

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 23-0564.01 Christopher McMichael x4775

SENATE BILL 23-090

SENATE SPONSORSHIP

Gardner, Priola, Rich

HOUSE SPONSORSHIP

Snyder,

Senate Committees
Judiciary

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE ENACTMENT OF THE 2022 AMENDMENTS TO THE**
102 **"UNIFORM COMMERCIAL CODE".**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Colorado Commission on Uniform State Laws. The bill makes changes to the "Uniform Commercial Code" (UCC), drafted by the Uniform Law Commission.

The 2022 amendments update the UCC to account for emerging technologies by:

- Amending the definitions of "conspicuous", "send", and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
3rd Reading Unamended
February 22, 2023

SENATE
Amended 2nd Reading
February 21, 2023

- "sign";
- Adding the definition of "electronic"; and
- Changing current references to "writing" or "written" to refer instead to a "record".

The 2022 amendments update the provisions of the UCC related to secured transactions by:

- Addressing security interests and rights to payment related to controllable electronic records;
- Specifying how to perfect security interests in controllable accounts and controllable payment intangibles;
- Updating the definition of "chattel paper" to distinguish between a right to payment and the record evidencing the right to payment;
- Updating definitions related to money generally, including creating a new definition of "electronic money"; and
- Creating a new definition of "assignee" and "assignor".

The bill creates a new article within the UCC that governs the transfer of property rights in certain intangible digital assets that have been or may be created and may involve the use of new technologies, including such assets as certain types of virtual currency and nonfungible tokens.

The bill provides guidance for which laws apply during the transition from the current UCC to the UCC as amended by the bill.

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

2 **SECTION 1.** In Colorado Revised Statutes, 4-1-201, **amend** (b)
 3 introductory portion, (b)(10), (b)(14), (b)(20)(C), (b)(23), (b)(26), (b)(36),
 4 and (b)(37); and **add** (b)(15.5) as follows:

5 **4-1-201. General definitions.** (b) Subject to definitions
 6 contained in other articles of this ~~title~~ TITLE 4 that apply to particular
 7 articles or parts ~~thereof~~ OF THIS TITLE 4:

8 (10) "Conspicuous", with reference to a term, means so written,
 9 displayed, or presented that a reasonable person against which it is to
 10 operate ought to have noticed it. Whether a term is "conspicuous" or not
 11 is a decision for the court. ~~Conspicuous terms include the following:~~

12 ~~(A) A heading in capital letters equal to or greater in size than the~~

1 ~~surrounding text, or in contrasting type, font, or color to the surrounding~~
2 ~~text of the same or lesser size; and~~

3 (B) ~~Language in the body of a record or display in larger type than~~
4 ~~the surrounding text, or in contrasting type, font, or color to the~~
5 ~~surrounding text of the same size, or set off from surrounding text of the~~
6 ~~same size by symbols or other marks that call attention to the language.~~

7 (14) "Delivery", with respect to an electronic document of title,
8 means voluntary transfer of control; and with respect to an instrument, a
9 tangible document of title, or AN AUTHORITATIVE TANGIBLE COPY OF A
10 RECORD EVIDENCING chattel paper, means voluntary transfer of
11 possession.

12 (15.5) "ELECTRONIC" MEANS RELATING TO TECHNOLOGY HAVING
13 ELECTRICAL, DIGITAL, MAGNETIC, WIRELESS, OPTICAL,
14 ELECTROMAGNETIC, OR SIMILAR CAPABILITIES.

15 (20) "Holder" means:

16 (C) The person in control, OTHER THAN PURSUANT TO SECTION
17 4-7-106 (g), OF A NEGOTIABLE ELECTRONIC DOCUMENT OF TITLE.

18 (23) "Money" means a medium of exchange currently authorized
19 or adopted by a domestic or foreign government. The term includes a
20 monetary unit of account established by an intergovernmental
21 organization or by agreement between two or more countries. THE TERM
22 DOES NOT INCLUDE AN ELECTRONIC RECORD THAT IS A MEDIUM OF
23 EXCHANGE RECORDED AND TRANSFERABLE IN A SYSTEM THAT EXISTED
24 AND OPERATED FOR THE MEDIUM OF EXCHANGE BEFORE THE MEDIUM OF
25 EXCHANGE WAS AUTHORIZED OR ADOPTED BY THE GOVERNMENT.

26 (26) "Person" means an individual, corporation, business trust,
27 estate, trust, partnership, limited liability company, association, joint

1 venture, government, government subdivision, agency, or instrumentality,
2 or any other legal or commercial entity. THE TERM INCLUDES A
3 PROTECTED SERIES, HOWEVER DENOMINATED, OF AN ENTITY IF THE
4 PROTECTED SERIES IS ESTABLISHED UNDER LAW OTHER THAN THIS TITLE
5 4 THAT LIMITS, OR LIMITS IF CONDITIONS SPECIFIED UNDER THE LAW ARE
6 SATISFIED, THE ABILITY OF A CREDITOR OF THE ENTITY OR OF ANY OTHER
7 PROTECTED SERIES OF THE ENTITY TO SATISFY A CLAIM FROM ASSETS OF
8 THE PROTECTED SERIES.

9 (36) "Send", in connection with a ~~writing~~, record or ~~notice~~
10 NOTIFICATION, means to:

11 (A) Deposit in the mail, ~~or~~ deliver for transmission, OR TRANSMIT
12 by any other usual means of communication with postage or cost of
13 transmission provided for, ~~and properly addressed and, in the case of an~~
14 ~~instrument, to an address specified thereon or otherwise agreed, or, if~~
15 ~~there is none~~, ADDRESSED to any address reasonable under the
16 circumstances; or

17 (B) ~~In any other way cause to be received any record or notice~~
18 ~~within the time it would have arrived if properly sent~~ CAUSE THE RECORD
19 OR NOTIFICATION TO BE RECEIVED WITHIN THE TIME IT WOULD HAVE BEEN
20 RECEIVED IF PROPERLY SENT UNDER SUBSECTION (b)(36)(A) OF THIS
21 SECTION.

22 (37) (A) ~~"Signed" includes any symbol executed or adopted with~~
23 ~~present intention to adopt or accept a writing.~~ "SIGN" MEANS, WITH
24 PRESENT INTENT TO AUTHENTICATE OR ADOPT A RECORD:

25 (i) EXECUTE OR ADOPT A TANGIBLE SYMBOL; OR

26 (ii) ATTACH TO OR LOGICALLY ASSOCIATE WITH THE RECORD AN
27 ELECTRONIC SYMBOL, SOUND, OR PROCESS.

1 (B) "SIGNED", "SIGNING", AND "SIGNATURE" HAVE
2 CORRESPONDING MEANINGS.

3 **SECTION 2.** In Colorado Revised Statutes, 4-1-204, **amend** the
4 introductory portion as follows:

5 **4-1-204. Value.** Except as otherwise provided in articles 3, 4, ~~and~~
6 ~~5, 6, AND 12~~ of this ~~title~~ TITLE 4, a person gives value for rights if the
7 person acquires them:

8 **SECTION 3.** In Colorado Revised Statutes, 4-1-301, **add** (c)(9)
9 as follows:

10 **4-1-301. Territorial applicability - parties' power to choose**
11 **applicable law.** (c) If one of the following provisions of the "Uniform
12 Commercial Code" specifies the applicable law, that provision governs
13 and a contrary agreement is effective only to the extent permitted by the
14 law so specified:

15 (9) SECTION 4-12-107.

16 **SECTION 4.** In Colorado Revised Statutes, **amend** 4-1-306 as
17 follows:

18 **4-1-306. Waiver or renunciation of claim or right after breach.**
19 A claim or right arising out of an alleged breach may be discharged in
20 whole or in part without consideration by agreement of the aggrieved
21 party in ~~an authenticated~~ A SIGNED record.

22 **SECTION 5.** In Colorado Revised Statutes, **amend** 4-2-102 as
23 follows:

24 **4-2-102. Scope - certain security and other transactions**
25 **excluded from this article.** (1) ~~Unless the context otherwise requires,~~
26 ~~this article applies to transactions in goods; it does not apply to:~~ UNLESS
27 THE CONTEXT OTHERWISE REQUIRES, AND EXCEPT AS PROVIDED IN

1 SUBSECTION (3) OF THIS SECTION, THIS ARTICLE 2 APPLIES TO
2 TRANSACTIONS IN GOODS AND, IN THE CASE OF A HYBRID TRANSACTION,
3 IT APPLIES TO THE EXTENT PROVIDED IN SUBSECTION (2) OF THIS SECTION.

