for services rendered which is not evidenced by an instru-
 6 ment or chattel paper. ~~"Contract right" means any right to payment~~
 7 ~~under a contract not yet earned by performance and not evidenced by~~
 8 ~~an instrument or chattel paper, whether or not it has been earned by~~
 9 ~~performance.~~ "General intangibles" means any personal property
 10 (including things in action) other than goods, accounts, ~~contract~~
 11 ~~rights,~~ chattel paper, documents and, instruments, and money. All
 12 rights to payment earned or unearned under a charter or other con-
 13 tract involving the use or hire of a vessel and all rights incident to
 14 the charter or contract are accounts.

1 SEC. 34. Chapter five hundred fifty-four (554), Article nine (9),
 2 Part one (1), Code 1973, is amended by adding the following new
 3 section following section five hundred fifty-four point nine thousand
 4 one hundred thirteen (554.9113):

5 NEW SECTION. 554.9114. Consignment.

6 1. A person who delivers goods under a consignment which is not
 7 a security interest and who would be required to file under this Arti-
 8 cle by section five hundred fifty-four point two thousand three hun-
 9 dred twenty-six (554.2326), subsection three (3), paragraph c, has
 10 priority over a secured party who is or becomes a creditor of the con-
 11 signee and who would have a perfected security interest in the
 12 goods if they were the property of the consignee, and also has pri-
 13 ority with respect to identifiable cash proceeds received on or before
 14 delivery of the goods to a buyer, if

15 a. the consignor complies with the filing provision of the Article
 16 on Sales with respect to consignments (section five hundred fifty-four
 17 point two thousand three hundred twenty-six (554.2326), subsection
 18 three (3), paragraph c) before the consignee receives possession of
 19 the goods; and

20 b. the consignor gives notification in writing to the holder of the
 21 security interest if the holder has filed a financing statement cov-
 22 ering the same types of goods before the date of the filing made by
 23 the consignor; and

24 c. the holder of the security interest receives the notification with-
 25 in five years before the consignee receives possession of the goods;
 26 and

27 d. the notification states that the consignor expects to deliver
 28 goods on consignment to the consignee, describing the goods by item
 29 or type.

30 2. In the case of a consignment which is not a security interest
 31 and in which the requirements of the preceding subsection have not

32 been met, a person who delivers goods to another is subordinate to
 33 a person who would have a perfected security interest in the goods
 34 if they were the property of the debtor.

1 SEC. 35. Section five hundred fifty-four point nine thousand two
 2 hundred three (554.9203), Code 1973, is amended by amending the
 3 title to read as follows:

4 554.9203 *Attachment and enforceability of security interest—pro-*
 5 *ceeds, formal requisites.*

1 SEC. 36. Section five hundred fifty-four point nine thousand two
 2 hundred three (554.9203), Code 1973, is amended *ly* striking sub-
 3 section one (1), and inserting in lieu thereof the following, and re-
 4 numbering the remaining subsection:

5 1. Subject to the provisions of section five hundred fifty-four point
 6 four thousand two hundred eight (554.4208) on the security inter-
 7 est of a collecting bank and section five hundred fifty-four point nine
 8 thousand one hundred thirteen (554.9113) on a security interest aris-
 9 ing under the Article on Sales, a security interest is not enforceable
 10 against the debtor or third parties with respect to the collateral and
 11 does not attach unless

12 a. the collateral is in the possession of the secured party pursuant
 13 to agreement, or the debtor has signed a security agreement which
 14 contains a description of the collateral and in addition, when the
 15 security interest covers crops growing or to be grown or timber to
 16 be cut, a description of the land concerned; and

17 b. value has been given; and

18 c. the debtor has rights in the collateral.

19 2. A security interest attaches when it becomes enforceable
 20 against the debtor with respect to the collateral. Attachment occurs
 21 as soon as all of the events specified in subsection one (1) have taken
 22 place unless explicit agreement postpones the time of attaching.

23 3. Unless otherwise agreed a security agreement gives the secured
 24 party the rights to proceeds provided by section five hundred fifty-
 25 four point nine thousand three hundred six (554.9306).

1 SEC. 37. Section five hundred fifty-four point nine thousand two
 2 hundred four (554.9204), Code 1973, is amended by amending the
 3 title to read as follows:

4 554.9204 ~~When security interest attaches—~~After-acquired proper-
 5 ~~ty—~~future advances.

1 SEC. 38. Section five hundred fifty-four point nine thousand two
 2 hundred four (554.9204), Code 1973, is amended by striking subsec-
 3 tions one (1) through four (4), and inserting in lieu thereof the
 4 following:

5 1. Except as provided in subsection two (2), a security agree-
 6 ment may provide that any or all obligations covered by the security
 7 agreement are to be secured by after-acquired collateral.

8 2. No security interest attaches under an after-acquired property
 9 clause to consumer goods other than accessions (section five hundred
 10 fifty-four point nine thousand three hundred fourteen (554.9314))
 11 when given as additional security unless the debtor acquires rights
 12 in them within ten days after the secured party gives value.

1 SEC. 39. Section five hundred fifty-four point nine thousand two
2 hundred four (554.9204), subsection five (5), Code 1973, is amended
3 to read as follows:

4 ~~5~~ 3. Obligations covered by a security agreement may include
5 future advances or other value whether or not the advances or value
6 are given pursuant to commitment (*section five hundred fifty-four*
7 *point nine thousand one hundred five (554.9105), subsection one (1)*).

1 SEC. 40. Section five hundred fifty-four point nine thousand
2 two hundred five (554.9205), Code 1973, is amended to read as fol-
3 lows:

4 **554.9205 Use or disposition of collateral without accounting per-**
5 **missible.** A security interest is not invalid or fraudulent against
6 creditors by reason of liberty in the debtor to use, commingle or dis-
7 pose of all or part of the collateral (including returned or repossessed
8 goods) or to collect or compromise accounts, ~~contract rights~~ or chattel
9 paper, or to accept the return of goods or make repossessions, or to
10 use, commingle or dispose of proceeds, or by reason of the failure of
11 the secured party to require the debtor to account for proceeds or
12 replace collateral. This section does not relax the requirements of
13 possession where perfection of a security interest depends upon pos-
14 session of the collateral by the secured party or by a bailee.

1 SEC. 41. Section five hundred fifty-four point nine thousand three
2 hundred one (554.9301), Code 1973, is amended to read as follows:

3 **554.9301 Persons who take priority over unperfected security in-**
4 **terests—right of “lien creditor”.**

5 1. Except as otherwise provided in subsection 2, an unperfected
6 security interest is subordinate to the rights of

7 a. persons entitled to priority under section 554.9312;

8 b. a person who becomes a lien creditor ~~without knowledge of the~~
9 ~~security interest and before it~~ *the security interest* is perfected;

10 c. in the case of goods, instruments, documents, and chattel paper,
11 a person who is not a secured party and who is a transferee in bulk or
12 other buyer not in ordinary course of business, *or is a buyer of farm*
13 *products in ordinary course of business*, to the extent that he gives
14 value and receives delivery of the collateral without knowledge of the
15 security interest and before it is perfected;

16 d. in the case of accounts, ~~contract rights~~, and general intangibles,
17 a person who is not a secured party and who is a transferee to the
18 extent that he gives value without knowledge of the security interest
19 and before it is perfected.

20 2. If the secured party files with respect to a purchase money secu-
21 rity interest before or within ten days after the *debtor receives pos-*
22 *session of the collateral comes into possession of the debtor*, he takes
23 priority over the rights of a transferee in bulk or of a lien creditor
24 which arise between the time the security interest attaches and the
25 time of filing.

