

CHAPTER 119

CORPORATIONS AND ASSOCIATIONS

HOUSE BILL 16-1270

BY REPRESENTATIVE(S) Lee, Fields, Garnett, Kagan, Kraft-Tharp, Lontine, Pettersen, Singer, Young, Hullinghorst;
also SENATOR(S) Scheffel and Heath, Crowder, Holbert.

AN ACT

CONCERNING THE LIMITATION OF LAWS GOVERNING SECURITY INTERESTS TO AN OWNER'S INTEREST IN A BUSINESS ENTITY.

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

SECTION 1. In Colorado Revised Statutes, 4-9-406, **amend** (d) introductory portion and (k) introductory portion; and **add** (l) as follows:

4-9-406. Discharge of account debtor - notification of assignment - identification and proof of assignment - restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective. (d) Except as otherwise provided in subsections (e), ~~and~~ (k), AND (l) of this section and sections 4-2.5-303, 4-9-407, 8-80-103, 8-42-124, 13-64-210, and 24-4.1-114, C.R.S., and subject to subsection (h) of this section, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

(k) Subsection (d) of this section does not apply to the assignment OR THE transfer OF, or THE creation of a security interest in:

(l) AS SPECIFIED IN SECTION 7-90-104, C.R.S., SUBSECTIONS (d) TO (f) OF THIS SECTION DO NOT APPLY TO THE ASSIGNMENT OR THE TRANSFER OF, OR THE CREATION OF A SECURITY INTEREST IN, AN OWNER'S INTEREST AS DEFINED IN SECTION 7-90-102 (44), C.R.S.

SECTION 2. In Colorado Revised Statutes, 4-9-408, **amend** (f) introductory portion; and **add** (g) as follows:

4-9-408. Restrictions on assignment of promissory notes,

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

health-care-insurance receivables, and certain general intangibles ineffective.

(f) Subsections (a) and (c) of this section do not apply to the assignment OR THE transfer OF, or THE creation of a security interest in:

(g) AS SPECIFIED IN SECTION 7-90-104, C.R.S., THIS SECTION DOES NOT APPLY TO THE ASSIGNMENT OR THE TRANSFER OF, OR THE CREATION OF A SECURITY INTEREST IN, AN OWNER'S INTEREST AS DEFINED IN SECTION 7-90-102 (44), C.R.S.

SECTION 3. In Colorado Revised Statutes, **amend** 7-90-104 as follows:

7-90-104. Nonapplication of uniform commercial code to owner's interest.

~~Sections~~ SUBSECTIONS (d) TO (f) OF SECTION 4-9-406 and SECTION 4-9-408, C.R.S., ~~shall~~ DO not apply to THE ASSIGNMENT OR THE TRANSFER OF, OR THE CREATION OF A SECURITY INTEREST IN, an owner's interest.

SECTION 4. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to conduct occurring on or after the applicable effective date of this act.

Approved: April 21, 2016