4 ~~(a) Any transaction which, although in the form of an~~
5 ~~unconditional contract to sell or present sale, is intended to operate only~~
6 ~~as a security transaction, nor does this article impair or repeal any statute~~
7 ~~regulating sales to consumers, farmers, or other specified classes of~~
8 ~~buyers; and~~

9 ~~(b) The donation, whether for or without valuable consideration,~~
10 ~~acquisition, preparation, transplantation, injection, or transfusion of any~~
11 ~~human tissue, organ, or blood or component thereof for or to a human~~
12 ~~being.~~

13 (2) IN A HYBRID TRANSACTION:

14 (a) IF THE SALE-OF-GOODS ASPECTS DO NOT PREDOMINATE, ONLY
15 THE PROVISIONS OF THIS ARTICLE 2 WHICH RELATE PRIMARILY TO THE
16 SALE-OF-GOODS ASPECTS OF THE TRANSACTION APPLY, AND THE
17 PROVISIONS THAT RELATE PRIMARILY TO THE TRANSACTION AS A WHOLE
18 DO NOT APPLY.

19 (b) IF THE SALE-OF-GOODS ASPECTS PREDOMINATE, THIS ARTICLE
20 2 APPLIES TO THE TRANSACTION BUT DOES NOT PRECLUDE APPLICATION IN
21 APPROPRIATE CIRCUMSTANCES OF OTHER LAW TO ASPECTS OF THE
22 TRANSACTION WHICH DO NOT RELATE TO THE SALE OF GOODS.

23 (3) THIS ARTICLE 2 DOES NOT:

24 (a) APPLY TO A TRANSACTION THAT, EVEN THOUGH IN THE FORM
25 OF AN UNCONDITIONAL CONTRACT TO SELL OR PRESENT SALE, OPERATES
26 ONLY TO CREATE A SECURITY INTEREST; OR

27 (b) IMPAIR OR REPEAL A STATUTE REGULATING SALES TO

1 CONSUMERS, FARMERS, OR OTHER SPECIFIED CLASSES OF BUYERS.

2 **SECTION 6.** In Colorado Revised Statutes, 4-2-106, **add** (5) as
3 follows:

4 **4-2-106. Definitions: "contract" - "agreement" - "contract for**
5 **sale" - "sale" - "present sale" - "conforming" to contract -**
6 **"termination" - "cancellation" - "hybrid transaction".** (5) "HYBRID
7 TRANSACTION" MEANS A SINGLE TRANSACTION INVOLVING A SALE OF
8 GOODS AND:

9 (a) THE PROVISION OF SERVICES;

10 (b) A LEASE OF OTHER GOODS; OR

11 (c) A SALE, LEASE, OR LICENSE OF PROPERTY OTHER THAN GOODS.

12 **SECTION 7.** In Colorado Revised Statutes, 4-2-201, **amend** (1)
13 and (2) as follows:

14 **4-2-201. Formal requirements - statute of frauds.** (1) Except
15 as otherwise provided in this section, a contract for the sale of goods for
16 the price of five hundred dollars or more is not enforceable by way of
17 action or defense unless there is ~~some writing~~ A RECORD sufficient to
18 indicate that a contract for sale has been made between the parties and
19 signed by the party against whom enforcement is sought or by ~~his~~ THE
20 PARTY'S authorized agent or broker. A ~~writing~~ RECORD is not insufficient
21 because it omits or incorrectly states a term agreed upon, but the contract
22 is not enforceable under this ~~paragraph~~ SUBSECTION (1) beyond the
23 quantity of goods shown in ~~such writing~~ THE RECORD.

24 (2) Between merchants, if within a reasonable time a ~~writing~~
25 RECORD in confirmation of the contract and sufficient against the sender
26 is received and the party receiving it has reason to know its contents, it
27 satisfies the requirements of subsection (1) of this section against ~~such~~

1 THE party unless ~~written~~ notice IN A RECORD of objection to its contents
2 is given within ten days after it is received.

3 **SECTION 8.** In Colorado Revised Statutes, 4-2-202, **amend** the
4 introductory portion and (b) as follows:

5 **4-2-202. Final expression - parol or extrinsic evidence.** Terms
6 with respect to which the confirmatory memoranda of the parties agree or
7 which are otherwise set forth in a ~~writing~~ RECORD intended by the parties
8 as a final expression of their agreement with respect to such terms as are
9 included therein may not be contradicted by evidence of any prior
10 agreement or of a contemporaneous oral agreement but may be explained
11 or supplemented:

12 (b) By evidence of consistent additional terms unless the court
13 finds the ~~writing~~ RECORD to have been intended also as a complete and
14 exclusive statement of the terms of the agreement.

15 **SECTION 9.** In Colorado Revised Statutes, **amend** 4-2-203 as
16 follows:

17 **4-2-203. Seals inoperative.** The affixing of a seal to a ~~writing~~
18 RECORD evidencing a contract for sale or an offer to buy or sell goods
19 does not constitute the ~~writing~~ RECORDING OF a sealed instrument, and the
20 law with respect to sealed instruments does not apply to such a contract
21 or offer.

22 **SECTION 10.** In Colorado Revised Statutes, **amend** 4-2-205 as
23 follows:

24 **4-2-205. Firm offers.** An offer by a merchant to buy or sell goods
25 in a signed ~~writing~~ RECORD which by its terms gives assurance that it will
26 be held open is not revocable, for lack of consideration, during the time
27 stated or, if no time is stated, for a reasonable time, but in no event may

1 such period of irrevocability exceed three months; but any such term of
2 assurance on a form supplied by the offeree must be separately signed by
3 the offeror.

4 **SECTION 11.** In Colorado Revised Statutes, 4-2-209, **amend** (2)
5 as follows:

6 **4-2-209. Modification, rescission, and waiver.** (2) A signed
7 agreement which excludes modification or rescission except by a signed
8 writing OR OTHER SIGNED RECORD cannot be otherwise modified or
9 rescinded, but except as between merchants such a requirement on a form
10 supplied by the merchant must be separately signed by the other party.

11 **SECTION 12.** In Colorado Revised Statutes, **amend** 4-2.5-102
12 as follows:

13 **4-2.5-102. Scope.** (1) This ~~article~~ ARTICLE 2.5 applies to any
14 transaction, regardless of form, that creates a lease, AND, IN THE CASE OF
15 A HYBRID LEASE, THIS ARTICLE 2.5 APPLIES TO THE EXTENT PROVIDED IN
16 SUBSECTION (2) OF THIS SECTION.

17 (2) IN A HYBRID LEASE:

18 (a) IF THE LEASE-OF-GOODS ASPECTS DO NOT PREDOMINATE:

19 (i) ONLY THE PROVISIONS OF THIS ARTICLE 2.5 WHICH RELATE
20 PRIMARILY TO THE LEASE-OF-GOODS ASPECTS OF THE TRANSACTION
21 APPLY, AND THE PROVISIONS THAT RELATE PRIMARILY TO THE
22 TRANSACTION AS A WHOLE DO NOT APPLY;

23 (ii) SECTION 4-2.5-209 APPLIES IF THE LEASE IS A FINANCE LEASE;

24 AND

25 (iii) SECTION 4-2.5-407 APPLIES TO THE PROMISES OF THE LESSEE
26 IN A FINANCE LEASE TO THE EXTENT THE PROMISES ARE CONSIDERATION
27 FOR THE RIGHT TO POSSESSION AND USE OF THE LEASED GOODS; AND

1 (b) IF THE LEASE-OF-GOODS ASPECTS PREDOMINATE, THIS ARTICLE
2 2.5 APPLIES TO THE TRANSACTION BUT DOES NOT PRECLUDE APPLICATION
3 IN APPROPRIATE CIRCUMSTANCES OF OTHER LAW TO ASPECTS OF THE
4 LEASE WHICH DO NOT RELATE TO THE LEASE OF GOODS.

5 **SECTION 13.** In Colorado Revised Statutes, 4-2.5-103, **amend**
6 (1) introductory portion; and **add** (1)(h.5) as follows:

7 **4-2.5-103. Definitions and index of definitions.** (1) In this
8 ~~article~~ ARTICLE 2.5, unless the context otherwise requires:

9 (h.5) "HYBRID LEASE" MEANS A SINGLE TRANSACTION INVOLVING
10 A LEASE OF GOODS AND:

- 11 (i) THE PROVISION OF SERVICES;
- 12 (ii) A SALE OF OTHER GOODS; OR
- 13 (iii) A SALE, LEASE, OR LICENSE OF PROPERTY OTHER THAN GOODS.