26 3. A “lien creditor” means a creditor who has acquired a lien on
27 the property involved by attachment, levy or the like and includes an
28 assignee for benefit of creditors from the time of assignment, and a
29 trustee in bankruptcy from the date of the filing of the petition or a
30 receiver in equity from the time of appointment. ~~Unless all the credi-~~
31 ~~tors represented had knowledge of the security interest such a repre-~~

32 ~~sentative of creditors is a lien creditor without knowledge even though~~
 33 ~~he personally has knowledge of the security interest.~~

34 *4. A person who becomes a lien creditor while a security interest is*
 35 *perfected takes subject to the security interest only to the extent that*
 36 *it secures advances made before he becomes a lien creditor or within*
 37 *forty-five days thereafter or made without knowledge of the lien or*
 38 *pursuant to a commitment entered into without knowledge of the lien.*

1 SEC. 42. Section five hundred fifty-four point nine thousand three
 2 hundred two (554.9302), subsection one (1), Code 1973, is amended
 3 to read as follows:

4 1. A financing statement must be filed to perfect all security inter-
 5 ests except the following:

6 a. a security interest in collateral in possession of the secured
 7 party under section 554.9305;

8 b. a security interest temporarily perfected in instruments or doc-
 9 uments without delivery under section 554.9304 or in proceeds for a
 10 ten-day period under section 554.9306;

11 ~~c. a purchase money security interest in farm equipment having a~~
 12 ~~purchase price not in excess of one thousand dollars; but filing is~~
 13 ~~required for a fixture or for a vehicle required to be licensed a security~~
 14 ~~interest created by an assignment of a beneficial interest in a trust or~~
 15 ~~a decedent's estate;~~

16 d. a purchase money security interest in consumer goods; but filing
 17 is required ~~for a fixture or for a vehicle required to be licensed for a~~
 18 ~~vehicle required to be registered; and fixture filing is required for~~
 19 ~~priority over conflicting interests in fixtures to the extent provided in~~
 20 ~~section five hundred fifty-four point nine thousand three hundred thir-~~
 21 ~~teen (554.9313);~~

22 e. an assignment of accounts ~~or contract rights~~ which does not
 23 alone or in conjunction with other assignments to the same assignee
 24 transfer a significant part of the outstanding accounts ~~or contract~~
 25 ~~rights~~ of the assignor;

26 f. a security interest of a collecting bank (section 554.4208) or
 27 arising under the Article on Sales (see section 554.9113) or covered
 28 in subsection 3 of this section-;

29 *g. an assignment for the benefit of all the creditors of the trans-*
 30 *feror, and subsequent transfers by the assignee thereunder.*

1 SEC. 43. Section five hundred fifty-four point nine thousand three
 2 hundred two (554.9302), Code 1973, is amended by striking subsec-
 3 tions three (3) and four (4) and inserting in lieu thereof the follow-
 4 ing:

5 3. The filing of a financing statement otherwise required by this
 6 Article is not necessary or effective to perfect a security interest in
 7 property subject to

8 **a. a statute or treaty of the United States which provides for a**
 9 **national or international registration or a national or international**
 10 **certificate of title or which specifies a place of filing different from**
 11 **that specified in this Article for filing of the security interest; or**

12 **b. the following statutes of this state; sections three hundred**
 13 **twenty-one point eighteen (321.18) and three hundred twenty-one**
 14 **point twenty (321.20); but during any period in which collateral is**
 15 **inventory held for sale by a person who is in the business of selling**

16 goods of that kind, the filing provisions of this Article (Part four
17 (4)) apply to a security interest in that collateral created by him as
18 debtor; or

19 c. a certificate of title statute of another jurisdiction under the law
20 of which indication of a security interest on the certificate is required
21 as a condition of perfection (section five hundred fifty-four point nine
22 thousand one hundred three (554.9103), subsection two (2)).

23 4. Compliance with a statute or treaty described in subsection three
24 (3) is equivalent to the filing of a financing statement under this
25 Article, and a security interest in property subject to the statute or
26 treaty can be perfected only by compliance therewith except as pro-
27 vided in section five hundred fifty-four point nine thousand one hun-
28 dred three (554.9103) on multiple state transactions. Duration and
29 renewal of perfection of a security interest perfected by compliance
30 with the statute or treaty are governed by the provisions of the stat-
31 ute or treaty; in other respects the security interest is subject to
32 this Article.

1 SEC. 44. Section five hundred fifty-four point nine thousand three
2 hundred four (554.9304), subsections one (1) and five (5), Code
3 1973, are amended to read as follows:

4 1. A security interest in chattel paper or negotiable documents
5 may be perfected by filing. A security interest in *money* or instru-
6 ments (other than instruments which constitute part of chattel
7 paper) can be perfected only by the secured party's taking possession,
8 except as provided in subsections 4 and 5 of this section and subsec-
9 tions two (2) and three (3) of section five hundred fifty-four point
10 nine thousand three hundred six (554.9306) on proceeds.

11 5. A security interest remains perfected for a period of twenty-one
12 days without filing where a secured party having a perfected security
13 interest in an instrument, a negotiable document or goods in posses-
14 sion of a bailee other than one who has issued a negotiable document
15 therefor

16 a. makes available to the debtor the goods or documents represent-
17 ing the goods for the purpose of ultimate sale or exchange or for the
18 purpose of loading, unloading, storing, shipping, transshipping, man-
19 ufacturing, processing or otherwise dealing with them in a manner
20 preliminary to their sale or exchange, *but priority between conflict-*
21 *ing security interests in the goods is subject to section five hundred*
22 *fifty-four point nine thousand three hundred twelve (554.9312), sub-*
23 *section three (3); or*

24 b. delivers the instrument to the debtor for the purpose of ultimate
25 sale or exchange or of presentation, collection, renewal or registration
26 of transfer.

1 SEC. 45. Section five hundred fifty-four point nine thousand three
2 hundred five (554.9305), Code 1973, is amended to read as follows:

3 **554.9305 When possession by secured party perfects security in-**
4 **terest without filing.** A security interest in letters of credit and ad-
5 vices of credit (subsection 2 "a" of section 554.5116), goods, instru-
6 ments, *money*, negotiable documents or chattel paper may be per-
7 fected by the secured party's taking possession of the collateral. If
8 such collateral other than goods covered by a negotiable document is
9 held by a bailee, the secured party is deemed to have possession from

10 the time the bailee receives notification of the secured party's inter-
 11 est. A security interest is perfected by possession from the time pos-
 12 session is taken without relation back and continues only so long as
 13 possession is retained, unless otherwise specified in this Article. The
 14 security interest may be otherwise perfected as provided in this
 15 Article before or after the period of possession by the secured party.

1 SEC. 46. Section five hundred fifty-four point nine thousand three
 2 hundred six (554.9306), subsections one (1) through four (4), Code
 3 1973, are amended to read as follows:

4 1. "Proceeds" include whatever is received ~~when~~ *upon the sale,*
 5 *exchange, collection or other disposition of collateral or proceeds is*
 6 ~~sold, exchanged, collected or otherwise disposed of.~~ *The term also*
 7 *includes the account arising when the right to payment is earned*
 8 ~~under a contract right. Insurance payable by reason of loss or dam-~~
 9 *age to the collateral is proceeds, except to the extent that it is payable*
 10 *to a person other than a party to the security agreement. Money,*
 11 *checks, deposit accounts, and the like are "cash proceeds". All other*
 12 *proceeds are "noncash proceeds".*

13 2. Except where this Article otherwise provides, a security interest
 14 continues in collateral notwithstanding sale, exchange or other dis-
 15 position thereof ~~by the debtor unless his action~~ *the disposition was*
 16 *authorized by the secured party in the security agreement or other-*
 17 *wise, and also continues in any identifiable proceeds including collec-*
 18 *tions received by the debtor.*

19 3. The security interest in proceeds is a continuously perfected
 20 security interest if the interest in the original collateral was perfected
 21 but it ceases to be a perfected security interest and becomes unper-
 22 fected ten days after receipt of the proceeds by the debtor unless

23 a. a filed financing statement ~~covering~~ *covers* the original collateral
 24 ~~also covers~~ *and the proceeds are collateral in which a security interest*
 25 *may be perfected by filing in the office or offices where the financing*
 26 *statement has been filed and, if the proceeds are acquired with cash*
 27 *proceeds, the description of collateral in the financing statement indi-*
 28 *cates the types of property constituting the proceeds; or*

29 b. a filed financing statement covers the original collateral and the
 30 *proceeds are identifiable cash proceeds; or*

31 c. the security interest in the proceeds is perfected before the
 32 expiration of the ten-day period.

33 *Except as provided in this section, a security interest in proceeds*
 34 *can be perfected only by the methods or under the circumstances per-*
 35 *mitted in this Article for original collateral of the same type.*

36 4. In the event of insolvency proceedings instituted by or against a
 37 debtor, a secured party with a perfected security interest in proceeds
 38 has a perfected security interest *only in the following proceeds:*

39 a. in identifiable noncash proceeds *and in separate deposit accounts*
 40 *containing only proceeds;*

41 b. in identifiable cash proceeds in the form of money which is ~~not~~
 42 *neither commingled with other money or nor deposited in a bank*
 43 *deposit account prior to the insolvency proceedings;*

44 c. in identifiable cash proceeds in the form of checks and the like
 45 which are not deposited in a ~~bank~~ *deposit* account prior to the insol-
 46 vency proceedings; and

47 d. in all cash and ~~bank deposit~~ accounts of the debtor, if ~~other cash~~
 48 ~~in which~~ proceeds have been commingled ~~or deposited in a bank~~
 49 ~~account with other funds~~, but the perfected security interest under
 50 this paragraph "d" is

51 i. subject to any right of setoff; and

52 ii. limited to an amount not greater than the amount of any cash
 53 proceeds received by the debtor within ten days before the institution
 54 of the insolvency proceedings and ~~commingled or deposited in a bank~~
 55 ~~account prior to the insolvency proceedings less the amount of cash~~
 56 ~~proceeds received by the debtor and paid over to the secured party~~
 57 ~~during the ten-day period less the sum of (I) the payments to the~~
 58 ~~secured party on account of cash proceeds received by the debtor~~
 59 ~~during such period and (II) the cash proceeds received by the debtor~~
 60 ~~during such period to which the secured party is entitled under para-~~
 61 ~~graphs a through c of this subsection four (4).~~

1 SEC. 47. Section five hundred fifty-four point nine thousand three
 2 hundred seven (554.9307), subsection two (2), Code 1973, is
 3 amended to read as follows:

4 2. In the case of consumer goods ~~and in the case of farm equipment~~
 5 ~~having an original purchase price not in excess of one thousand dol-~~
 6 ~~lars (other than fixtures)~~, a buyer takes free of a security interest
 7 even though perfected if he buys without knowledge of the security
 8 interest, for value and for his own personal, family or household pur-
 9 poses ~~or his own farming operations~~ unless prior to the purchase the
 10 secured party has filed a financing statement covering such goods.

