

By: Senator(s) Carlton

To: Judiciary

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2998

1 AN ACT TO AMEND SECTIONS 75-9-701, 75-9-705 AND 75-9-710,
2 MISSISSIPPI CODE OF 1972, TO CONFORM THE TRANSITION DATES FOR THE
3 CONVERSION FROM UNIFORM COMMERCIAL CODE FORMER ARTICLE 9 TO
4 REVISED ARTICLE 9 TO THE JANUARY 1, 2002, EFFECTIVE DATE; TO
5 FURTHER AMEND SECTION 75-9-705, MISSISSIPPI CODE OF 1972, TO
6 CLARIFY THE TERMINATION OF A FINANCING STATEMENT COVERING A
7 MANUFACTURED HOME NOT CONSTITUTING INVENTORY; TO FURTHER AMEND
8 SECTION 75-9-710, MISSISSIPPI CODE OF 1972, TO CLARIFY LOCAL
9 FILING OF A TERMINATION STATEMENT; TO AMEND SECTION 75-9-102,
10 MISSISSIPPI CODE OF 1972, TO CLARIFY DEFINITIONS; TO AMEND SECTION
11 75-9-109, MISSISSIPPI CODE OF 1972, TO CLARIFY THE SCOPE OF
12 ARTICLE 9 CONCERNING GOVERNMENTAL UNITS; TO AMEND SECTION
13 75-9-304, MISSISSIPPI CODE OF 1972, TO CLARIFY THE PERFECTION OF
14 SECURITY INTERESTS IN DEPOSIT ACCOUNTS; TO AMEND SECTION 75-9-309,
15 MISSISSIPPI CODE OF 1972, TO PROVIDE FOR PERFECTION UPON
16 ATTACHMENT FOR LOTTERY WINNINGS; AND FOR RELATED PURPOSES.

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

18 **SECTION 1.** Section 75-9-701, Mississippi Code of 1972, is
19 amended as follows:

20 75-9-701. (1) References in Part 7 to "this act" refer to
21 the legislative enactment by which this part is added to Article 9
22 of the Uniform Commercial Code.

23 (2) References in this part to "former Article 9" are to
24 Article 9 found in Chapter 9 of Title 75 as in effect on December
25 31, 2001.

26 **SECTION 2.** Section 75-9-705, Mississippi Code of 1972, is
27 amended as follows:

28 [From January 1, 2002, until passage of Senate Bill No. 2998,
29 2002 Regular Session, this section shall read as follows:]

30 75-9-705. (a) If action, other than the filing of a
31 financing statement, is taken before this act takes effect and the
32 action would have resulted in priority of a security interest over
33 the rights of a person that becomes a lien creditor had the
34 security interest become enforceable before this act takes effect,



35 the action is effective to perfect a security interest that
36 attaches under this act within one (1) year after this act takes
37 effect. An attached security interest becomes unperfected one (1)
38 year after this act takes effect unless the security interest
39 becomes a perfected security interest under this act before the
40 expiration of that period.

41 (b) The filing of a financing statement before this act
42 takes effect is effective to perfect a security interest to the
43 extent the filing would satisfy the applicable requirements for
44 perfection under this act.

45 (c) This act does not render ineffective an effective
46 financing statement that, before this act takes effect, is filed
47 and satisfies the applicable requirements for perfection under the
48 law of the jurisdiction governing perfection as provided in former
49 Section 75-9-103. However, except as otherwise provided in
50 subsections (d) and (e) and Section 75-9-706, the financing
51 statement ceases to be effective at the earlier of:

52 (1) The time the financing statement would have ceased
53 to be effective under the law of the jurisdiction in which it is
54 filed; or

55 (2) December 31, 2006.

56 (d) The filing of a continuation statement after this act
57 takes effect does not continue the effectiveness of the financing
58 statement filed before this act takes effect. However, upon the
59 timely filing of a continuation statement after this act takes
60 effect and in accordance with the law of the jurisdiction
61 governing perfection as provided in Part 3, the effectiveness of a
62 financing statement filed in the same office in that jurisdiction
63 before this act takes effect continues for the period provided by
64 the law of that jurisdiction.

65 (e) Subsection (c)(2) applies to a financing statement that,
66 before this act takes effect, is filed against a transmitting
67 utility and satisfies the applicable requirements for perfection



68 under the law of the jurisdiction governing perfection as provided
69 in former Section 75-9-103 only to the extent that Part 3 provides
70 that the law of a jurisdiction other than the jurisdiction in
71 which the financing statement is filed governs perfection of a
72 security interest in collateral covered by the financing
73 statement.

74 (f) A financing statement that includes a financing
75 statement filed before this act takes effect and a continuation
76 statement filed after this act takes effect is effective only to
77 the extent that it satisfies the requirements of Part 5 for an
78 initial financing statement.