14 **SECTION 14.** In Colorado Revised Statutes, **amend** 4-2.5-107
15 as follows:

16 **4-2.5-107. Waiver or renunciation of claim or right after**
17 **default.** Any claim or right arising out of an alleged default or breach of
18 warranty may be discharged in whole or in part without consideration by
19 a ~~written~~ waiver or renunciation IN A signed ~~and~~ RECORD delivered by the
20 aggrieved party.

21 **SECTION 15.** In Colorado Revised Statutes, 4-2.5-201, **amend**
22 (1)(b), (3), and (5)(a) as follows:

23 **4-2.5-201. Statute of frauds.** (1) A lease contract is not
24 enforceable by way of action or defense unless:

25 (b) There is a ~~writing~~ RECORD, signed by the party against whom
26 enforcement is sought or by that party's authorized agent, sufficient to
27 indicate that a lease contract has been made between the parties and to

1 describe the goods leased and the lease term.

2 (3) A ~~writing~~ RECORD is not insufficient because it omits or
3 incorrectly states a term agreed upon, but the lease contract is not
4 enforceable under subsection (1)(b) of this section beyond the lease term
5 and the quantity of goods shown in the ~~writing~~ RECORD.

6 (5) The lease term under a lease contract referred to in subsection
7 (4) of this section is:

8 (a) If there is a ~~writing~~ RECORD signed by the party against whom
9 enforcement is sought or by that party's authorized agent specifying the
10 lease term, the term so specified;

11 **SECTION 16.** In Colorado Revised Statutes, 4-2.5-202, **amend**
12 (1) introductory portion and (1)(b) as follows:

13 **4-2.5-202. Final written expression: Parol or extrinsic**
14 **evidence.** (1) Terms with respect to which the confirmatory memoranda
15 of the parties agree or which are otherwise set forth in a ~~writing~~ RECORD
16 intended by the parties as a final expression of their agreement with
17 respect to such terms as are included therein may not be contradicted by
18 evidence of any prior agreement or of a contemporaneous oral agreement
19 but may be explained or supplemented:

20 (b) By evidence of consistent additional terms unless the court
21 finds the ~~writing~~ RECORD to have been intended also as a complete and
22 exclusive statement of the terms of the agreement.

23 **SECTION 17.** In Colorado Revised Statutes, **amend** 4-2.5-203
24 as follows:

25 **4-2.5-203. Seals inoperative.** The affixing of a seal to a ~~writing~~
26 RECORD evidencing a lease contract or an offer to enter into a lease
27 contract does not render the ~~writing~~ RECORD a sealed instrument and the

1 law with respect to sealed instruments does not apply to the lease contract
2 or offer.

3 **SECTION 18.** In Colorado Revised Statutes, **amend** 4-2.5-205
4 as follows:

5 **4-2.5-205. Firm offers.** An offer by a merchant to lease goods to
6 or from another person in a signed ~~writing~~ RECORD that by its terms gives
7 assurance it will be held open is not revocable, for lack of consideration,
8 during the time stated or, if no time is stated, for a reasonable time, but in
9 no event may the period of irrevocability exceed three months. Any such
10 term of assurance on a form supplied by the offeree must be separately
11 signed by the offeror.

12 **SECTION 19.** In Colorado Revised Statutes, 4-2.5-208, **amend**
13 (2) as follows:

14 **4-2.5-208. Modification, rescission, and waiver.** (2) A signed
15 lease agreement that excludes modification or rescission except by a
16 signed ~~writing~~ RECORD may not be otherwise modified or rescinded, but,
17 except as between merchants, such a requirement on a form supplied by
18 a merchant must be separately signed by the other party.

19 **SECTION 20.** In Colorado Revised Statutes, 4-3-104, **amend**
20 (a)(3) as follows:

21 **4-3-104. Negotiable instrument.** (a) Except as provided in
22 subsections (c) and (d) of this section, "negotiable instrument" means an
23 unconditional promise or order to pay a fixed amount of money, with or
24 without interest or other charges described in the promise or order, if it:

25 (3) Does not state any other undertaking or instruction by the
26 person promising or ordering payment to do any act in addition to the
27 payment of money, but the promise or order may contain: (i) an

1 undertaking or power to give, maintain, or protect collateral to secure
2 payment; (ii) an authorization or power to the holder to confess judgment
3 or realize on or dispose of collateral; ~~or~~ (iii) a waiver of the benefit of any
4 law intended for the advantage or protection of an obligor; (iv) A TERM
5 THAT SPECIFIES THE LAW THAT GOVERNS THE PROMISE OR ORDER; OR (v)
6 AN UNDERTAKING TO RESOLVE IN A SPECIFIED FORUM A DISPUTE
7 CONCERNING THE PROMISE OR ORDER.

8 **SECTION 21.** In Colorado Revised Statutes, 4-3-105, **amend** (a)
9 as follows:

10 **4-3-105. Issue of instrument.** (a) "Issue" means:

11 (1) The first delivery of an instrument by the maker or drawer,
12 whether to a holder or nonholder, for the purpose of giving rights on the
13 instrument to any person; OR

14 (2) IF AGREED BY THE PAYEE, THE FIRST TRANSMISSION BY THE
15 DRAWER TO THE PAYEE OF AN IMAGE OF AN ITEM AND INFORMATION
16 DERIVED FROM THE ITEM THAT ENABLES THE DEPOSITARY BANK TO
17 COLLECT THE ITEM BY TRANSFERRING OR PRESENTING UNDER FEDERAL
18 LAW AN ELECTRONIC CHECK.

19 **SECTION 22.** In Colorado Revised Statutes, **amend** 4-3-401 as
20 follows:

21 **4-3-401. Signature necessary for liability on instrument.** (a) A
22 person is not liable on an instrument unless (i) the person signed the
23 instrument or (ii) the person is represented by an agent or representative
24 who signed the instrument and the signature is binding on the represented
25 person under section 4-3-402.

26 (b) ~~A signature may be made (i) manually or by means of a device~~
27 ~~or machine, and (ii) by the use of any name, including a trade or assumed~~

1 ~~name, or by a word, mark, or symbol executed or adopted by a person~~
2 ~~with present intention to authenticate a writing.~~

3 **SECTION 23.** In Colorado Revised Statutes, 4-3-604, **amend** (a)
4 as follows:

5 **4-3-604. Discharge by cancellation or renunciation.** (a) A
6 person entitled to enforce an instrument, with or without consideration,
7 may discharge the obligation of a party to pay the instrument (i) by an
8 intentional voluntary act, such as surrender of the instrument to the party,
9 destruction, mutilation, or cancellation of the instrument, cancellation or
10 striking out of the party's signature, or the addition of words to the
11 instrument indicating discharge or (ii) by agreeing not to sue or otherwise
12 renouncing rights against the party by a signed writing RECORD. THE
13 OBLIGATION OF A PARTY TO PAY A CHECK IS NOT DISCHARGED SOLELY BY
14 DESTRUCTION OF THE CHECK IN CONNECTION WITH A PROCESS IN WHICH
15 INFORMATION IS EXTRACTED FROM THE CHECK AND AN IMAGE OF THE
16 CHECK IS MADE AND, SUBSEQUENTLY, THE INFORMATION AND IMAGE ARE
17 TRANSMITTED FOR PAYMENT.

18 **SECTION 24.** In Colorado Revised Statutes, 4-4.5-103, **amend**
19 (a) introductory portion and (a)(1) introductory portion as follows:

20 **4-4.5-103. Payment order - definitions.** (a) In this ~~article~~
21 ARTICLE 4.5:

22 (1) "Payment order" means an instruction of a sender to a
23 receiving bank, transmitted orally ~~electronically, or in writing~~ OR IN A
24 RECORD, to pay, or to cause another bank to pay, a fixed or determinable
25 amount of money to a beneficiary if:

26 **SECTION 25.** In Colorado Revised Statutes, **amend** 4-4.5-201
27 as follows:

1 **4-4.5-201. Security procedure.** "Security procedure" means a
2 procedure established by agreement of a customer and a receiving bank
3 for the purpose of (i) verifying that a payment order or communication
4 amending or cancelling a payment order is that of the customer or (ii)
5 detecting error in the transmission or the content of the payment order or
6 communication. A security procedure MAY IMPOSE AN OBLIGATION ON
7 THE RECEIVING BANK OR THE CUSTOMER AND may require the use of
8 algorithms or other codes, identifying words, ~~or~~ numbers, SYMBOLS,
9 SOUNDS, BIOMETRICS, encryption, callback procedures, or similar security
10 devices. Comparison of a signature on a payment order or communication
11 with an authorized specimen signature of the customer OR REQUIRING A
12 PAYMENT ORDER TO BE SENT FROM A KNOWN E-MAIL ADDRESS, IP
13 ADDRESS, OR TELEPHONE NUMBER is not by itself a security procedure.