1 SEC. 48. Section five hundred fifty-four point nine thousand three
 2 hundred seven (554.9307), Code 1973, is amended by adding the fol-
 3 lowing new subsection:

4 NEW SUBSECTION. A buyer other than a buyer in ordinary course
 5 of business (subsection one (1) of this section) takes free of a secu-
 6 rity interest to the extent that it secures future advances made after
 7 the secured party acquires knowledge of the purchase, or more than
 8 forty-five days after the purchase, whichever first occurs, unless
 9 made pursuant to a commitment entered into without knowledge of
 10 the purchase and before the expiration of the forty-five day period.

1 SEC. 49. Section five hundred fifty-four point nine thousand three
 2 hundred eight (554.9308), Code 1973, is amended by striking the
 3 section and inserting in lieu thereof the following:

4 554.9308. **Purchase of chattel paper and instruments.** A pur-
 5 chaser of chattel paper or an instrument who gives new value and
 6 takes possession of it in the ordinary course of his business has pri-
 7 ority over a security interest in the chattel paper or instrument

8 a. which is perfected under section five hundred fifty-four point
 9 nine thousand three hundred four (554.9304) (permissive filing and
 10 temporary perfection) or under section five hundred fifty-four point
 11 nine thousand three hundred six (554.9306) (perfection as to pro-
 12 ceeds) if he acts without knowledge that the specific paper or in-
 13 strument is subject to a security interest; or

14 b. which is claimed merely as proceeds of inventory subject to a
 15 security interest (section five hundred fifty-four point nine thousand
 16 three hundred six (554.9306)) even though he knows that the specific
 17 paper or instrument is subject to the security interest.

1 SEC. 50. Section five hundred fifty-four point nine thousand three
 2 hundred twelve (554.9312), Code 1973, is amended by striking sub-
 3 sections one (1) and three (3) and inserting in lieu thereof the fol-
 4 lowing:

5 1. The rules of priority stated in other sections of this Part and
 6 in the following sections shall govern when applicable: section five
 7 hundred fifty-four point four thousand two hundred eight (554.4208)
 8 with respect to the security interests of collecting banks in items
 9 being collected, accompanying documents and proceeds; section five
 10 hundred fifty-four point nine thousand one hundred three (554.9103)
 11 on security interests related to other jurisdictions; section five hun-
 12 dred fifty-four point nine thousand one hundred fourteen (554.9114)
 13 on consignments.

14 3. A perfected purchase money security interest in inventory has
 15 priority over a conflicting security interest in the same inventory
 16 and also has priority in identifiable cash proceeds received on or
 17 before the delivery of the inventory to a buyer if

18 a. the purchase money security interest is perfected at the time
 19 the debtor receives possession of the inventory; and

20 b. the purchase money secured party gives notification in writing
 21 to the holder of the conflicting security interest if the holder had
 22 filed a financing statement covering the same types of inventory (i)
 23 before the date of the filing made by the purchase money secured
 24 party, or (ii) before the beginning of the twenty-one day period where
 25 the purchase money security interest is temporarily perfected with-
 26 out filing or possession (section five hundred fifty-four point nine
 27 thousand three hundred four (554.9304), subsection five (5)); and

28 c. the holder of the conflicting security interest receives the noti-
 29 fication within five years before the debtor receives possession of the
 30 inventory; and

31 d. the notification states that the person giving the notice has or
 32 expects to acquire a purchase money security interest in inventory
 33 of the debtor, describing such inventory by item or type.

1 SEC. 51. Section five hundred fifty-four point nine thousand three
 2 hundred twelve (554.9312), subsections four (4) and five (5), Code
 3 1973, are amended to read as follows:

4 4. A purchase money security interest in collateral other than
 5 inventory has priority over a conflicting security interest in the
 6 same collateral *or its proceeds* if the purchase money security inter-
 7 est is perfected at the time the debtor receives possession of the col-
 8 lateral or within ten days thereafter.

9 5. In all cases not governed by other rules stated in this section
 10 (including cases of purchase money security interests which do not
 11 qualify for the special priorities set forth in subsections 3 and 4 of
 12 this section), priority between conflicting security interests in the
 13 same collateral shall be determined as follows:

14 a. ~~in the order of filing if both are perfected by filing, regardless of~~
 15 ~~which security interest attached first under section 554.9204, subsec-~~
 16 ~~tion 1, and whether it attached before or after filing;~~

17 b. ~~in the order of perfection unless both are perfected by filing,~~
 18 ~~regardless of which security interest attached first under section~~
 19 ~~554.9204, subsection 1, and, in the case of a filed security interest,~~
 20 ~~whether it attached before or after filing; and~~

21 e. in the order of attachment under section 554.9204, subsection 1,
 22 so long as neither is perfected
 23 according to the following rules:

24 a. Conflicting security interests rank according to priority in time
 25 of filing or perfection. Priority dates from the time a filing is first
 26 made covering the collateral or the time the security interest is first
 27 perfected, whichever is earlier, provided that there is no period there-
 28 after when there is neither filing nor perfection.

29 b. So long as conflicting security interests are unperfected, the first
 30 to attach has priority.

1 SEC. 52. Section five hundred fifty-four point nine thousand three
 2 hundred twelve (554.9312), Code 1973, is amended by striking sub-
 3 section six (6) and inserting in lieu thereof the following:

4 6. For the purposes of subsection five (5) a date of filing or per-
 5 fection as to collateral is also a date of filing or perfection as to pro-
 6 ceeds.

7 7. If future advances are made while a security interest is per-
 8 fected by filing or the taking of possession, the security interest has
 9 the same priority for the purposes of subsection five (5) with respect
 10 to the future advances as it does with respect to the first advance. If
 11 a commitment is made before or while the security interest is so per-
 12 fected, the security interest has the same priority with respect to
 13 advances made pursuant thereto. In other cases a perfected security
 14 interest has priority from the date the advance is made.

1 SEC. 53. Section five hundred fifty-four point nine thousand three
 2 hundred thirteen (554.9313), Code 1973, is amended by striking the
 3 section and inserting in lieu thereof the following:

4 554.9313 Priority of security interests in fixtures.

5 1. In this section and in the provisions of Part four (4) of this
 6 Article referring to fixture filing, unless the context otherwise re-
 7 quires

8 a. goods are "fixtures" when they become so related to particular
 9 real estate that an interest in them arises under real estate law

10 b. a "fixture filing" is the filing in the office where a mortgage on
 11 the real estate would be filed or recorded of a financing statement
 12 covering goods which are or are to become fixtures and conforming
 13 to the requirements of subsection five (5) of section five hundred
 14 fifty-four point nine thousand four hundred two (554.9402)

15 c. a mortgage is a "construction mortgage" to the extent that it
 16 secures an obligation incurred for the construction of an improve-
 17 ment on land including the acquisition cost of the land, if the re-
 18 corded writing so indicates.

19 2. A security interest under this Article may be created in goods
 20 which are fixtures or may continue in goods which become fixtures,
 21 but no security interest exists under this Article in ordinary building
 22 materials incorporated into an improvement on land.

23 3. This Article does not prevent creation of an encumbrance upon
 24 fixtures pursuant to real estate law.

25 4. A perfected security interest in fixtures has priority over the
 26 conflicting interest of an encumbrancer or owner of the real estate
 27 where

28 a. the security interest is a purchase money security interest, the
 29 interest of the encumbrancer or owner arises before the goods be-
 30 come fixtures, the security interest is perfected by a fixture filing be-
 31 fore the goods become fixtures or within ten days thereafter, and
 32 the debtor has an interest of record in the real estate or is in pos-
 33 session of the real estate; or

34 b. the security interest is perfected by a fixture filing before the
 35 interest of the encumbrancer or owner is of record, the security in-
 36 terest has priority over any conflicting interest of a predecessor in
 37 title of the encumbrancer or owner, and the debtor has an interest
 38 of record in the real estate or is in possession of the real estate; or

39 c. the fixtures are readily removable factory or office machines or
 40 readily removable replacements of domestic appliances which are
 41 consumer goods, and before the goods become fixtures the security
 42 interest is perfected by any method permitted by this Article; or

43 d. the conflicting interest is a lien on the real estate obtained by
 44 legal or equitable proceedings after the security interest was per-
 45 fected by any method permitted by this Article.