79 **[From and after passage of Senate Bill No. 2998, 2002 Regular**
80 **Session, this section shall read as follows:]**

81 75-9-705. (a) If action, other than the filing of a
82 financing statement, is taken before January 1, 2002 and the
83 action would have resulted in priority of a security interest over
84 the rights of a person that becomes a lien creditor had the
85 security interest become enforceable before January 1, 2002, the
86 action is effective to perfect a security interest that attaches
87 under this act within one (1) year after January 1, 2002. An
88 attached security interest becomes unperfected one (1) year after
89 January 1, 2002 unless the security interest becomes a perfected
90 security interest under this act before the expiration of that
91 period.

92 (b) The filing of a financing statement before this act
93 takes effect is effective to perfect a security interest to the
94 extent the filing would satisfy the applicable requirements for
95 perfection under this act.

96 (c) This act does not render ineffective an effective
97 financing statement that, before January 1, 2002, is filed and
98 satisfies the applicable requirements for perfection under the law
99 of the jurisdiction governing perfection as provided in former
100 Section 75-9-103. However, except as otherwise provided in



101 subsections (d) and (e) and Section 75-9-706, the financing
102 statement ceases to be effective at the earlier of:

103 (1) The time the financing statement would have ceased
104 to be effective under the law of the jurisdiction in which it is
105 filed; or

106 (2) December 31, 2006.

107 Provided, however, a financing statement filed before January
108 1, 2002, covering a manufactured home, other than a manufactured
109 home constituting inventory, remains effective, if it so states,
110 until a termination statement is filed.

111 (d) The filing of a continuation statement after January 1,
112 2002 does not continue the effectiveness of the financing
113 statement filed before January 1, 2002. However, upon the timely
114 filing of a continuation statement after January 1, 2002 and in
115 accordance with the law of the jurisdiction governing perfection
116 as provided in Part 3, the effectiveness of a financing statement
117 filed in the same office in that jurisdiction before January 1,
118 2002 continues for the period provided by the law of that
119 jurisdiction.

120 (e) Subsection (c)(2) applies to a financing statement that,
121 before January 1, 2002, is filed against a transmitting utility
122 and satisfies the applicable requirements for perfection under the
123 law of the jurisdiction governing perfection as provided in former
124 Section 75-9-103 only to the extent that Part 3 provides that the
125 law of a jurisdiction other than the jurisdiction in which the
126 financing statement is filed governs perfection of a security
127 interest in collateral covered by the financing statement.

128 (f) A financing statement that includes a financing
129 statement filed before January 1, 2002 and a continuation
130 statement filed after January 1, 2002 is effective only to the
131 extent that it satisfies the requirements of Part 5 for an initial
132 financing statement.



133 **SECTION 3.** Section 75-9-710, Mississippi Code of 1972, is
134 amended as follows:

135 **[From January 1, 2002, this section shall read as follows:]**

136 75-9-710. (a) In this section:

137 (1) "Local-filing office" means a filing office, other
138 than the statewide central filing office identified in Section
139 75-9-401(1) of former Chapter 9, that is designated as the proper
140 place to file a financing statement under Section 75-9-401(1) of
141 former Chapter 9. The term applies only with respect to a record
142 that covers a type of collateral as to which the filing office is
143 designated in that section as the proper place to file.

144 (2) "Former-Chapter-9 records" means:

145 (A) Financing statements and other records that
146 have been filed in a local-filing office before January 1, 2002,
147 and that are, or upon processing and indexing will be, reflected
148 in the index maintained, as of December 31, 2001, by the
149 local-filing office for financing statements and other records
150 filed in the local-filing office before January 1, 2002, and

151 (B) The index as of December 31, 2001.

152 The term does not include records presented to a local-filing
153 office for filing after December 31, 2001, whether or not the
154 records relate to financing statements filed in the local-filing
155 office before January 1, 2002.

156 (3) "Mortgage," "as-extracted collateral," "fixture
157 filing," "goods" and "fixtures" have the meanings set forth in
158 Revised Article 9 for those terms.

159 (b) Except as expressly provided in Part 5 of Chapter 9 as
160 effective on and after January 1, 2002, a local-filing office must
161 not accept for filing a record presented after December 31, 2001,
162 whether or not the record relates to a financing statement filed
163 in the local-filing office before January 1, 2002, other than a
164 termination statement filed in accordance with Section 75-9-707.



165 (c) Until January 1, 2009, each local-filing office must
166 maintain all former-Chapter-9 records in accordance with former
167 Chapter 9. A former-Chapter-9 record that is not reflected on the
168 index maintained at December 31, 2001, by the local-filing office
169 must be processed and indexed, and reflected on the index as of
170 December 31, 2001, as soon as practicable but in any event no
171 later than January 31, 2002.

172 (d) Until at least December 31, 2008, each local-filing
173 office must respond to requests for information with respect to
174 former-Chapter-9 records relating to a debtor and issue
175 certificates in accordance with former Chapter 9.