14 **SECTION 26.** In Colorado Revised Statutes, 4-4.5-202, **amend**
15 (b) and (c) as follows:

16 **4-4.5-202. Authorized and verified payment orders.** (b) If a
17 bank and its customer have agreed that the authenticity of payment orders
18 issued to the bank in the name of the customer as sender will be verified
19 pursuant to a security procedure, a payment order received by the
20 receiving bank is effective as the order of the customer, whether or not
21 authorized, if (i) the security procedure is a commercially reasonable
22 method of providing security against unauthorized payment orders and
23 (ii) the bank proves that it accepted the payment order in good faith and
24 in compliance with THE BANK'S OBLIGATIONS UNDER the security
25 procedure and any ~~written~~ agreement or instruction of the customer,
26 EVIDENCED BY A RECORD, restricting acceptance of payment orders issued
27 in the name of the customer. The bank is not required to follow an

1 instruction that violates a ~~written~~ AN agreement with the customer,
2 EVIDENCED BY A RECORD, or notice of which is not received at a time and
3 in a manner affording the bank a reasonable opportunity to act on it
4 before the payment order is accepted.

5 (c) Commercial reasonableness of a security procedure is a
6 question of law to be determined by considering the wishes of the
7 customer expressed to the bank; the circumstances of the customer known
8 to the bank, including the size, type, and frequency of payment orders
9 normally issued by the customer to the bank; alternative security
10 procedures offered to the customer; and security procedures in general
11 use by customers and receiving banks similarly situated. A security
12 procedure is deemed to be commercially reasonable if (i) the security
13 procedure was chosen by the customer after the bank offered, and the
14 customer refused, a security procedure that was commercially reasonable
15 for that customer and (ii) the customer expressly agreed in ~~writing~~ A
16 RECORD to be bound by any payment order, whether or not authorized,
17 issued in its name and accepted by the bank in compliance with THE
18 BANK'S OBLIGATIONS UNDER the security procedure chosen by the
19 customer.

20 **SECTION 27.** In Colorado Revised Statutes, 4-4.5-203, **amend**
21 (a)(1) as follows:

22 **4-4.5-203. Unenforceability of certain verified payment**
23 **orders.** (a) If an accepted payment order is not, under section 4-4.5-202
24 (a), an authorized order of a customer identified as sender, but is effective
25 as an order of the customer pursuant to section 4-4.5-202 (b), the
26 following rules apply:

27 (1) By express ~~written~~ agreement EVIDENCED BY A RECORD, the

1 receiving bank may limit the extent to which it is entitled to enforce or
2 retain payment of the payment order.

3 **SECTION 28.** In Colorado Revised Statutes, 4-4.5-207, **amend**
4 (c)(2) as follows:

5 **4-4.5-207. Misdescription of beneficiary.** (c) If (i) a payment
6 order described in subsection (b) of this section is accepted, (ii) the
7 originator's payment order described the beneficiary inconsistently by
8 name and number, and (iii) the beneficiary's bank pays the person
9 identified by number as permitted by subsection (b)(1) of this section, the
10 following rules apply:

11 (2) If the originator is not a bank and proves that the person
12 identified by number was not entitled to receive payment from the
13 originator, the originator is not obliged to pay its order unless the
14 originator's bank proves that the originator, before acceptance of the
15 originator's order, had notice that payment of a payment order issued by
16 the originator might be made by the beneficiary's bank on the basis of an
17 identifying or bank account number even if it identifies a person different
18 from the named beneficiary. Proof of notice may be made by any
19 admissible evidence. The originator's bank satisfies the burden of proof
20 if it proves that the originator, before the payment order was accepted,
21 signed a ~~writing~~ RECORD stating the information to which the notice
22 relates.

23 **SECTION 29.** In Colorado Revised Statutes, 4-4.5-208, **amend**
24 (b)(2) as follows:

25 **4-4.5-208. Misdescription of intermediary bank or**
26 **beneficiary's bank.** (b) This subsection (b) applies to a payment order
27 identifying an intermediary bank or the beneficiary's bank both by name

1 and an identifying number if the name and number identify different
2 persons.

3 (2) If the sender is not a bank and the receiving bank proves that
4 the sender, before the payment order was accepted, had notice that the
5 receiving bank might rely on the number as the proper identification of
6 the intermediary or beneficiary's bank even if it identifies a person
7 different from the bank identified by name, the rights and obligations of
8 the sender and the receiving bank are governed by subsection (b)(1) of
9 this section, as though the sender were a bank. Proof of notice may be
10 made by any admissible evidence. The receiving bank satisfies the burden
11 of proof if it proves that the sender, before the payment order was
12 accepted, signed a ~~writing~~ RECORD stating the information to which the
13 notice relates.

14 **SECTION 30.** In Colorado Revised Statutes, 4-4.5-210, **amend**
15 (a) as follows:

16 **4-4.5-210. Rejection of payment order.** (a) A payment order is
17 rejected by the receiving bank by a notice of rejection transmitted to the
18 sender orally ~~electronically~~, or in ~~writing~~ A RECORD. A notice of rejection
19 need not use any particular words and is sufficient if it indicates that the
20 receiving bank is rejecting the order or will not execute or pay the order.
21 Rejection is effective when the notice is given if transmission is by a
22 means that is reasonable in the circumstances. If notice of rejection is
23 given by a means that is not reasonable, rejection is effective when the
24 notice is received. If an agreement of the sender and receiving bank
25 establishes the means to be used to reject a payment order, (i) any means
26 complying with the agreement is reasonable and (ii) any means not
27 complying is not reasonable unless no significant delay in receipt of the

1 notice resulted from the use of the noncomplying means.

2 **SECTION 31.** In Colorado Revised Statutes, 4-4.5-211, **amend**

3 (a) as follows:

4 **4-4.5-211. Cancellation and amendment of payment order.**

5 (a) A communication of the sender of a payment order cancelling or
6 amending the order may be transmitted to the receiving bank orally
7 ~~electronically~~, or in ~~writing~~ A RECORD. If a security procedure is in effect
8 between the sender and the receiving bank, the communication is not
9 effective to cancel or amend the order unless the communication is
10 verified pursuant to the security procedure or the bank agrees to the
11 cancellation or amendment.

12 **SECTION 32.** In Colorado Revised Statutes, 4-4.5-305, **amend**

13 (c) and (d) as follows:

14 **4-4.5-305. Liability for late or improper execution or failure**

15 **to execute payment order.** (c) In addition to the amounts payable under
16 subsections (a) and (b) of this section, damages, including consequential
17 damages, are recoverable to the extent provided in an express ~~written~~
18 agreement of the receiving bank, EVIDENCED BY A RECORD.

19 (d) If a receiving bank fails to execute a payment order it was
20 obliged by express agreement to execute, the receiving bank is liable to
21 the sender for its expenses in the transaction and for incidental expenses
22 and interest losses resulting from the failure to execute. Additional
23 damages, including consequential damages, are recoverable to the extent
24 provided in an express written agreement of the receiving bank,
25 EVIDENCED BY A RECORD, but are not otherwise recoverable.

26 **SECTION 33.** In Colorado Revised Statutes, **amend** 4-5-104 as

27 follows:

1 **4-5-104. Formal requirements.** A letter of credit, confirmation,
2 advice, transfer, amendment, or cancellation may be issued in any form
3 that is a SIGNED record. ~~and is authenticated (i) by a signature or (ii) in~~
4 ~~accordance with the agreement of the parties or the standard practice~~
5 ~~referred to in section 4-5-108 (c).~~

6 **SECTION 34.** In Colorado Revised Statutes, **amend** 4-5-116 as
7 follows:

8 **4-5-116. Choice of law and forum.** (a) The liability of an issuer,
9 nominated person, or adviser for action or omission is governed by the
10 law of the jurisdiction chosen by an agreement in the form of a record
11 signed ~~or otherwise authenticated~~ by the affected parties ~~in the manner~~
12 ~~provided in section 4-5-104~~ or by a provision in the person's letter of
13 credit, confirmation, or other undertaking. The jurisdiction whose law is
14 chosen need not bear any relation to the transaction.