46 5. A security interest in fixtures, whether or not perfected, has
 47 priority over the conflicting interest of an encumbrancer or owner of
 48 the real estate where

49 a. the encumbrancer or owner has consented in writing to the se-
 50 curity interest or has disclaimed an interest in the goods as fixtures;
 51 or

52 b. the debtor has a right to remove the goods as against the encum-
 53 brancer or owner. If the debtor's right terminates, the priority of
 54 the security interest continues for a reasonable time.

55 6. Notwithstanding paragraph a of subsection four (4) but other-
 56 wise subject to subsections four (4) and five (5), a security interest
 57 in fixtures is subordinate to a construction mortgage recorded before
 58 the goods become fixtures if the goods become fixtures before the
 59 completion of the construction. To the extent that it is given to
 60 refinance a construction mortgage, a mortgage has this priority to
 61 the same extent as the construction mortgage.

62 7. In cases not within the preceding subsections, a security inter-
 63 est in fixtures is subordinate to the conflicting interest of an encum-
 64 brancer or owner of the related real estate who is not the debtor.

65 8. When the secured party has priority over all owners and en-
 66 cumbrancers of the real estate, he may, on default, subject to the
 67 provisions of Part five (5), remove his collateral from the real estate
 68 but he must reimburse any encumbrancer or owner of the real estate
 69 who is not the debtor and who has not otherwise agreed for the cost
 70 of repair of any physical injury, but not for any diminution in value
 71 of the real estate caused by the absence of the goods removed or by
 72 any necessity of replacing them. A person entitled to reimburse-
 73 ment may refuse permission to remove until the secured party gives
 74 adequate security for the performance of this obligation.

1 SEC. 54. Section five hundred fifty-four point nine thousand three
 2 hundred eighteen (554.9318), subsections two (2), three (3), and
 3 four (4), Code 1973, are amended to read as follows:

4 2. So far as the right to payment *or a part thereof* under an as-
 5 signed contract ~~right has not already become an account~~ *has not been*
 6 *fully earned by performance*, and notwithstanding notification of the

7 assignment, any modification of or substitution for the contract made
8 in good faith and in accordance with reasonable commercial stan-
9 dards is effective against an assignee unless the account debtor has
10 otherwise agreed but the assignee acquires corresponding rights
11 under the modified or substituted contract. The assignment may
12 provide that such modification or substitution is a breach by the
13 assignor.

14 3. The account debtor is authorized to pay the assignor until the
15 account debtor receives notification that the ~~account~~ amount due or
16 to become due has been assigned and that payment is to be made to
17 the assignee. A notification which does not reasonably identify the
18 rights assigned is ineffective. If requested by the account debtor, the
19 assignee must seasonably furnish reasonable proof that the assign-
20 ment has been made and unless he does so the account debtor may pay
21 the assignor.

22 4. A term in any contract between an account debtor and an as-
23 signor *which is ineffective if it prohibits assignment of an account*
24 *or contract right to which they are parties is ineffective or prohibits*
25 *creation of a security interest in a general intangible for money due*
26 *or to become due or requires the account debtor's consent to such*
27 *assignment or security interest.*

1 SEC. 55. Section five hundred fifty-four point nine thousand four
2 hundred one (554.9401), subsections one (1) and four (4), Code
3 1973, are amended to read as follows:

4 1. The proper place to file in order to perfect a security interest
5 is as follows:

6 a. when the collateral is ~~equipment used in farming operations, or~~
7 ~~farm products, timber to be cut or is minerals or the like (including~~
8 ~~oil and gas) or accounts, contract rights or general intangibles arising~~
9 ~~from or relating to the sale of farm products by a farmer, or con-~~
10 ~~sumer goods subject to subsection five (5) of section five hundred~~
11 ~~fifty-four point nine thousand one hundred three (554.9103), or when~~
12 ~~the financing statement is filed as a fixture filing (section five hundred~~
13 ~~fifty-four point nine thousand three hundred thirteen (554.9313))~~
14 ~~and the collateral is goods which are or are to become fixtures, then~~
15 ~~in the office of the Recorder in the county of the debtor's residence or~~
16 ~~if the debtor is not a resident of this state then in the office of the~~
17 ~~Recorder in the county where the goods are kept, and in addition~~
18 ~~when the collateral is crops in the office of the Recorder in the county~~
19 ~~where the land on which the crops are growing or to be grown is~~
20 ~~located where a mortgage on the real estate would be filed or~~
21 ~~recorded;~~

22 b. when the collateral is *consumer goods which at the time the*
23 *security interest attaches are or are to become fixtures, then in the*
24 *office where a mortgage on the real estate concerned would be filed or*
25 *recorded of the recorder in the county of the debtor's residence or if*
26 *the debtor is not a resident of this state then in the office of the*
27 *recorder in the county where the goods are kept;*

28 c. in all other cases, in the office of the ~~Secretary of State~~ *secretary*
29 *of state.*

30 4. ~~If collateral is brought into this state from another jurisdiction,~~
31 ~~the~~ *The rules stated in section 554.9103 determine whether filing is*
32 *necessary in this state.*

1 SEC. 56. Section five hundred fifty-four point nine thousand four
2 hundred one (554.9401), Code 1973, is amended by adding the follow-
3 ing new subsection:

4 NEW SUBSECTION. Notwithstanding the preceding subsections,
5 and subject to subsection three (3) of section five hundred fifty-four
6 point nine thousand three hundred two (554.9302), the proper place
7 to file in order to perfect a security interest in collateral, including
8 fixtures, of a transmitting utility is the office of the secretary of
9 state. This filing constitutes a fixture filing (section five hundred
10 fifty-four point nine thousand three hundred thirteen (554.9313)) as
11 to the collateral described therein which is or is to become fixtures.

1 SEC. 57. Section five hundred fifty-four point nine thousand four
2 hundred two (554.9402), Code 1973, is amended to read as follows:

3 554.9402 Formal requisites of financing statement—amendments
4 *mortgage as financing statement.*

5 1. A financing statement is sufficient if it *gives the names of the*
6 *debtor and the secured party*, is signed by the debtor ~~and the secured~~
7 ~~party~~, gives an address of the secured party from which information
8 concerning the security interest may be obtained, gives a mailing
9 address of the debtor and contains a statement indicating the types,
10 or describing the items, of collateral. A financing statement may be
11 filed before a security agreement is made or a security interest other-
12 wise attaches. When the financing statement covers crops growing or
13 to be grown ~~or goods which are or are to become fixtures~~, the state-
14 ment must also contain a description of the real estate concerned.
15 *When the financing statement covers timber to be cut or covers min-*
16 *erals or the like (including oil and gas) or accounts subject to subsec-*
17 *tion five (5) of section five hundred fifty-four point nine thousand one*
18 *hundred three (554.9103), or when the financing statement is filed as*
19 *a fixture filing (section five hundred fifty-four point nine thousand*
20 *three hundred thirteen (554.9313)) and the collateral is goods which*
21 *are or are to become fixtures, the statement must also comply with sub-*
22 *section five (5).* A copy of the security agreement is sufficient as a
23 financing statement if it contains the above information and is signed
24 by ~~both parties~~ the debtor. *A carbon, photographic or other repro-*
25 *duction of a security agreement or a financing statement is sufficient*
26 *as a financing statement if the security agreement so provides or if*
27 *the original has been filed in this state.*

28 2. A financing statement which otherwise complies with subsection
29 1 is sufficient ~~although~~ *when* it is signed ~~only~~ by the secured party
30 ~~when instead of the debtor~~ if it is filed to perfect a security interest
31 in

32 a. collateral already subject to a security interest in another juris-
33 diction when it is brought into this state, *or when the debtor's location*
34 *is changed to this state.* Such a financing statement must state that
35 the collateral was brought into this state *or that the debtor's location*
36 *was changed to this state under such circumstances;* or

37 b. proceeds under section 554.9306 if the security interest in the
38 original collateral was perfected. Such a financing statement must
39 describe the original collateral; or

40 c. collateral as to which the filing has lapsed; or

41 d. collateral acquired after a change of name, identity or corporate
42 structure of the debtor (subsection seven (7)).