176 (1) Upon request in writing of any person, the filing
177 officer shall issue his certificate showing whether there is on
178 file, on the date and hour stated therein, any presently effective
179 financing statements naming a particular debtor thereof, and if
180 there is, giving the date and hour of filing and file number of
181 each such financing statement and the name and address of each
182 secured party or his assignee therein. Each such request shall be
183 accompanied by a search fee of Five Dollars (\$5.00) if the request
184 is made on the standard form prescribed by the Secretary of State,
185 and otherwise it shall be Ten Dollars (\$10.00). An additional fee
186 of Two Dollars (\$2.00) shall be paid by the requesting party for
187 each financing statement listed on the filing officer's
188 certificate, the aggregate of which shall be billed to the
189 requesting party at the time the filing officer's certificate is
190 issued. Failure to pay the additional fee by any requesting party
191 when due may result in denial of further service to the requesting
192 party until the amount due has been paid.

193 (2) Upon request, the filing officer shall furnish a
194 copy of any presently effective financing statements on file for a
195 uniform fee of Two Dollars (\$2.00) per page naming a particular
196 debtor when the request is made on the form and in the manner
197 hereinbefore provided for listing the same.



198 (e) After December 31, 2008, each local-filing office may
199 remove and destroy, in accordance with any then applicable record
200 retention law of this state, all former-Chapter-9 records,
201 including the related index.

202 (f) This section does not apply, with respect to financing
203 statements and other records, to a filing office in which
204 mortgages or records of mortgages on real property are required to
205 be filed or recorded, if:

206 (1) The collateral is timber to be cut or as-extracted
207 collateral, or

208 (2) The record is or relates to a financing statement
209 filed as a fixture filing and the collateral is goods that are or
210 are to become fixtures.

211 **SECTION 4.** Section 75-9-102, Mississippi Code of 1972, is
212 amended as follows:

213 75-9-102. (a) In this article:

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

217 (2) "Account," except as used in "account for," means a
218 right to payment of a monetary obligation, whether or not earned
219 by performance, (i) for property that has been or is to be sold,
220 leased, licensed, assigned, or otherwise disposed of, (ii) for
221 services rendered or to be rendered, (iii) for a policy of
222 insurance issued or to be issued, (iv) for a secondary obligation
223 incurred or to be incurred, (v) for energy provided or to be
224 provided, (vi) for the use or hire of a vessel under a charter or
225 other contract, (vii) arising out of the use of a credit or charge
226 card or information contained on or for use with the card, or
227 (viii) as winnings in a lottery or other game of chance operated
228 or sponsored by a state, governmental unit of a state, or person
229 licensed or authorized to operate the game by a state or
230 governmental unit of a state. The term includes



231 health-care-insurance receivables. The term does not include (i)
232 rights to payment evidenced by chattel paper or an instrument,
233 (ii) commercial tort claims, (iii) deposit accounts, (iv)
234 investment property, (v) letter-of-credit rights or letters of
235 credit, or (vi) rights to payment for money or funds advanced or
236 sold, other than rights arising out of the use of a credit or
237 charge card or information contained on or for use with the card.

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

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

244 (A) Authenticated by a secured party;

245 (B) Indicating the aggregate unpaid secured
246 obligations as of a date not more than thirty-five (35) days
247 earlier or thirty-five (35) days later than the date of the
248 record; and

249 (C) Identifying the components of the obligations
250 in reasonable detail.

251 (5) "Agricultural lien" means an interest * * * in farm
252 products:

253 (A) Which secures payment or performance of an
254 obligation for:

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

257 (ii) Rent on real property leased by a debtor
258 in connection with its farming operation;

259 (B) Which is created by statute in favor of a
260 person that:

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



264 (ii) Leased real property to a debtor in
265 connection with the debtor's farming operation; and
266 (C) Whose effectiveness does not depend on the
267 person's possession of the personal property.
268 (6) "As-extracted collateral" means:
269 (A) Oil, gas, or other minerals that are subject
270 to a security interest that:
271 (i) Is created by a debtor having an interest
272 in the minerals before extraction; and
273 (ii) Attaches to the minerals as extracted;
274 or
275 (B) Accounts arising out of the sale at the
276 wellhead or minehead of oil, gas, or other minerals in which the
277 debtor had an interest before extraction.
278 (7) "Authenticate" means:
279 (A) To sign; or
280 (B) To execute or otherwise adopt a symbol, or
281 encrypt or similarly process a record in whole or in part, with
282 the present intent of the authenticating person to identify the
283 person and adopt or accept a record.
284 (8) "Bank" means an organization that is engaged in the
285 business of banking. The term includes savings banks, savings and
286 loan associations, credit unions, and trust companies.
287 (9) "Cash proceeds" means proceeds that are money,
288 checks, deposit accounts, or the like.
289 (10) "Certificate of title" means a certificate of
290 title with respect to which a statute provides for the security
291 interest in question to be indicated on the certificate as a
292 condition or result of the security interest's obtaining priority
293 over the rights of a lien creditor with respect to the collateral.
294 (11) "Chattel paper" means a record or records that
295 evidence both a monetary obligation and a security interest in
296 specific goods, a security interest in specific goods and software



297 used in the goods, a security interest in specific goods and
298 license of software used in the goods, a lease of specific goods,
299 or a lease of specific goods and license of software used in the
300 goods. In this paragraph, "monetary obligation" means a monetary
301 obligation secured by the goods or owed under a lease of the goods
302 and includes a monetary obligation with respect to software used
303 in the goods. The term does not include (i) charters or other
304 contracts involving the use or hire of a vessel or (ii) records
305 that evidence a right to payment arising out of the use of a
306 credit or charge card or information contained on or for use with
307 the card. If a transaction is evidenced by records that include
308 an instrument or series of instruments, the group of records taken
309 together constitutes chattel paper.