15 (b) Unless subsection (a) of this section applies, the liability of an
16 issuer, nominated person, or adviser for action or omission is governed
17 by the law of the jurisdiction in which the person is located. The person
18 is considered to be located at the address indicated in the person's
19 undertaking. If more than one address is indicated, the person is
20 considered to be located at the address from which the person's
21 undertaking was issued. ~~For the purpose of jurisdiction, choice of law,~~
22 ~~and recognition of interbranch letters of credit, but not enforcement of a~~
23 ~~judgment, all branches of a bank are considered separate juridical entities~~
24 ~~and a bank is considered to be located at the place where its relevant~~
25 ~~branch is considered to be located under this subsection (b).~~

26 (c) ~~Except as otherwise provided in this subsection (c), the~~
27 ~~liability of an issuer, nominated person, or adviser is governed by any~~

1 ~~rules of custom or practice, such as the "Uniform Customs and Practice~~
2 ~~for Documentary Credits", to which the letter of credit, confirmation, or~~
3 ~~other undertaking is expressly made subject. If (i) this article would~~
4 ~~govern the liability of an issuer, nominated person, or adviser under~~
5 ~~subsection (a) or (b) of this section, (ii) the relevant undertaking~~
6 ~~incorporates rules of custom or practice, and (iii) there is conflict between~~
7 ~~this article and those rules as applied to that undertaking, those rules~~
8 ~~govern except to the extent of any conflict with the nonvariable~~
9 ~~provisions specified in section 4-5-103 (c) FOR THE PURPOSE OF~~
10 ~~JURISDICTION, CHOICE OF LAW, AND RECOGNITION OF INTERBRANCH~~
11 ~~LETTERS OF CREDIT, BUT NOT ENFORCEMENT OF A JUDGMENT, ALL~~
12 ~~BRANCHES OF A BANK ARE CONSIDERED SEPARATE JURIDICAL ENTITIES,~~
13 ~~AND A BANK IS CONSIDERED TO BE LOCATED AT THE PLACE WHERE ITS~~
14 ~~RELEVANT BRANCH IS CONSIDERED TO BE LOCATED UNDER SUBSECTION (d)~~
15 ~~OF THIS SECTION.~~

16 (d) ~~If there is conflict between this article and article 3, 4, 4.5, or~~
17 ~~9 of this title, this article governs~~ A BRANCH OF A BANK IS CONSIDERED TO
18 BE LOCATED AT THE ADDRESS INDICATED IN THE BRANCH'S UNDERTAKING.
19 IF MORE THAN ONE ADDRESS IS INDICATED, THE BRANCH IS CONSIDERED
20 TO BE LOCATED AT THE ADDRESS FROM WHICH THE UNDERTAKING WAS
21 ISSUED.

22 (e) ~~The forum for settling disputes arising out of an undertaking~~
23 ~~within this article may be chosen in the manner and with the binding~~
24 ~~effect that governing law may be chosen in accordance with subsection~~
25 ~~(a) of this section~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION
26 (e), THE LIABILITY OF AN ISSUER, NOMINATED PERSON, OR ADVISER IS
27 GOVERNED BY ANY RULES OF CUSTOM OR PRACTICE, SUCH AS THE

1 "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS", TO
2 WHICH THE LETTER OF CREDIT, CONFIRMATION, OR OTHER UNDERTAKING
3 IS EXPRESSLY MADE SUBJECT. IF (i) THIS ARTICLE 5 WOULD GOVERN THE
4 LIABILITY OF AN ISSUER, NOMINATED PERSON, OR ADVISER UNDER
5 SUBSECTION (a) OR (b) OF THIS SECTION; (ii) THE RELEVANT
6 UNDERTAKING INCORPORATES RULES OF CUSTOM OR PRACTICE; AND (iii)
7 THERE IS CONFLICT BETWEEN THIS ARTICLE 5 AND THOSE RULES AS
8 APPLIED TO THAT UNDERTAKING, THOSE RULES GOVERN EXCEPT TO THE
9 EXTENT OF ANY CONFLICT WITH THE NONVARIABLE PROVISIONS SPECIFIED
10 IN SECTION 4-5-103 (c).

11 (f) IF THERE IS CONFLICT BETWEEN THIS ARTICLE 5 AND ARTICLE
12 3, 4, 4.5, OR 9 OF THIS TITLE 4, THIS ARTICLE 5 GOVERNS.

13 (g) THE FORUM FOR SETTling DISPUTES ARISING OUT OF AN
14 UNDERTAKING WITHIN THIS ARTICLE 5 MAY BE CHOSEN IN THE MANNER
15 AND WITH THE BINDING EFFECT THAT GOVERNING LAW MAY BE CHOSEN IN
16 ACCORDANCE WITH SUBSECTION (a) OF THIS SECTION.

17 **SECTION 35.** In Colorado Revised Statutes, 4-7-102, **amend** (a)
18 introductory portion; and **repeal** (a)(10) and (a)(12) as follows:

19 **4-7-102. Definitions and index of definitions.** (a) In this article
20 ARTICLE 7, unless the context otherwise requires:

21 (10) ~~"Record" means information that is inscribed on a tangible~~
22 ~~medium or that is stored in an electronic or other medium and is~~
23 ~~retrievable in perceivable form.~~

24 (12) ~~"Sign" means, with present intent to authenticate or adopt a~~
25 ~~record:~~

26 (A) ~~To execute or adopt a tangible symbol; or~~

27 (B) ~~To attach to or logically associate with the record an~~

1 ~~electronic sound, symbol, or process.~~

2 **SECTION 36.** In Colorado Revised Statutes, 4-7-106, **amend** (b)
3 introductory portion and (b)(4); and **add** (c), (d), (e), (f), (g), (h), and (i)
4 as follows:

5 **4-7-106. Control of electronic document of title.** (b) A system
6 satisfies subsection (a) of this section, and a person ~~is deemed to have~~
7 HAS control of an electronic document of title, if the document is created,
8 stored, and ~~assigned~~ TRANSFERRED in ~~such~~ a manner that:

9 (4) Copies or amendments that add or change an identified
10 ~~assignee~~ TRANSFEREE of the authoritative copy can be made only with the
11 consent of the person asserting control;

12 (c) A SYSTEM SATISFIES SUBSECTION (a) OF THIS SECTION, AND A
13 PERSON HAS CONTROL OF AN ELECTRONIC DOCUMENT OF TITLE, IF AN
14 AUTHORITATIVE ELECTRONIC COPY OF THE DOCUMENT, A RECORD
15 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE ELECTRONIC COPY,
16 OR A SYSTEM IN WHICH THE ELECTRONIC COPY IS RECORDED:

17 (1) ENABLES THE PERSON READILY TO IDENTIFY EACH ELECTRONIC
18 COPY AS EITHER AN AUTHORITATIVE COPY OR A NONAUTHORITATIVE
19 COPY;

20 (2) ENABLES THE PERSON READILY TO IDENTIFY ITSELF IN ANY
21 WAY, INCLUDING BY NAME, IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY,
22 OFFICE, OR ACCOUNT NUMBER, AS THE PERSON TO WHICH EACH
23 AUTHORITATIVE ELECTRONIC COPY WAS ISSUED OR TRANSFERRED; AND

24 (3) GIVES THE PERSON EXCLUSIVE POWER, SUBJECT TO
25 SUBSECTION (d) OF THIS SECTION, TO:

26 (A) PREVENT OTHERS FROM ADDING OR CHANGING THE PERSON TO
27 WHICH EACH AUTHORITATIVE ELECTRONIC COPY HAS BEEN ISSUED OR

1 TRANSFERRED; AND

2 (B) TRANSFER CONTROL OF EACH AUTHORITATIVE ELECTRONIC
3 COPY.

4 (d) SUBJECT TO SUBSECTION (e) OF THIS SECTION, A POWER IS
5 EXCLUSIVE UNDER SUBSECTIONS (c)(3)(A) AND (c)(3)(B) OF THIS SECTION
6 EVEN IF:

7 (1) THE AUTHORITATIVE ELECTRONIC COPY, A RECORD ATTACHED
8 TO OR LOGICALLY ASSOCIATED WITH THE AUTHORITATIVE ELECTRONIC
9 COPY, OR A SYSTEM IN WHICH THE AUTHORITATIVE ELECTRONIC COPY IS
10 RECORDED LIMITS THE USE OF THE DOCUMENT OF TITLE OR HAS A
11 PROTOCOL THAT IS PROGRAMMED TO CAUSE A CHANGE, INCLUDING A
12 TRANSFER OR LOSS OF CONTROL; OR

13 (2) THE POWER IS SHARED WITH ANOTHER PERSON.