- 43 3. A form substantially as follows is sufficient to comply with sub-
 44 section 1:
 45 Name of debtor (or assignor)
 46 Address
 47 Name of secured party (or assignee)
 48 Address
 49 (1) This financing statement covers the following types (or items)
 50 of property:
 51 (Describe)
 52 (2) (If collateral is crops) The above described crops are growing
 53 or are to be grown on:
 54 (Describe Real Estate)
 55 ~~(3) (If collateral is goods which are or are to become fixtures) The~~
 56 ~~above described goods are affixed or to be affixed to:~~
 57 ~~(Describe Real Estate)~~
 58 (3) (If applicable) *The above goods are to become fixtures on*
 59 *"Where appropriate substitute either "The above timber is stand-*
 60 *ing on" or "The above minerals or the like (including oil and*
 61 *gas) or accounts will be financed at the wellhead or minehead of the*
 62 *well or mine located on"*
 63 *(Describe Real Estate)* and this financing state-
 64 *ment is to be filed for record in the real estate records. (If the debtor*
 65 *does not have an interest of record) The name of a record owner is*
 66 *.....*
 67 (4) (If ~~proceeds or~~ products of* collateral are claimed) ~~Proceeds—~~
 68 ~~Products of the collateral are also covered.~~
 69 *(use whichever is applicable)*
 70 Signature of Debtor (or Assignor)
 71 Signature of Secured Party (or Assignee)
 72 4. The term "financing statement" as used in this Article means
 73 the original financing statement and any amendments but if A financ-
 74 ing statement may be amended by filing a writing signed by both the
 75 debtor and the secured party. An amendment does not extend the
 76 period of effectiveness of a financing statement. If any amendment
 77 adds collateral, it is effective as to the added collateral only from the
 78 filing date of the amendment. In this Article, unless the context
 79 otherwise requires, the term "financing statement" means the original
 80 financing statement and any amendments.
 81 5. A financing statement covering timber to be cut or covering
 82 minerals or the like (including oil and gas) or accounts subject to
 83 subsection five (5) of section five hundred fifty-four point nine thou-
 84 sand one hundred three (554.9103), or a financing statement filed as
 85 a fixture filing (section five hundred fifty-four point nine thousand
 86 three hundred thirteen (554.9313)) where the debtor is not a trans-
 87 mitting utility, must show that it covers this type of collateral, must
 88 recite that it is to be filed for record in the real estate records, and
 89 the financing statement must contain a description of the real estate
 90 sufficient if it were contained in a mortgage of the real estate to give
 91 constructive notice of the mortgage under the law of this state. If the
 92 debtor does not have an interest of record in the real estate, the
 93 financing statement must show the name of a record owner.

*According to enrolled Act

94 6. A mortgage is effective as a financing statement filed as a fixture
 95 filing from the date of its recording if (a) the goods are described in
 96 the mortgage by item or type, (b) the goods are or are to become fix-
 97 tures related to the real estate described in the mortgage, (c) the
 98 mortgage complies with the requirements for a financing statement
 99 in this section other than a recital that it is to be filed in the real
 100 estate records, and (d) the mortgage is duly recorded. No fee with
 101 reference to the financing statement is required other than the regular
 102 recording and satisfaction fees with respect to the mortgage.

103 7. A financing statement sufficiently shows the name of the debtor
 104 if it gives the individual, partnership or corporate name of the debtor,
 105 whether or not it adds other trade names or the names of partners.
 106 Where the debtor so changes his name or in the case of an organization
 107 its name, identity or corporate structure that a filed financing state-
 108 ment becomes seriously misleading, the filing is not effective to per-
 109 fect a security interest in collateral acquired by the debtor more than
 110 four months after the change, unless a new appropriate financing
 111 statement is filed before the expiration of that time. A filed financing
 112 statement remains effective with respect to collateral transferred by
 113 the debtor even though the secured party knows of or consents to the
 114 transfer.

115 8. A financing statement substantially complying with the re-
 116 quirements of this section is effective even though it contains minor
 117 errors which are not seriously misleading.

1 SEC. 58. Section five hundred fifty-four point nine thousand four
 2 hundred three (554.9403), Code 1973, is amended to read as follows:
 3 554.9403 What constitutes filing—duration of filing—effect of
 4 lapsed filing—duties of filing officer.

5 1. Presentation for filing of a financing statement and tender of
 6 the filing fee or acceptance of the statement by the filing officer con-
 7 stitutes filing under this Article.

8 2. ~~A~~ Except as provided in subsection six (6) a filed financing
 9 statement which states a maturity date of the obligation secured of
 10 five years or less is effective until such maturity date and thereafter
 11 for a period of sixty days. Any other filed financing statement is
 12 effective for a period of five years from the date of filing. The effec-
 13 tiveness of a filed financing statement lapses ~~on the expiration of such~~
 14 ~~sixty-day period after a stated maturity date or on the expiration of~~
 15 ~~such the five-year period, as the case may be, unless a continuation~~
 16 ~~statement is filed prior to the lapse. If a security interest perfected~~
 17 ~~by filing exists at the time insolvency proceedings are commenced by~~
 18 ~~or against the debtor, the security interest remains perfected until~~
 19 ~~termination of the insolvency proceedings and thereafter for a period~~
 20 ~~of sixty days or until expiration of the five-year period, whichever~~
 21 ~~occurs later. Upon such lapse the security interest becomes unper-~~
 22 ~~fectured. A filed financing statement which states that the obligation~~
 23 ~~secured is payable on demand is effective for five years from the date~~
 24 ~~of filing, unless it is perfected without filing. If the security interest~~
 25 ~~becomes unperfected upon lapse, it is deemed to have been unper-~~
 26 ~~fectured as against a person who became a purchaser or lien creditor~~
 27 ~~before lapse.~~

28 3. A continuation statement may be filed by the secured party ~~(i)~~
 29 ~~within six months before and sixty days after a stated maturity date~~

30 of five years or less, and (ii) otherwise within six months prior to the
31 expiration of the five-year period specified in subsection 2. Any such
32 continuation statement must be signed by the secured party, identify
33 the original statement by file number and state that the original state-
34 ment is still effective. A continuation statement signed by a person
35 other than the secured party of record must be accompanied by a
36 separate written statement of assignment signed by the secured party
37 of record and complying with subsection two (2) of section five hun-
38 dred fifty-four point nine thousand four hundred five (554.9405),
39 including payment of the required fee. Upon timely filing of the
40 continuation statement, the effectiveness of the original statement
41 is continued for five years after the last date to which the filing was
42 effective whereupon it lapses in the same manner as provided in sub-
43 section 2 unless another continuation statement is filed prior to such
44 lapse. Succeeding continuation statements may be filed in the same
45 manner to continue the effectiveness of the original statement. Unless
46 a statute on disposition of public records provides otherwise, the filing
47 officer may remove a lapsed statement from the files and destroy it
48 immediately if he has retained a microfilm or other photographic
49 record, or in other cases after one year after the lapse. The filing
50 officer shall so arrange matters by physical annexation of financing
51 statements to continuation statements or other related filings, or by
52 other means, that if he physically destroys the financing statements
53 of a period more than five years past, those which have been continued
54 by a continuation statement or which are still effective under subsec-
55 tion six (6) shall be retained.

56 4. ~~A~~ Except as provided in subsection seven (7) a filing officer shall
57 mark each statement with a consecutive file number and with the date
58 and hour of filing and shall hold the statement or a microfilm or other
59 photographic copy thereof for public inspection. In addition the filing
60 officer shall index the statements according to the name of the debtor
61 and shall note in the index the file number and the address of the
62 debtor given in the statement.

63 5. The uniform fee for filing, indexing and furnishing filing data
64 for an original or a continuation statement on a form conforming to
65 standards prescribed by the secretary of state shall be one dollar and
66 fifty cents. If the statement is not on a form conforming to standards
67 prescribed by the secretary of state but otherwise conforms to the
68 requirements of the law, the fee shall be two dollars and fifty cents
69 and indexing and for stamping a copy furnished by the secured party
70 to show the date and place of filing shall be as follows:

71 a. Three dollars for an original financing statement if the state-
72 ment is in the standard form prescribed by the secretary of state, and
73 otherwise four dollars.

74 b. Two dollars for a continuation statement if the statement is in
75 the standard form prescribed by the secretary of state, and otherwise
76 three dollars.