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

312 (A) Proceeds to which a security interest
313 attaches;

314 (B) Accounts, chattel paper, payment intangibles,
315 and promissory notes that have been sold; and

316 (C) Goods that are the subject of a consignment.

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

319 (A) The claimant is an organization; or

320 (B) The claimant is an individual and the claim:

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

323 (ii) Does not include damages arising out of
324 personal injury to or the death of an individual.

325 (14) "Commodity account" means an account maintained by
326 a commodity intermediary in which a commodity contract is carried
327 for a commodity customer.



328 (15) "Commodity contract" means a commodity futures
329 contract, an option on a commodity futures contract, a commodity
330 option, or another contract if the contract or option is:

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

334 (B) Traded on a foreign commodity board of trade,
335 exchange, or market, and is carried on the books of a commodity
336 intermediary for a commodity customer.

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

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

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

342 (B) In the ordinary course of its business
343 provides clearance or settlement services for a board of trade
344 that has been designated as a contract market pursuant to federal
345 commodities law.

346 (18) "Communicate" means:

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

348 (B) To transmit a record by any means agreed upon
349 by the persons sending and receiving the record; or

350 (C) In the case of transmission of a record to or
351 by a filing office, to transmit a record by any means prescribed
352 by filing-office rule.

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

355 (20) "Consignment" means a transaction, regardless of
356 its form, in which a person delivers goods to a merchant for the
357 purpose of sale and:

358 (A) The merchant:

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



361 (ii) Is not an auctioneer; and
362 (iii) Is not generally known by its creditors
363 to be substantially engaged in selling the goods of others;
364 (B) With respect to each delivery, the aggregate
365 value of the goods is One Thousand Dollars (\$1,000.00) or more at
366 the time of delivery;
367 (C) The goods are not consumer goods immediately
368 before delivery; and
369 (D) The transaction does not create a security
370 interest that secures an obligation.
371 (21) "Consignor" means a person that delivers goods to
372 a consignee in a consignment.
373 (22) "Consumer debtor" means a debtor in a consumer
374 transaction.
375 (23) "Consumer goods" means goods that are used or
376 bought for use primarily for personal, family, or household
377 purposes.
378 (24) "Consumer-goods transaction" means a consumer
379 transaction in which:
380 (A) An individual incurs an obligation primarily
381 for personal, family, or household purposes; and
382 (B) A security interest in consumer goods secures
383 the obligation.
384 (25) "Consumer obligor" means an obligor who is an
385 individual and who incurred the obligation as part of a
386 transaction entered into primarily for personal, family, or
387 household purposes.
388 (26) "Consumer transaction" means a transaction in
389 which (i) an individual incurs an obligation primarily for
390 personal, family, or household purposes, (ii) a security interest
391 secures the obligation, and (iii) the collateral is held or
392 acquired primarily for personal, family, or household purposes.
393 The term includes consumer-goods transactions.



394 (27) "Continuation statement" means an amendment of a
395 financing statement which:

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

398 (B) Indicates that it is a continuation statement
399 for, or that it is filed to continue the effectiveness of, the
400 identified financing statement.

401 (28) "Debtor" means:

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

405 (B) A seller of accounts, chattel paper, payment
406 intangibles, or promissory notes; or

407 (C) A consignee.

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

412 (30) "Document" means a document of title or a receipt
413 of the type described in Section 75-7-201(2).

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

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

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

422 (34) "Farm products" means goods, other than standing
423 timber, with respect to which the debtor is engaged in a farming
424 operation and which are:

425 (A) Crops grown, growing, or to be grown,
426 including:



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

429 (ii) Aquatic goods produced in aquacultural
430 operations;

431 (B) Livestock, born or unborn, including aquatic
432 goods produced in aquacultural operations;

433 (C) Supplies used or produced in a farming
434 operation; or

435 (D) Products of crops or livestock in their
436 unmanufactured states.

437 (35) "Farming operation" means raising, cultivating,
438 propagating, fattening, grazing, or any other farming, livestock
439 or aquacultural operation.

440 (36) "File number" means the number assigned to an
441 initial financing statement pursuant to Section 9-519(a).

442 (37) "Filing office" means an office designated in
443 Section 75-9-501 as the place to file a financing statement.

444 (38) "Filing-office rule" means a rule adopted pursuant
445 to Section 75-9-526.

446 (39) "Financing statement" means a record or records
447 composed of an initial financing statement and any filed record
448 relating to the initial financing statement.