14 (e) A POWER OF A PERSON IS NOT SHARED WITH ANOTHER PERSON
15 UNDER SUBSECTION (d)(2) OF THIS SECTION AND THE PERSON'S POWER IS
16 NOT EXCLUSIVE IF:

17 (1) THE PERSON CAN EXERCISE THE POWER ONLY IF THE POWER
18 ALSO IS EXERCISED BY THE OTHER PERSON; AND

19 (2) THE OTHER PERSON:

20 (A) CAN EXERCISE THE POWER WITHOUT EXERCISE OF THE POWER
21 BY THE PERSON; OR

22 (B) IS THE TRANSFEROR TO THE PERSON OF AN INTEREST IN THE
23 DOCUMENT OF TITLE.

24 (f) IF A PERSON HAS THE POWERS SPECIFIED IN SUBSECTIONS
25 (c)(3)(A) AND (c)(3)(B) OF THIS SECTION, THE POWERS ARE PRESUMED TO
26 BE EXCLUSIVE.

27 (g) A PERSON HAS CONTROL OF AN ELECTRONIC DOCUMENT OF

1 TITLE IF ANOTHER PERSON, OTHER THAN THE TRANSFEROR TO THE PERSON
2 OF AN INTEREST IN THE DOCUMENT:

3 (1) HAS CONTROL OF THE DOCUMENT AND ACKNOWLEDGES THAT
4 IT HAS CONTROL ON BEHALF OF THE PERSON; OR

5 (2) OBTAINS CONTROL OF THE DOCUMENT AFTER HAVING
6 ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE DOCUMENT ON
7 BEHALF OF THE PERSON.

8 (h) A PERSON THAT HAS CONTROL UNDER THIS SECTION IS NOT
9 REQUIRED TO ACKNOWLEDGE THAT IT HAS CONTROL ON BEHALF OF
10 ANOTHER PERSON.

11 (i) IF A PERSON ACKNOWLEDGES THAT IT HAS OR WILL OBTAIN
12 CONTROL ON BEHALF OF ANOTHER PERSON, UNLESS THE PERSON
13 OTHERWISE AGREES OR LAW OTHER THAN THIS ARTICLE 7 OR ARTICLE 9 OF
14 THIS TITLE 4 OTHERWISE PROVIDES, THE PERSON DOES NOT OWE ANY DUTY
15 TO THE OTHER PERSON AND IS NOT REQUIRED TO CONFIRM THE
16 ACKNOWLEDGMENT TO ANY OTHER PERSON.

17 **SECTION 37.** In Colorado Revised Statutes, 4-8-102, **amend** (a)
18 introductory portion, (a)(6)(i), and (b) as follows:

19 **4-8-102. Definitions.** (a) In this ~~article~~ ARTICLE 8:

20 (6) "Communicate" means to:

21 (i) Send a signed ~~writing~~ RECORD; or

22 (b) ~~Other~~ THE FOLLOWING definitions ~~applying to~~ IN this ~~article~~

23 ARTICLE 8 and ~~the sections in which they appear are~~ OTHER ARTICLES

24 APPLY TO THIS ARTICLE 8:

25 Appropriate person Section 4-8-107

26 Control Section 4-8-106

27 CONTROLLABLE ACCOUNT SECTION 4-9-102

1	CONTROLLABLE ELECTRONIC RECORD	SECTION 4-12-102
2	CONTROLLABLE PAYMENT INTANGIBLE	SECTION 4-9-102
3	Delivery	Section 4-8-301
4	Investment company security	Section 4-8-103
5	Issuer	Section 4-8-201
6	Overissue	Section 4-8-210
7	Protected purchaser	Section 4-8-303
8	Securities account	Section 4-8-501

9 **SECTION 38.** In Colorado Revised Statutes, 4-8-103, **add** (h) as
10 follows:

11 **4-8-103. Rules for determining whether certain obligations**
12 **and interests are securities or financial assets.** (h) A CONTROLLABLE
13 ACCOUNT, CONTROLLABLE ELECTRONIC RECORD, OR CONTROLLABLE
14 PAYMENT INTANGIBLE IS NOT A FINANCIAL ASSET UNLESS SECTION 4-8-102
15 (a)(9)(iii) APPLIES.

16 **SECTION 39.** In Colorado Revised Statutes, 4-8-106, **amend**
17 (d)(3); and **add** (h) and (i) as follows:

18 **4-8-106. Control.** (d) A purchaser has "control" of a security
19 entitlement if:

20 (3) Another person, ~~has control of the security entitlement on~~
21 ~~behalf of the purchaser or, having previously acquired control of the~~
22 ~~security entitlement, acknowledges that it has control on behalf of the~~
23 ~~purchaser.~~ OTHER THAN THE TRANSFEROR TO THE PURCHASER OF AN
24 INTEREST IN THE SECURITY ENTITLEMENT:

25 (A) HAS CONTROL OF THE SECURITY ENTITLEMENT AND
26 ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF OF THE PURCHASER; OR

27 (B) OBTAINS CONTROL OF THE SECURITY ENTITLEMENT AFTER

1 HAVING ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE SECURITY
2 ENTITLEMENT ON BEHALF OF THE PURCHASER.

3 (h) A PERSON THAT HAS CONTROL UNDER THIS SECTION IS NOT
4 REQUIRED TO ACKNOWLEDGE THAT IT HAS CONTROL ON BEHALF OF A
5 PURCHASER.

6 (i) IF A PERSON ACKNOWLEDGES THAT IT HAS OR WILL OBTAIN
7 CONTROL ON BEHALF OF A PURCHASER, UNLESS THE PERSON OTHERWISE
8 AGREES OR LAW OTHER THAN THIS ARTICLE 8 OR ARTICLE 9 OF THIS TITLE
9 4 OTHERWISE PROVIDES, THE PERSON DOES NOT OWE ANY DUTY TO THE
10 PURCHASER AND IS NOT REQUIRED TO CONFIRM THE ACKNOWLEDGMENT
11 TO ANY OTHER PERSON.

12 **SECTION 40.** In Colorado Revised Statutes, 4-8-110, **add** (g) as
13 follows:

14 **4-8-110. Applicability - choice of law.** (g) THE LOCAL LAW OF
15 THE ISSUER'S JURISDICTION OR THE SECURITIES INTERMEDIARY'S
16 JURISDICTION GOVERNS A MATTER OR TRANSACTION SPECIFIED IN
17 SUBSECTION (a) OR (b) OF THIS SECTION EVEN IF THE MATTER OR
18 TRANSACTION DOES NOT BEAR ANY RELATION TO THE JURISDICTION.

19 **SECTION 41.** In Colorado Revised Statutes, 4-8-303, **amend** (b)
20 as follows:

21 **4-8-303. Protected purchaser.** (b) ~~In addition to acquiring the~~
22 ~~rights of a purchaser,~~ A protected purchaser also acquires its interest in
23 the security free of any adverse claim.

24 **SECTION 42.** In Colorado Revised Statutes, 4-9-102, **amend** (a)
25 introductory portion, (a)(2), (a)(3), (a)(4)(A), (a)(11), (a)(42), (a)(47),
26 (a)(61), (a)(66), and (b); **repeal** (a)(7), (a)(31), (a)(77), and (a)(81); and
27 **add** (a)(7.3), (a)(7.5), (a)(27.5), (a)(27.7), (a)(31.5), (a)(54.5), and

1 (a)(81.5) as follows:

2 **4-9-102. Definitions and index of definitions.** (a) In this article
3 ARTICLE 9:

4 (2) "Account", except as used in "account for", "ACCOUNT
5 STATEMENT", "ACCOUNT TO", "COMMODITY ACCOUNT" IN SUBSECTION
6 (a)(14) OF THIS SECTION, "CUSTOMER'S ACCOUNT", "DEPOSIT ACCOUNT"
7 IN SUBSECTION (a)(29) OF THIS SECTION, "ON ACCOUNT OF", AND
8 "STATEMENT OF ACCOUNT", means a right to payment of a monetary
9 obligation, whether or not earned by performance, (i) for property that has
10 been or is to be sold, leased, licensed, assigned, or otherwise disposed of;
11 (ii) for services rendered or to be rendered; (iii) for a policy of insurance
12 issued or to be issued; (iv) for a secondary obligation incurred or to be
13 incurred; (v) for energy provided or to be provided; (vi) for the use or hire
14 of a vessel under a charter or other contract; (vii) arising out of the use of
15 a credit or charge card or information contained on or for use with the
16 card; or (viii) as winnings in a lottery or other game of chance operated
17 or sponsored by a state, governmental unit of a state, or person licensed
18 or authorized to operate the game by a state or governmental unit of a
19 state. The term includes CONTROLLABLE ACCOUNTS AND
20 health-care-insurance receivables. The term does not include (i) ~~rights to~~
21 ~~payment evidenced by chattel paper; or an instrument;~~ (ii) commercial tort
22 claims; (iii) deposit accounts; (iv) investment property; (v) letter-of-credit
23 rights or letters of credit; ~~or~~ (vi) rights to payment for money or funds
24 advanced or sold, other than rights arising out of the use of a credit or
25 charge card or information contained on or for use with the card; OR (vii)
26 RIGHTS TO PAYMENT EVIDENCED BY AN INSTRUMENT.