77 6. If the debtor is a transmitting utility (subsection five (5) of
78 section five hundred fifty-four point nine thousand four hundred one
79 (554.9401)) and a filed financing statement so states, it is effective
80 until a termination statement is filed. A real estate mortgage which
81 is effective as a fixture filing under subsection six (6) of section five
82 hundred fifty-four point nine thousand four hundred two (554.9402)

83 *remains effective as a fixture filing until the mortgage is released or*
 84 *satisfied of record or its effectiveness otherwise terminates as to the*
 85 *real estate.*

86 *7. When a financing statement covers timber to be cut or covers*
 87 *minerals or the like (including oil and gas) or accounts subject to sub-*
 88 *section five (5) of section five hundred fifty-four point nine thousand*
 89 *one hundred three (554.9103), or is filed as a fixture filing, it shall be*
 90 *filed for record and the filing officer shall index it under the names of*
 91 *the debtor and any owner of record shown on the financing statement*
 92 *in the same fashion as if they were the mortgagors in a mortgage of*
 93 *the real estate described, and, to the extent that the law of this state*
 94 *provides for indexing of mortgages under the name of the mortgagee,*
 95 *under the name of the secured party as if he were the mortgagee*
 96 *thereunder, or where indexing is by description in the same fashion*
 97 *as if the financing statement were a mortgage of the real estate*
 98 *described.*

1 SEC. 59. Section five hundred fifty-four point nine thousand four
 2 hundred four (554.9404), Code 1973, is amended to read as follows:
 3 **554.9404 Termination statement.**

4 *1. Whenever If a financing statement covering consumer goods is*
 5 *filed on or after January 1, 1975, then within one month or within ten*
 6 *days following written demand by the debtor after there is no out-*
 7 *standing secured obligation and no commitment to make advances,*
 8 *incur obligations or otherwise give value, the secured party must file*
 9 *with each filing officer with whom the financing statement was filed,*
 10 *a termination statement to the effect that he no longer claims a secu-*
 11 *rity interest under the financing statement, which shall be identified*
 12 *by file number. In other cases whenever there is no outstanding*
 13 *secured obligation and no commitment to make advances, incur obli-*
 14 *gations or otherwise give value, the secured party must on written*
 15 *demand by the debtor send the debtor a, for each filing officer with*
 16 *whom the financing statement was filed, a termination statement to*
 17 *the effect that he no longer claims a security interest under the financ-*
 18 *ing statement, which shall be identified by file number. A termination*
 19 *statement signed by a person other than the secured party of record*
 20 *must include or be accompanied by the assignment or a separate*
 21 *written statement of assignment signed by the secured party of*
 22 *record that he has assigned the security interest to the signer of the*
 23 *termination statement. The uniform fee for filing and indexing such*
 24 *an assignment or statement on a form conforming to standards*
 25 *prescribed by the secretary of state shall be one dollar and fifty cents,*
 26 *or if the assignment or statement thereof otherwise conforms to the*
 27 *requirements of this section, two dollars and fifty cents complying*
 28 *with subsection two (2) of section five hundred fifty-four point nine*
 29 *thousand four hundred five (554.9405), including payment of the*
 30 *required fee. If the affected secured party fails to file such a termi-*
 31 *nation statement as required by this subsection, or to send such a*
 32 *termination statement within ten days after proper demand therefor*
 33 *he shall be liable to the debtor for one hundred dollars, and in addi-*
 34 *tion for any loss caused to the debtor by such failure.*

35 *2. On presentation to the filing officer of such a termination state-*
 36 *ment he must note it in the index. The filing officer shall remove from*
 37 *the files, mark "terminated" and send or deliver to the secured party*

38 the financing statement and any continuation statement, statement
 39 of assignment or statement of release pertaining thereto. If he has
 40 received the termination statement in duplicate, he shall return one
 41 copy of the termination statement to the secured party stamped to
 42 show the time of receipt thereof. If the filing officer has a microfilm
 43 or other photographic record of the financing statement, and of any
 44 related continuation statement, statement of assignment and state-
 45 ment of release, he may remove the originals from the files at any
 46 time after receipt of the termination statement, or if he has no such
 47 record, he may remove them from the files at any time after one year
 48 after receipt of the termination statement.

49 3. The uniform fee for filing and indexing a termination statement
 50 on a form conforming to standards prescribed by the secretary of
 51 state including sending or delivering the financing statement shall be
 52 one dollar and fifty cents, or if the termination statement otherwise
 53 conforms to the requirements of this section, two dollars and fifty
 54 cents. There shall be no fee for filing a termination statement.

1 SEC. 60. Section five hundred fifty-four point nine thousand four
 2 hundred five (554.9405), subsections one (1) and two (2), Code
 3 1973, are amended to read as follows:

4 1. A financing statement may disclose an assignment of a security
 5 interest in the collateral described in the *financing* statement by indi-
 6 cation in the *financing* statement of the name and address of the
 7 assignee or by an assignment itself or a copy thereof on the face or
 8 back of the statement. ~~Either the original secured party or the~~
 9 ~~assignee may sign this statement as the secured party.~~ On presenta-
 10 tion to the filing officer of such a financing statement the filing officer
 11 shall mark the same as provided in section 554.9403, subsection 4.
 12 The uniform fee for filing, indexing and furnishing filing data for a
 13 financing statement so indicating an assignment on a form conform-
 14 ing to standards prescribed by the secretary of state shall be ~~one~~
 15 ~~dollar and fifty cents~~ *three dollars*, or if such statement otherwise
 16 conforms to the requirements of this section, ~~two dollars and fifty~~
 17 ~~cents~~ *four dollars*.

18 2. A secured party may assign of record all or a part of his rights
 19 under a financing statement by the filing *in the place where the origi-*
 20 *nal financing statement was filed* of a separate written statement of
 21 assignment signed by the secured party of record and setting forth
 22 the name of the secured party of record and the debtor, the file num-
 23 ber and the date of filing of the financing statement and the name and
 24 address of the assignee and containing a description of the collateral
 25 assigned. A copy of the assignment is sufficient as a separate state-
 26 ment if it complies with the preceding sentence. On presentation to
 27 the filing officer of such a separate statement, the filing officer shall
 28 mark such separate statement with the date and hour of the filing.
 29 He shall note the assignment on the index of the financing statement,
 30 *or in the case of a fixture filing, or a filing covering timber to be cut, or*
 31 *covering minerals or the like (including oil and gas) or accounts sub-*
 32 *ject to subsection five (5) of section five hundred fifty-four point nine*
 33 *thousand one hundred three (554.9103), he shall index the assignment*
 34 *under the name of the assignor as grantor and, to the extent that the*
 35 *law of this state provides for indexing the assignment of a mortgage*
 36 *under the name of the assignee, he shall index the assignment of the*

37 *financing statement under the name of the assignee. The uniform fee*
 38 *for filing, indexing and furnishing filing data about such a separate*
 39 *statement of assignment on a form conforming to standards pre-*
 40 *scribed by the secretary of state shall be ~~one dollar and fifty cents~~ two*
 41 *dollars, or if such statement otherwise conforms to the requirements*
 42 *of this section, ~~two dollars and fifty cents~~ three dollars. Notwithstand-*
 43 *ing the provisions of this subsection, an assignment of record of a*
 44 *security interest in a fixture contained in a mortgage effective as a*
 45 *fixture filing (subsection six (6) of section five hundred fifty-four*
 46 *point nine thousand four hundred two (554.9402)) may be made only*
 47 *by an assignment of the mortgage in the manner provided by the law*
 48 *of this state other than this Act.*

1 SEC. 61. Section five hundred fifty-four point nine thousand four
 2 hundred six (554.9406), Code 1973, is amended to read as follows:
 3 **554.9406 Release of collateral—duties of filing officer—fees.** A
 4 secured party of record may by his signed statement release all or
 5 a part of any collateral described in a filed financing statement. The
 6 statement of release is sufficient if it contains a description of the
 7 collateral being released, the name and address of the debtor, the
 8 name and address of the secured party, and the file number of the
 9 financing statement. *A statement of release signed by a person other*
 10 *than the secured party of record must be accompanied by a separate*
 11 *written statement of assignment signed by the secured party of record*
 12 *and complying with subsection two (2) of section five hundred fifty-*
 13 *four point nine thousand four hundred five (554.9405), including pay-*
 14 *ment of the required fee. Upon presentation of such a statement of*
 15 *release to the filing officer he shall mark the statement with the hour*
 16 *and date of filing and shall note the same upon the margin of the index*
 17 *of the filing of the financing statement. The uniform fee for filing and*
 18 *noting such a statement of release on a form conforming to standards*
 19 *prescribed by the secretary of state shall be ~~one dollar and fifty cents~~*
 20 *two dollars, or if such statement otherwise conforms to the require-*
 21 *ments of this section, ~~two dollars and fifty cents~~ three dollars.*

1 SEC. 62. Section five hundred fifty-four point nine thousand four
 2 hundred seven (554.9407), Code 1973, is amended by adding the fol-
 3 lowing new subsection:

4 NEW SUBSECTION.

5 3. Charging no more than a reasonable estimate of cost, in his dis-
 6 cretion the secretary of state may adopt one or more of the following
 7 methods of providing information concerning public filings in his
 8 office to persons with an interest in this information that is related
 9 exclusively to the purposes of this Article:

10 a. subscription telephone service;

11 b. subscription daily, weekly, or monthly written summaries;

12 c. granting suitable space for the preparation of written sum-
 13 maries and the provision of telephone service by those persons
 14 deemed by the secretary of state to have a legitimate interest in reg-
 15 ular examination of the secretary of state's public files; and

16 d. any other appropriate method of disseminating information.