449 (40) "Fixture filing" means the filing of a financing
450 statement covering goods that are or are to become fixtures and
451 satisfying Section 75-9-502(a) and (b). The term includes the
452 filing of a financing statement covering goods of a transmitting
453 utility which are or are to become fixtures.

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

457 (42) "General intangible" means any personal property,
458 including things in action, other than accounts, chattel paper,
459 commercial tort claims, deposit accounts, documents, goods,



460 instruments, investment property, letter-of-credit rights, letters
461 of credit, money, and oil, gas, or other minerals before
462 extraction. The term includes payment intangibles and software.

463 (43) "Good faith" means honesty in fact and the
464 observance of reasonable commercial standards of fair dealing.

465 (44) "Goods" means all things that are movable when a
466 security interest attaches. The term includes (i) fixtures, (ii)
467 standing timber that is to be cut and removed under a conveyance
468 or contract for sale, (iii) the unborn young of animals, (iv)
469 crops grown, growing, or to be grown, even if the crops are
470 produced on trees, vines, or bushes, (v) farm-raised fish produced
471 in fresh water according to the usual and customary techniques of
472 commercial agriculture, (vi) manufactured homes and (vii) marine
473 vessels (herein defined as every type of watercraft used, or
474 capable of being used, as a means of transportation on water)
475 including both marine vessels under construction, including
476 engines and all items of equipment installed or to be installed
477 therein, whether such vessels are being constructed by the
478 shipbuilder for his own use or for sale (said vessels under
479 construction being classified as inventory within the meaning of
480 Section 75-9-102(48)), and marine vessels after completion of
481 construction so long as such vessels have not become "vessels of
482 the United States" within the meaning of the Ship Mortgage Act of
483 1920, 46 USCS, Section 911(4), as same is now written or may
484 hereafter be amended (said completed vessels being classified as
485 equipment within the meaning of Section 75-9-102(33)). The term
486 also includes a computer program embedded in goods and any
487 supporting information provided in connection with a transaction
488 relating to the program if (i) the program is associated with the
489 goods in such a manner that it customarily is considered part of
490 the goods, or (ii) by becoming the owner of the goods, a person
491 acquires a right to use the program in connection with the goods.
492 The term does not include a computer program embedded in goods



493 that consist solely of the medium in which the program is
494 embedded. The term also does not include accounts, chattel paper,
495 commercial tort claims, deposit accounts, documents, general
496 intangibles, instruments, investment property, letter-of-credit
497 rights, letters of credit, money, or oil, gas, or other minerals
498 before extraction.

499 (45) "Governmental unit" means a subdivision, agency,
500 department, county, parish, municipality or other unit of the
501 government of the United States, a state, or a foreign country.
502 The term includes an organization having a separate corporate
503 existence if the organization is eligible to issue debt on which
504 interest is exempt from income taxation under the laws of the
505 United States.

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

510 (47) "Instrument" means a negotiable instrument or any
511 other writing that evidences a right to the payment of a monetary
512 obligation, is not itself a security agreement or lease, and is of
513 a type that in ordinary course of business is transferred by
514 delivery with any necessary endorsement or assignment. The term
515 does not include (i) investment property, (ii) letters of credit,
516 or (iii) writings that evidence a right to payment arising out of
517 the use of a credit or charge card or information contained on or
518 for use with the card.

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

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

522 (B) Are held by a person for sale or lease or to
523 be furnished under a contract of service;

524 (C) Are furnished by a person under a contract of
525 service; or



526 (D) Consist of raw materials, work in process or
527 materials used or consumed in a business.

528 (49) "Investment property" means a security, whether
529 certificated or uncertificated, security entitlement, securities
530 account, commodity contract or commodity account.

531 (50) "Jurisdiction of organization," with respect to a
532 registered organization, means the jurisdiction under whose law
533 the organization is organized.

534 (51) "Letter-of-credit right" means a right to payment
535 or performance under a letter of credit, whether or not the
536 beneficiary has demanded or is at the time entitled to demand
537 payment or performance. The term does not include the right of a
538 beneficiary to demand payment or performance under a letter of
539 credit.

540 (52) "Lien creditor" means:

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

543 (B) An assignee for benefit of creditors from the
544 time of assignment;

545 (C) A trustee in bankruptcy from the date of the
546 filing of the petition; or

547 (D) A receiver in equity from the time of
548 appointment.

549 (53) "Manufactured home" means a structure,
550 transportable in one or more sections, which, in the traveling
551 mode, is eight (8) body feet or more in width or forty (40) body
552 feet or more in length, or, when erected on site, is three hundred
553 twenty (320) or more square feet, and which is built on a
554 permanent chassis and designed to be used as a dwelling with or
555 without a permanent foundation when connected to the required
556 utilities, and includes the plumbing, heating, air-conditioning,
557 and electrical systems contained therein. The term includes any
558 structure that meets all of the requirements of this paragraph



559 except the size requirements and with respect to which the
560 manufacturer voluntarily files a certification required by the
561 United States Secretary of Housing and Urban Development and
562 complies with the standards established under Title 42 of the
563 United States Code.