27 (3) "Account debtor" means a person obligated on an account,

1 chattel paper, or general intangible. The term does not include persons
2 obligated to pay a negotiable instrument, even if the NEGOTIABLE
3 instrument ~~constitutes part of~~ EVIDENCES chattel paper.

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

6 (A) ~~Authenticated~~ SIGNED by a secured party;

7 (7) ~~"Authenticate" means:~~

8 (A) ~~To sign; or~~

9 (B) ~~With present intent to adopt or accept a record, to attach to or~~
10 ~~logically associate with the record an electronic sound, symbol, or~~
11 ~~process.~~

12 (7.3) "ASSIGNEE", EXCEPT AS USED IN "ASSIGNEE FOR BENEFIT OF
13 CREDITORS", MEANS A PERSON (i) IN WHOSE FAVOR A SECURITY INTEREST
14 THAT SECURES AN OBLIGATION IS CREATED OR PROVIDED FOR UNDER A
15 SECURITY AGREEMENT, WHETHER OR NOT THE OBLIGATION IS
16 OUTSTANDING OR (ii) TO WHICH AN ACCOUNT, CHATTEL PAPER, PAYMENT
17 INTANGIBLE, OR PROMISSORY NOTE HAS BEEN SOLD. THE TERM INCLUDES
18 A PERSON TO WHICH A SECURITY INTEREST HAS BEEN TRANSFERRED BY A
19 SECURED PARTY.

20 (7.5) "ASSIGNOR" MEANS A PERSON THAT (i) UNDER A SECURITY
21 AGREEMENT CREATES OR PROVIDES FOR A SECURITY INTEREST THAT
22 SECURES AN OBLIGATION OR (ii) SELLS AN ACCOUNT, CHATTEL PAPER,
23 PAYMENT INTANGIBLE, OR PROMISSORY NOTE. THE TERM INCLUDES A
24 SECURED PARTY THAT HAS TRANSFERRED A SECURITY INTEREST TO
25 ANOTHER PERSON.

26 (11) "Chattel paper" means: ~~a record or records that evidence both~~
27 ~~a monetary obligation and a security interest in specific goods, a security~~

1 ~~interest in specific goods and software used in the goods, a security~~
2 ~~interest in specific goods and license of software used in the goods, a~~
3 ~~lease of specific goods, or a lease of specific goods and license of~~
4 ~~software used in the goods. In this paragraph (11), "monetary obligation"~~
5 ~~means a monetary obligation secured by the goods or owed under a lease~~
6 ~~of the goods and includes a monetary obligation with respect to software~~
7 ~~used in the goods. The term does not include (i) charters or other~~
8 ~~contracts involving the use or hire of a vessel or (ii) records that evidence~~
9 ~~a right to payment arising out of the use of a credit or charge card or~~
10 ~~information contained on or for use with the card. If a transaction is~~
11 ~~evidenced by records that include an instrument or series of instruments,~~
12 ~~the group of records taken together constitutes chattel paper.~~

13 (A) A RIGHT TO PAYMENT OF A MONETARY OBLIGATION SECURED
14 BY SPECIFIC GOODS, IF THE RIGHT TO PAYMENT AND SECURITY AGREEMENT
15 ARE EVIDENCED BY A RECORD; OR

16 (B) A RIGHT TO PAYMENT OF A MONETARY OBLIGATION OWED BY
17 A LESSEE UNDER A LEASE AGREEMENT WITH RESPECT TO SPECIFIC GOODS
18 AND A MONETARY OBLIGATION OWED BY THE LESSEE IN CONNECTION WITH
19 THE TRANSACTION GIVING RISE TO THE LEASE, IF:

20 (i) THE RIGHT TO PAYMENT AND LEASE AGREEMENT ARE
21 EVIDENCED BY A RECORD; AND

22 (ii) THE PREDOMINANT PURPOSE OF THE TRANSACTION GIVING RISE
23 TO THE LEASE WAS TO GIVE THE LESSEE THE RIGHT TO POSSESSION AND
24 USE OF THE GOODS. THE TERM DOES NOT INCLUDE A RIGHT TO PAYMENT
25 ARISING OUT OF A CHARTER OR OTHER CONTRACT INVOLVING THE USE OR
26 HIRE OF A VESSEL OR A RIGHT TO PAYMENT ARISING OUT OF THE USE OF A
27 CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE

1 WITH THE CARD.

2 (27.5) "CONTROLLABLE ACCOUNT" MEANS AN ACCOUNT
3 EVIDENCED BY A CONTROLLABLE ELECTRONIC RECORD THAT PROVIDES
4 THAT THE ACCOUNT DEBTOR UNDERTAKES TO PAY THE PERSON THAT HAS
5 CONTROL UNDER SECTION 4-12-105 OF THE CONTROLLABLE ELECTRONIC
6 RECORD.

7 (27.7) "CONTROLLABLE PAYMENT INTANGIBLE" MEANS A
8 PAYMENT INTANGIBLE EVIDENCED BY A CONTROLLABLE ELECTRONIC
9 RECORD THAT PROVIDES THAT THE ACCOUNT DEBTOR UNDERTAKES TO
10 PAY THE PERSON THAT HAS CONTROL UNDER SECTION 4-12-105 OF THE
11 CONTROLLABLE ELECTRONIC RECORD.

12 (31) ~~"Electronic chattel paper" means chattel paper evidenced by~~
13 ~~a record or records consisting of information stored in an electronic~~
14 ~~medium.~~

15 (31.5) "ELECTRONIC MONEY" MEANS MONEY IN AN ELECTRONIC
16 FORM.

17 (42) "General intangible" means any personal property, including
18 things in action, other than accounts, chattel paper, commercial tort
19 claims, deposit accounts, documents, goods, instruments, investment
20 property, letter-of-credit rights, letters of credit, money, and oil, gas, or
21 other minerals before extraction. The term includes CONTROLLABLE
22 ELECTRONIC RECORDS, payment intangibles, and software.

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

1 property; (ii) letters of credit; ~~or~~ (iii) writings that evidence a right to
2 payment arising out of the use of a credit or charge card or information
3 contained on or for use with the card; OR (iv) WRITINGS THAT EVIDENCE
4 CHATTEL PAPER.

5 (54.5) "MONEY" HAS THE MEANING IN SECTION 4-1-201 (b)(24),
6 BUT DOES NOT INCLUDE (i) A DEPOSIT ACCOUNT OR (ii) MONEY IN AN
7 ELECTRONIC FORM THAT CANNOT BE SUBJECTED TO CONTROL UNDER
8 SECTION 4-9-105.5.

9 (61) "Payment intangible" means a general intangible under which
10 the account debtor's principal obligation is a monetary obligation. THE
11 TERM INCLUDES A CONTROLLABLE PAYMENT INTANGIBLE.

12 (66) "Proposal" means a record ~~authenticated~~ SIGNED by a secured
13 party which includes the terms on which the secured party is willing to
14 accept collateral in full or partial satisfaction of the obligation it secures
15 pursuant to sections 4-9-620, 4-9-621, and 4-9-622.

16 (77) ~~"Send", in connection with a record or notification, means:~~

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

21 ~~(B) To cause the record or notification to be received within the~~
22 ~~time that it would have been received if properly sent under subparagraph~~
23 ~~(A) of this paragraph (77).~~

24 (81) ~~"Tangible chattel paper" means chattel paper evidenced by~~
25 ~~a record or records consisting of information that is inscribed on a~~
26 ~~tangible medium.~~

27 (81.5) "TANGIBLE MONEY" MEANS MONEY IN A TANGIBLE FORM.