17 Except with respect to willful misconduct, the state of Iowa, the sec-
 18 retary of state, and their employees and agents are immune from

19 liability as a result of errors or omissions in information supplied
20 pursuant to this subsection.

1 SEC. 63. Chapter five hundred fifty-four (554), Article nine (9),
2 Part four (4), Code 1973, is amended by adding the following new
3 section following section five hundred fifty-four point nine thousand
4 four hundred seven (554.9407):

5 NEW SECTION. 554.9408 **Financing statements covering con-**
6 **signed or leased goods.** A consignor or lessor of goods may file a
7 financing statement using the terms "consignor", "consignee",
8 "lessor", "lessee" or the like instead of the terms specified in section
9 five hundred fifty-four point nine thousand four hundred two
10 (554.9402). The provisions of this Part shall apply as appropriate to
11 such a financing statement but its filing shall not of itself be a factor
12 in determining whether or not the consignment or lease is intended
13 as security (section five hundred fifty-four point one thousand two
14 hundred one (554.1201), subsection thirty-seven (37)). However, if
15 it is determined for other reasons that the consignment or lease is so
16 intended, a security interest of the consignor or lessor which at-
17 taches to the consigned or leased goods is perfected by such filing.

1 SEC. 64. Section five hundred fifty-four point nine thousand five
2 hundred one (554.9501), subsection three (3), unnumbered para-
3 graph one (1), Code 1973, is amended to read as follows:

4 3. To the extent that they give rights to the debtor and impose
5 duties on the secured party, the rules stated in the subsections re-
6 ferred to below may not be waived or varied except as provided with
7 respect to compulsory disposition of collateral (~~subsection 1 of sec-~~
8 *tion five hundred fifty-four point nine thousand five hundred four*
9 *(554.9504), subsection three (3), and section 554.9505)* and with
10 respect to redemption of collateral (section 554.9506) but the parties
11 may by agreement determine the standards by which the fulfillment
12 of these rights and duties is to be measured if such standards are not
13 manifestly unreasonable:

1 SEC. 65. Section five hundred fifty-four point nine thousand five
2 hundred two (554.9502), subsection two (2), Code 1973, is amended
3 to read as follows:

4 2. A secured party who by agreement is entitled to charge back
5 uncollected collateral or otherwise to full or limited recourse against
6 the debtor and who undertakes to collect from the account debtors
7 or obligors must proceed in a commercially reasonable manner and
8 may deduct his reasonable expenses of realization from the collec-
9 tions. If the security agreement secures an indebtedness, the se-
10 cured party must account to the debtor for any surplus, and unless
11 otherwise agreed, the debtor is liable for any deficiency. But, if the
12 underlying transaction was a sale of accounts, ~~contract rights,~~ or
13 chattel paper, the debtor is entitled to any surplus or is liable for any
14 deficiency only if the security agreement so provides.

1 SEC. 66. Section five hundred fifty-four point nine thousand five
2 hundred four (554.9504), subsections one (1), two (2), and three
3 (3), Code 1973, are amended to read as follows:

4 1. A secured party after default may sell, lease or otherwise dis-
5 pose of any or all of the collateral in its then condition or following

6 any commercially reasonable preparation or processing. Any sale of
7 goods is subject to the Article on Sales (Article 2). The proceeds of
8 disposition shall be applied in the order following to

9 a. the reasonable expenses of retaking, holding, preparing for sale
10 *or lease*, selling, *leasing* and the like and, to the extent provided for
11 in the agreement and not prohibited by law, the reasonable attorneys'
12 fees and legal expenses incurred by the secured party;

13 b. the satisfaction of indebtedness secured by the security interest
14 under which the disposition is made;

15 c. the satisfaction of indebtedness secured by any subordinate
16 security interest in the collateral if written notification of demand
17 therefor is received before distribution of the proceeds is completed.
18 If requested by the secured party, the holder of a subordinate security
19 interest must seasonably furnish reasonable proof of his interest,
20 and unless he does so, the secured party need not comply with his
21 demand.

22 2. If the security interest secures an indebtedness, the secured
23 party must account to the debtor for any surplus, and, unless other-
24 wise agreed, the debtor is liable for any deficiency. But if the under-
25 lying transaction was a sale of accounts, ~~contract rights~~, or chattel
26 paper, the debtor is entitled to any surplus or is liable for any defi-
27 ciency only if the security agreement so provides.

28 3. Disposition of the collateral may be by public or private pro-
29 ceedings and may be made by way of one or more contracts. Sale or
30 other disposition may be as a unit or in parcels and at any time and
31 place and on any terms but every aspect of the disposition including
32 the method, manner, time, place and terms must be commercially
33 reasonable. Unless collateral is perishable or threatens to decline
34 speedily in value or is of a type customarily sold on a recognized mar-
35 ket, reasonable notification of the time and place of any public sale or
36 reasonable notification of the time after which any private sale or
37 other intended disposition is to be made shall be sent by the secured
38 party to the debtor, ~~and except in the case of consumer goods to any~~
39 ~~other person who has a security interest in the collateral and who has~~
40 ~~duly filed a financing statement indexed in the name of the debtor in~~
41 ~~this state or who is known by the secured party to have a security~~
42 ~~interest in the collateral if he has not signed after default a statement~~
43 ~~renouncing or modifying his right to notification of sale. In the case~~
44 ~~of consumer goods no other notification need be sent. In other cases~~
45 ~~notification shall be sent to any other secured party from whom the~~
46 ~~secured party has received (before sending his notification to the~~
47 ~~debtor or before the debtor's renunciation of his rights) written~~
48 ~~notice of a claim of an interest in the collateral. The secured party~~
49 ~~may buy at any public sale and if the collateral is of a type custom-~~
50 ~~arily sold in a recognized market or is of a type which is the subject~~
51 ~~of widely distributed standard price quotations he may buy at private~~
52 ~~sale.~~

1 SEC. 67. Section five hundred fifty-four point nine thousand five
2 hundred five (554.9505), subsection two (2), Code 1973, is amended
3 to read as follows:

4 2. In any other case involving consumer goods or any other col-
5 lateral a secured party in possession may, after default, propose to
6 retain the collateral in satisfaction of the obligation. Written notice

7 of such proposal shall be sent to the debtor and except in the case of
 8 consumer goods to any other secured party who has a security inter-
 9 est in the collateral and who has duly filed a financing statement
 10 indexed in the name of the debtor in this state or is known by the
 11 secured party in possession to have a security interest in it. If the
 12 debtor or other person entitled to receive notification objects in writ-
 13 ing within thirty days from the receipt of the notification or if any
 14 other secured party objects in writing within thirty days after the
 15 secured party obtains possession if he has not signed after default
 16 a statement renouncing or modifying his rights under this subsection.
 17 In the case of consumer goods no other notice need be given. In other
 18 cases notice shall be sent to any other secured party from whom the
 19 secured party has received (before sending his notice to the debtor or
 20 before the debtor's renunciation of his rights) written notice of a
 21 claim of an interest in the collateral. If the secured party receives
 22 objection in writing from a person entitled to receive notification
 23 within twenty-one days after the notice was sent, the secured party
 24 must dispose of the collateral under section 554.9504. In the absence
 25 of such written objection the secured party may retain the collateral
 26 in satisfaction of the debtor's obligation.

1 SEC. 68. Section five hundred fifty-four point ten thousand one
 2 hundred one (554.10101), unnumbered paragraph one (1), Code
 3 1973, is amended to read as follows:

4 *This Except as otherwise provided in Article eleven (11) of this*
 5 *chapter, this chapter shall take effect and be in force on and after*
 6 *July 4, 1966. It applies to transactions entered into and events occur-*
 7 *ing after that date.*

1 SEC. 69. Chapter five hundred fifty-four (554), Code 1973, is
 2 amended by adding the following new sections as Article eleven (11)
 3 of the chapter:

4 **NEW SECTION. 554.11101. Effective date.** Division two (2) of
 5 this Act, sections nine (9) through seventy-two (72), the Iowa
 6 amendments to the Uniform Commercial Code pertaining primarily
 7 to security interests, and related amendments, shall become effective
 8 at 12:01 a.m. on January 1, 1975.

9 **NEW SECTION. 554.11102. Preservation of old transition provi-**
 10 **sion.** The provisions of Article ten (10) of this chapter, sections
 11 554.10101 through 554.10105, shall continue to apply to this chapter
 12 as amended and for this purpose this chapter prior to amendment
 13 and this chapter as amended shall be considered one continuous stat-
 14 ute.