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

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

569 (B) In which a manufactured home, other than a
570 manufactured home held as inventory, is the primary collateral.

571 (55) "Mortgage" means a consensual interest in real
572 property, including fixtures, which secures payment or performance
573 of an obligation. "Mortgage" shall mean and include a deed of
574 trust.

575 (56) "New debtor" means a person that becomes bound as
576 debtor under Section 75-9-203(d) by a security agreement
577 previously entered into by another person.

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

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

585 (59) "Obligor" means a person that, with respect to an
586 obligation secured by a security interest in or an agricultural
587 lien on the collateral, (i) owes payment or other performance of
588 the obligation, (ii) has provided property other than the
589 collateral to secure payment or other performance of the
590 obligation, or (iii) is otherwise accountable in whole or in part



591 for payment or other performance of the obligation. The term does
592 not include issuers or nominated persons under a letter of credit.

593 (60) "Original debtor," except as used in Section
594 75-9-310(c), means a person that, as debtor, entered into a
595 security agreement to which a new debtor has become bound under
596 Section 75-9-203(d).

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

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

602 (A) The spouse of the individual;

603 (B) A brother, brother-in-law, sister, or
604 sister-in-law of the individual;

605 (C) An ancestor or lineal descendant of the
606 individual or the individual's spouse; or

607 (D) Any other relative, by blood or marriage, of
608 the individual or the individual's spouse who shares the same home
609 with the individual.

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

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

614 (B) An officer or director of, or a person
615 performing similar functions with respect to, the organization;

616 (C) An officer or director of, or a person
617 performing similar functions with respect to, a person described
618 in subparagraph (A);

619 (D) The spouse of an individual described in
620 subparagraph (A), (B), or (C); or

621 (E) An individual who is related by blood or
622 marriage to an individual described in subparagraph (A), (B), (C),
623 or (D) and shares the same home with the individual.



624 (64) "Proceeds," except as used in Section 75-9-609(b),
625 means the following property:

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

628 (B) Whatever is collected on, or distributed on
629 account of, collateral;

630 (C) Rights arising out of collateral;

631 (D) To the extent of the value of collateral,
632 claims arising out of the loss, nonconformity, or interference
633 with the use of, defects or infringement of rights in, or damage
634 to, the collateral; or

635 (E) To the extent of the value of collateral and
636 to the extent payable to the debtor or the secured party,
637 insurance payable by reason of the loss or nonconformity of,
638 defects or infringement of rights in, or damage to, the
639 collateral.

640 (64A) "Production-money crops" means crops that secure
641 a production-money obligation incurred with respect to the
642 production of those crops.

643 (64B) "Production-money obligation" means an obligation
644 of an obligor incurred for new value given to enable the debtor to
645 produce crops if the value is in fact used for the production of
646 the crops.

647 (64C) "Production of crops" includes tilling and
648 otherwise preparing land for growing, planting, cultivating,
649 fertilizing, irrigating, harvesting and gathering crops, and
650 protecting them from damage or disease.

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



656 (66) "Proposal" means a record authenticated by a
657 secured party which includes the terms on which the secured party
658 is willing to accept collateral in full or partial satisfaction of
659 the obligation it secures pursuant to Sections 75-9-620, 75-9-621,
660 and 75-9-622.

661 (67) "Public-finance transaction" means a secured
662 transaction in connection with which:

663 (A) Debt securities are issued;

664 (B) All or a portion of the securities issued have
665 an initial stated maturity of at least twenty (20) years; and

666 (C) The debtor, obligor, secured party, account
667 debtor or other person obligated on collateral, assignor or
668 assignee of a secured obligation, or assignor or assignee of a
669 security interest is a state or a governmental unit of a state.

670 (68) "Pursuant to commitment," with respect to an
671 advance made or other value given by a secured party, means
672 pursuant to the secured party's obligation, whether or not a
673 subsequent event of default or other event not within the secured
674 party's control has relieved or may relieve the secured party from
675 its obligation.

676 (69) "Record," except as used in "for record," "of
677 record," "record or legal title," and "record owner," means
678 information that is inscribed on a tangible medium or which is
679 stored in an electronic or other medium and is retrievable in
680 perceivable form.

681 (70) "Registered organization" means an organization
682 organized solely under the law of a single state or the United
683 States and as to which the state or the United States must
684 maintain a public record showing the organization to have been
685 organized.

686 (71) "Secondary obligor" means an obligor to the extent
687 that:

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



689 (B) The obligor has a right of recourse with
690 respect to an obligation secured by collateral against the debtor,
691 another obligor, or property of either.

692 (72) "Secured party" means:

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

696 (B) A person that holds an agricultural lien;

697 (C) A consignor;

698 (D) A person to which accounts, chattel paper,
699 payment intangibles, or promissory notes have been sold;

700 (E) A trustee, indenture trustee, agent,
701 collateral agent, or other representative in whose favor a
702 security interest or agricultural lien is created or provided for;
703 or

704 (F) A person that holds a security interest
705 arising under Section 75-2-401, 75-2-505, 75-2-711(3),
706 75-2A-508(5), 75-4-210, or 75-5-118.

707 (73) "Security agreement" means an agreement that
708 creates or provides for a security interest.

709 (74) "Send," in connection with a record or
710 notification, means:

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

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

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



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

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

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

733 (79) "Termination statement" means an amendment of a
734 financing statement which:

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

737 (B) Indicates either that it is a termination
738 statement or that the identified financing statement is no longer
739 effective.

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

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

744 (B) Transmitting communications electrically,
745 electromagnetically, or by light;

746 (C) Transmitting goods by pipeline or sewer; or

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

749 (b) The following definitions in other articles apply to
750 this article:

751	"Applicant"	Section 75-5-102.
752	"Beneficiary"	Section 75-5-102.
753	"Broker"	Section 75-8-102.
754	"Certificated security"	Section 75-8-102.



755	"Check"	Section 75-3-104.
756	"Clearing corporation"	Section 75-8-102.
757	"Contract for sale"	Section 75-2-106.
758	"Customer"	Section 75-4-104.
759	"Entitlement holder"	Section 75-8-102.
760	"Financial asset"	Section 75-8-102.
761	"Holder in due course"	Section 75-3-302.
762	"Issuer" (with respect to	
763	a letter of credit or	
764	letter-of-credit right)	Section 75-5-102.
765	"Issuer" (with respect to a	
766	security	Section 75-8-201.
767	"Lease"	Section 75-2A-103.
768	"Lease agreement"	Section 75-2A-103.
769	"Lease contract"	Section 75-2A-103.
770	"Leasehold interest"	Section 75-2A-103.
771	"Lessee"	Section 75-2A-103.
772	"Lessee in ordinary course	
773	of business"	Section 75-2A-103.
774	"Lessor"	Section 75-2A-103.
775	"Lessor's residual interest"	Section 75-2A-103.
776	"Letter of credit"	Section 75-5-102.
777	"Merchant"	Section 75-2-104.
778	"Negotiable instrument"	Section 75-3-104.
779	"Nominated person"	Section 75-5-102.
780	"Note"	Section 75-3-104.
781	"Proceeds of a letter of	
782	credit"	Section 75-5-114.
783	"Prove"	Section 75-3-103.
784	"Sale"	Section 75-2-106.
785	"Securities account"	Section 75-8-501.
786	"Securities intermediary"	Section 75-8-102.
787	"Security"	Section 75-8-102.



788 "Security certificate" Section 75-8-102.

789 "Security entitlement" Section 75-8-102.

790 "Uncertificated security" Section 75-8-102.

791 (c) Article 1 contains general definitions and principles of
792 construction and interpretation applicable throughout this
793 article.

794 **SECTION 5.** Section 75-9-109, Mississippi Code of 1972, is
795 amended as follows:

796 75-9-109. (a) Except as otherwise provided in subsections
797 (c) and (d), this article applies to:

798 (1) A transaction, regardless of its form, that creates
799 a security interest in personal property or fixtures by contract;

800 (2) An agricultural lien;

801 (3) A sale of accounts, chattel paper, payment
802 intangibles, or promissory notes;

803 (4) A consignment;

804 (5) A security interest arising under Section 75-2-401,
805 75-2-505, 75-2-711(3), or 75-2A-508(5), as provided in Section
806 75-9-110; and

807 (6) A security interest arising under Section 75-4-210
808 or 75-5-118.

809 (b) The application of this article to a security interest
810 in a secured obligation is not affected by the fact that the
811 obligation is itself secured by a transaction or interest to which
812 this article does not apply.

813 (c) This article does not apply to the extent that:

814 (1) A statute, regulation, or treaty of the United
815 States preempts this article;

816 * * *

817 (2) A statute of another state, a foreign country, or a
818 governmental unit of another state or a foreign country, other
819 than a statute generally applicable to security interests,
820 expressly governs creation, perfection, priority, or enforcement



821 of a security interest created by the state, country, or
822 governmental unit; or

823 (3) The rights of a transferee beneficiary or nominated
824 person under a letter of credit are independent and superior under
825 Section 75-5-114.

826 (d) This article does not apply to:

827 (1) A landlord's lien, other than an agricultural lien;

828 (2) A lien, other than an agricultural lien, given by
829 statute or other rule of law for services or materials, but
830 Section 75-9-333 applies with respect to priority of the lien;

831 (3) An assignment of a claim for wages, salary, or
832 other compensation of an employee;

833 (4) A sale of accounts, chattel paper, payment
834 intangibles, or promissory notes as part of a sale of the business
835 out of which they arose;

836 (5) An assignment of accounts, chattel paper, payment
837 intangibles, or promissory notes which is for the purpose of
838 collection only;

839 (6) An assignment of a right to payment under a
840 contract to an assignee that is also obligated to perform under
841 the contract;