15 **NEW SECTION. 554.11103. Transition to this chapter as amended**
 16 **—general rule.** Transactions validly entered into after July 4, 1966,
 17 and before January 1, 1975, which were subject to the provisions of
 18 this chapter prior to amendment and which would be subject to this
 19 chapter as amended if they had been entered into on or after Janu-
 20 ary 1, 1975, and the rights, duties and interests flowing from such
 21 transactions remain valid after January 1, 1975, and may be termi-
 22 nated, completed, consummated or enforced as required or permitted
 23 by this chapter as amended. Security interests arising out of such
 24 transactions which are perfected on January 1, 1975, shall remain
 25 perfected until they lapse or are terminated as provided in this chap-

26 ter as amended, and may be continued as permitted by this chapter
27 as amended, except as stated in section five hundred fifty-four point
28 eleven thousand one hundred five (554.11105).

29 **NEW SECTION. 554.11104. Transition provision on change of re-**
30 **quirement of filing.** A security interest for the perfection of which
31 filing or the taking of possession was required under this chapter
32 prior to amendment and which attached prior to January 1, 1975, but
33 was not perfected shall be deemed perfected on January 1, 1975, if this
34 chapter as amended permits perfection without filing or the taking of
35 possession, or authorizes filing in the office or offices where a prior in-
36 effective filing was made.

37 **NEW SECTION. 554.11105. Transition provision on change of**
38 **place of filing.**

39 1. Except as provided in subsection five (5), a filed financing or con-
40 tinuation statement which has not lapsed or been terminated prior to
41 January 1, 1975, shall remain effective for the period provided in this
42 chapter prior to amendment, but not less than five years after the filing.

43 2. Except as provided in subsection five (5), with respect to any
44 collateral acquired by the debtor subsequent to January 1, 1975, any
45 effective financing statement or continuation statement described
46 in this section shall apply only if the filing or filings are in the office
47 or offices that would be appropriate to perfect the security interests
48 in the new collateral under this chapter as amended.

49 3. The effectiveness of any financing statement or continuation
50 statement filed prior to January 1, 1975, may be continued by a con-
51 tinuation statement as permitted by this chapter as amended, except
52 that if this chapter as amended requires a filing in an office where
53 there was no previous financing statement, a new financing state-
54 ment conforming to either section five hundred fifty-four point nine
55 thousand four hundred two (554.9402) or subsection seven (7) shall
56 be filed in that office.

57 4. If the record of a mortgage of real estate would have been effec-
58 tive as a fixture filing of goods described therein if this chapter as
59 amended had been in effect on the date of recording the mortgage,
60 the mortgage shall be deemed effective as a fixture filing as to such
61 goods under subsection six (6) of section five hundred fifty-four point
62 nine thousand four hundred two (554.9402) on January 1, 1975.

63 5. If collateral consists of equipment used in farming operations, or
64 farm products, or accounts, contract rights, or general intangibles
65 arising from or relating to the sale of farm products by a farmer, the
66 place of effective filing is as follows:

67 a. Filings in the office of a county recorder which have not lapsed
68 or been terminated prior to January 1, 1975, retain their effective-
69 ness unless subsequently lapsed or terminated until January 1, 1980;
70 however, on or after January 1, 1975, continuation statements are
71 not to be filed in the office of a county recorder, and effectiveness can
72 be continued only through the filing in the office of the secretary of
73 state of a financing statement which complies with section five hun-
74 dred fifty-four point nine thousand four hundred two (554.9402) or,
75 if filed before January 1, 1980, with subsection seven (7);

76 b. on or after January 1, 1975, initial financing statements must
77 be filed in the office of the secretary of state; and must conform to

78 section five hundred fifty-four point nine thousand four hundred two
79 (554.9402); and

80 c. on or after January 1, 1980, all filings must be in the office of the
81 secretary of state and must conform to either section five hundred
82 fifty-four point nine thousand four hundred two (554.9402) or sub-
83 section seven (7).

84 6. If a security interest is perfected or has priority on January 1,
85 1975, as to all persons or as to certain persons without any filing
86 or recording, and if the filing of a financing statement would be re-
87 quired for the perfection or priority of the security interest against
88 those persons under this chapter as amended, the perfection and pri-
89 ority rights of the security interest continue until three years after
90 January 1, 1975. The perfection will then lapse unless a financing
91 statement which complies with either section five hundred fifty-four
92 point nine thousand four hundred two (554.9402) or subsection
93 seven (7) of this section has been filed or unless the security interest
94 has been perfected otherwise than by filing.

95 7. Where indicated by this section, a financing statement which
96 otherwise complies with section five hundred fifty-four point nine
97 thousand four hundred two (554.9402) may be signed by the secured
98 party instead of the debtor provided that the financing statement
99 is accompanied by a carbon, photocopy, or other suitable reproduc-
100 tion of an effective prior filing, and evidence of proper prior filing,
101 and states that the prior filing is still effective. Insofar as subsec-
102 tion six (6) authorizes perfection by filing of security interests
103 which have been perfected without filing under section five hundred
104 fifty-four point nine thousand three hundred two (554.9302), sub-
105 section one (1), paragraph c, prior to amendment, a financing state-
106 ment which otherwise complies with section five hundred fifty-four
107 point nine thousand four hundred two (554.9402) may be signed by
108 the secured party instead of the debtor provided that the financing
109 statement identifies the security agreement and states that the
110 security interest was perfected without filing under section five hun-
111 dred fifty-four point nine thousand three hundred two (554.9302),
112 subsection one (1), paragraph c, prior to amendment.

113 **NEW SECTION. 554.11106. Reserved for future use.**

114 **NEW SECTION. 554.11107. Transition provisions as to priorities.**

115 Except as otherwise provided in this Article, this chapter prior to
116 amendment shall apply to any questions of priority if the positions
117 of the parties were fixed prior to January 1, 1975. In other cases
118 questions of priority shall be determined by this chapter as amended.

119 **NEW SECTION. 554.11108. Presumption that rule of law continues**
120 **unchanged.** Unless a change in law has clearly been made, the provi-
121 sions of this chapter as amended shall be deemed declaratory of the
122 meaning of this chapter prior to amendment. The first sentence of
123 section 554.9402, subsection seven (7), shall be deemed to be a change
124 in law.

125 **NEW SECTION. 554.11109. Effect of official comments.** To the
126 extent that they are consistent with the Iowa statutory text, the 1972
127 Official Comments to the 1972 Official Text of the Uniform Commer-
128 cial Code are evidence of legislative intent as to the meaning of this
129 chapter as amended. However, prior drafts of the Official Text and
130 Comments may not be used to ascertain legislative intent.

1 SEC. 70. Section five hundred fifty-five point one (555.1), Code
2 1973, is amended to read as follows:

3 555.1 **Definitions.** As used in this chapter "transmitting utility"
4 means any corporation or other entity primarily engaged in the rail-
5 road or street railway business, the furnishing of telephone or tele-
6 graph service, the transmission of oil, gas, or petroleum products by
7 pipe line, or the production, transmission, or distribution of electric-
8 ity, steam, gas, or water has the same meaning as defined in the
9 Uniform Commercial Code, section five hundred fifty-four point nine
10 thousand one hundred five (554.9105), subsection one (1), paragraph
11 n of the Code. Security interests filed pursuant to chapter five hun-
12 dred fifty-five (555) of the Code prior to January 1, 1975, which
13 have not been terminated, are deemed to be filed in accordance with
14 section five hundred fifty-four point nine thousand four hundred one
15 (554.9401), subsection five (5), of the Code.

1 SEC. 71. Section five hundred fifty-five point two (555.2), Code
2 1973, is amended by striking the section and inserting in lieu thereof
3 the following:

4 555.2 **Security interest.** A security interest in rolling stock of a
5 transmitting utility may be perfected either as provided in the Uni-
6 form Commercial Code, chapter five hundred fifty-four (554) of the
7 Code, or as provided in the Interstate Commerce Act, forty-nine (49)
8 U.S.C., section twenty c (20c).

1 SEC. 72. Section five hundred fifty-five point four (555.4), Code
2 1973, and Acts of the Sixty-fifth General Assembly, 1974 Session,
3 Senate File four hundred forty-two (442), section eleven (11), are
4 repealed.

Approved June 3, 1974

CHAPTER 1250

CREDIT TRANSACTIONS

S. F. 1405

AN ACT relating to credit related transactions, acts, practices and conduct, enacting the Iowa Consumer Credit Code, making coordinating amendments to the Code, and providing civil remedies and criminal penalties for violations.

Be It Enacted by the General Assembly of the State of Iowa:

ARTICLE ONE

GENERAL PROVISIONS AND DEFINITIONS

PART 1

SHORT TITLE, CONSTRUCTION, GENERAL PROVISIONS

1 SECTION 1.101. NEW SECTION. Short title. Articles one (1)
2 through seven (7) of this Act shall be known and may be cited as the
3 Iowa Consumer Credit Code.