842 (7) An assignment of a single account, payment
843 intangible, or promissory note to an assignee in full or partial
844 satisfaction of a preexisting indebtedness;

845 (8) A transfer of an interest in or an assignment of a
846 claim under a policy of insurance, other than an assignment by or
847 to a health-care provider of a health-care-insurance receivable
848 and any subsequent assignment of the right to payment, but
849 Sections 75-9-315 and 75-9-322 apply with respect to proceeds and
850 priorities in proceeds;

851 (9) An assignment of a right represented by a judgment,
852 other than a judgment taken on a right to payment that was
853 collateral;



854 (10) A right of recoupment or set-off, but:
855 (A) Section 75-9-340 applies with respect to the
856 effectiveness of rights of recoupment or set-off against deposit
857 accounts; and
858 (B) Section 75-9-404 applies with respect to
859 defenses or claims of an account debtor;
860 (11) The creation or transfer of an interest in or lien
861 on real property, including a lease or rents thereunder, except to
862 the extent that provision is made for:
863 (A) Liens on real property in Sections 75-9-203
864 and 75-9-308;
865 (B) Fixtures in Section 75-9-334;
866 (C) Fixture filings in Sections 75-9-501,
867 75-9-502, 75-9-512, 75-9-516, and 75-9-519; and
868 (D) Security agreements covering personal and real
869 property in Section 75-9-604;
870 (12) An assignment of a claim arising in tort, other
871 than a commercial tort claim, but Sections 75-9-315 and 75-9-322
872 apply with respect to proceeds and priorities in proceeds; or
873 (13) To a transfer by this state or a governmental unit
874 of this state.

875 **SECTION 6.** Section 75-9-304, Mississippi Code of 1972, is
876 amended as follows:

877 75-9-304. (a) The local law of a bank's jurisdiction
878 governs perfection, the effect of perfection or nonperfection, and
879 the priority of a security interest in a deposit account
880 maintained with that bank.

881 (b) The following rules determine a bank's jurisdiction for
882 purposes of this part:

883 (1) If an agreement between the bank and its customer
884 governing the deposit account expressly provides that a particular
885 jurisdiction is the bank's jurisdiction for purposes of this part,



886 this article, or the Uniform Commercial Code, that jurisdiction is
887 the bank's jurisdiction.

888 (2) If paragraph (1) does not apply and an agreement
889 between the bank and its customer governing the deposit account
890 expressly provides that the agreement is governed by the law of a
891 particular jurisdiction, that jurisdiction is the bank's
892 jurisdiction.

893 (3) If neither paragraph (1) nor paragraph (2) applies
894 and an agreement between the bank and its customer governing the
895 deposit account expressly provides that the deposit account is
896 maintained at an office in a particular jurisdiction, that
897 jurisdiction is the bank's jurisdiction.

898 (4) If none of the preceding paragraphs applies, the
899 bank's jurisdiction is the jurisdiction in which the office
900 identified in an account statement as the office serving the
901 customer's account is located.

902 (5) If none of the preceding paragraphs applies, the
903 bank's jurisdiction is the jurisdiction in which the chief
904 executive office of the bank is located.

905 **SECTION 7.** Section 75-9-309, Mississippi Code of 1972, is
906 amended as follows:

907 75-9-309. The following security interests are perfected
908 when they attach:

909 (1) A purchase-money security interest in consumer
910 goods, except as otherwise provided in Section 75-9-311(b) with
911 respect to consumer goods that are subject to a statute or treaty
912 described in Section 75-9-311(a);

913 (2) An assignment of accounts or payment intangibles
914 which does not by itself or in conjunction with other assignments
915 to the same assignee transfer a significant part of the assignor's
916 outstanding accounts or payment intangibles;

917 (3) A sale of a payment intangible;

918 (4) A sale of a promissory note;



919 (5) A security interest created by the assignment of a
920 health-care-insurance receivable to the provider of the
921 health-care goods or services;

922 (6) A security interest arising under Section 75-2-401,
923 75-2-505, 75-2-711(3), or 75-2A-508(5), until the debtor obtains
924 possession of the collateral;

925 (7) A security interest of a collecting bank arising
926 under Section 75-4-210;

927 (8) A security interest of an issuer or nominated
928 person arising under Section 75-5-118;

929 (9) A security interest arising in the delivery of a
930 financial asset under Section 75-9-206(c);

931 (10) A security interest in investment property created
932 by a broker or securities intermediary;

933 (11) A security interest in a commodity contract or a
934 commodity account created by a commodity intermediary;

935 (12) An assignment for the benefit of all creditors of
936 the transferor and subsequent transfers by the assignee
937 thereunder; and

938 (13) A security interest created by an assignment of a
939 beneficial interest in a decedent's estate.

940 (14) A sale by an individual of an account that is a
941 right to payment of winnings in a lottery or other game of chance.

942 **SECTION 8.** Sections 1, 2 and 3 of this act shall take effect
943 and be in force from and after January 1, 2002; the remainder of
944 this act shall take effect and be in force from and after its
945 passage.