1 (b) "Control" as provided in section 4-7-106 and the following
2 definitions in other articles apply to this ~~article~~ ARTICLE 9:

3	"Applicant"	Section 4-5-102.
4	"Beneficiary"	Section 4-5-102.
5	"Broker"	Section 4-8-102.
6	"Certificated security"	Section 4-8-102.
7	"Check"	Section 4-3-104.
8	"Clearing corporation"	Section 4-8-102.
9	"Contract for sale"	Section 4-2-106.
10	"CONTROLLABLE ELECTRONIC RECORD"	SECTION 4-12-102.
11	"Customer"	Section 4-4-104.
12	"Entitlement holder"	Section 4-8-102.
13	"Financial asset"	Section 4-8-102.
14	"Holder in due course"	Section 4-3-302.
15	"Issuer" (with respect to a letter of credit	
16	or letter-of-credit right)	Section 4-5-102.
17	"Issuer" (with respect to a security)	Section 4-8-201.
18	"Issuer" (with respect to documents of title)	Section 4-7-102.
19	"Lease"	Section 4-2.5-103.
20	"Lease agreement"	Section 4-2.5-103.
21	"Lease contract"	Section 4-2.5-103.
22	"Leasehold interest"	Section 4-2.5-103.
23	"Lessee"	Section 4-2.5-103.
24	"Lessee in ordinary course of business"	Section 4-2.5-103.
25	"Lessor"	Section 4-2.5-103.
26	"Lessor's residual interest"	Section 4-2.5-103.
27	"Letter of credit"	Section 4-5-102.

1	"Merchant"	Section 4-2-104.
2	"Negotiable instrument"	Section 4-3-104.
3	"Nominated person"	Section 4-5-102.
4	"Note"	Section 4-3-104.
5	"Proceeds of a letter of credit"	Section 4-5-114.
6	"PROTECTED PURCHASER"	SECTION 4-8-303.
7	"Prove"	Section 4-3-103.
8	"QUALIFYING PURCHASER"	SECTION 4-12-102.
9	"Sale"	Section 4-2-106.
10	"Securities account"	Section 4-8-501.
11	"Securities intermediary"	Section 4-8-102.
12	"Security"	Section 4-8-102.
13	"Security certificate"	Section 4-8-102.
14	"Security entitlement"	Section 4-8-102.
15	"Uncertificated security"	Section 4-8-102.

16 **SECTION 43.** In Colorado Revised Statutes, 4-9-104, **amend**
17 (a)(2) and (a)(3); and **add** (a)(4) as follows:

18 **4-9-104. Control of deposit account.** (a) A secured party has
19 control of a deposit account if:

20 (2) The debtor, secured party, and bank have agreed in ~~an~~
21 ~~authenticated~~ A SIGNED record that the bank will comply with instructions
22 originated by the secured party directing disposition of the funds in the
23 deposit account without further consent by the debtor; ~~or~~

24 (3) The secured party becomes the bank's customer with respect
25 to the deposit account; OR

26 (4) ANOTHER PERSON, OTHER THAN THE DEBTOR:

27 (A) HAS CONTROL OF THE DEPOSIT ACCOUNT AND ACKNOWLEDGES

1 THAT IT HAS CONTROL ON BEHALF OF THE SECURED PARTY; OR

2 (B) OBTAINS CONTROL OF THE DEPOSIT ACCOUNT AFTER HAVING
3 ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE DEPOSIT
4 ACCOUNT ON BEHALF OF THE SECURED PARTY.

5 **SECTION 44.** In Colorado Revised Statutes, 4-9-105, **amend** (a),
6 (b) introductory portion, (b)(1), (b)(2), (b)(3), and (b)(4); and **add** (c), (d),
7 (e), (f), and (g) as follows:

8 **4-9-105. Control of electronic copy of record evidencing**
9 **chattel paper.** ~~(a) A secured party has control of electronic chattel paper~~
10 ~~if a system employed for evidencing the transfer of interests in the chattel~~
11 ~~paper reliably establishes the secured party as the person to which the~~
12 ~~chattel paper was assigned~~ A PURCHASER HAS CONTROL OF AN
13 AUTHORITATIVE ELECTRONIC COPY OF A RECORD EVIDENCING CHATTEL
14 PAPER IF A SYSTEM EMPLOYED FOR EVIDENCING THE ASSIGNMENT OF
15 INTERESTS IN THE CHATTEL PAPER RELIABLY ESTABLISHES THE PURCHASER
16 AS THE PERSON TO WHICH THE AUTHORITATIVE ELECTRONIC COPY WAS
17 ASSIGNED.

18 (b) ~~A system satisfies subsection (a) of this section if the record~~
19 ~~or records comprising the chattel paper are created, stored, and assigned~~
20 ~~in such a manner that~~ A SYSTEM SATISFIES SUBSECTION (a) OF THIS
21 SECTION IF THE RECORD OR RECORDS EVIDENCING THE CHATTEL PAPER
22 ARE CREATED, STORED, AND ASSIGNED IN A MANNER THAT:

23 (1) ~~A single authoritative copy of the record or records exists that~~
24 ~~is unique, identifiable, and, except as otherwise provided in paragraphs~~
25 ~~(4), (5), and (6) of this subsection (b), unalterable~~ A SINGLE
26 AUTHORITATIVE COPY OF THE RECORD OR RECORDS EXISTS WHICH IS
27 UNIQUE, IDENTIFIABLE, AND, EXCEPT AS OTHERWISE PROVIDED IN

1 SUBSECTIONS (a)(4), (a)(5), AND (a)(6) OF THIS SECTION, UNALTERABLE;

2 (2) The authoritative copy identifies the ~~secured party~~ PURCHASER
3 as the assignee of the record or records;

4 (3) The authoritative copy is communicated to and maintained by
5 the ~~secured party~~ PURCHASER or its designated custodian;

6 (4) Copies or amendments that add or change an identified
7 assignee of the authoritative copy can be made only with the consent of
8 the ~~secured party~~ purchaser;

9 (c) A SYSTEM SATISFIES SUBSECTION (a) OF THIS SECTION, AND A
10 PURCHASER HAS CONTROL OF AN AUTHORITATIVE ELECTRONIC COPY OF A
11 RECORDED EVIDENCING CHATTEL PAPER, IF THE ELECTRONIC COPY, A RECORD
12 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE ELECTRONIC COPY,
13 OR A SYSTEM IN WHICH THE ELECTRONIC COPY IS RECORDED:

14 (1) ENABLES THE PURCHASER READILY TO IDENTIFY EACH
15 ELECTRONIC COPY AS EITHER AN AUTHORITATIVE COPY OR A
16 NONAUTHORITATIVE COPY;

17 (2) ENABLES THE PURCHASER READILY TO IDENTIFY ITSELF IN ANY
18 WAY, INCLUDING BY NAME, IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY,
19 OFFICE, OR ACCOUNT NUMBER, AS THE ASSIGNEE OF THE AUTHORITATIVE
20 ELECTRONIC COPY; AND

21 (3) GIVES THE PURCHASER EXCLUSIVE POWER, SUBJECT TO
22 SUBSECTION (d) OF THIS SECTION, TO:

23 (A) PREVENT OTHERS FROM ADDING OR CHANGING AN IDENTIFIED
24 ASSIGNEE OF THE AUTHORITATIVE ELECTRONIC COPY; AND

25 (B) TRANSFER CONTROL OF THE AUTHORITATIVE ELECTRONIC
26 COPY.

27 (d) SUBJECT TO SUBSECTION (e) OF THIS SECTION, A POWER IS

1 EXCLUSIVE UNDER SUBSECTIONS (c)(3)(A) AND (c)(3)(B) OF THIS SECTION
2 EVEN IF:

3 (1) THE AUTHORITATIVE ELECTRONIC COPY, A RECORD ATTACHED
4 TO OR LOGICALLY ASSOCIATED WITH THE AUTHORITATIVE ELECTRONIC
5 COPY, OR A SYSTEM IN WHICH THE AUTHORITATIVE ELECTRONIC COPY IS
6 RECORDED LIMITS THE USE OF THE AUTHORITATIVE ELECTRONIC COPY OR
7 HAS A PROTOCOL PROGRAMMED TO CAUSE A CHANGE, INCLUDING A
8 TRANSFER OR LOSS OF CONTROL; OR

9 (2) THE POWER IS SHARED WITH ANOTHER PERSON.

10 (e) A POWER OF A PURCHASER IS NOT SHARED WITH ANOTHER
11 PERSON UNDER SUBSECTION (d)(2) OF THIS SECTION AND THE PURCHASER'S
12 POWER IS NOT EXCLUSIVE IF:

13 (1) THE PURCHASER CAN EXERCISE THE POWER ONLY IF THE POWER
14 ALSO IS EXERCISED BY THE OTHER PERSON; AND

15 (2) THE OTHER PERSON:

16 (A) CAN EXERCISE THE POWER WITHOUT EXERCISE OF THE POWER
17 BY THE PURCHASER; OR

18 (B) IS THE TRANSFEROR TO THE PURCHASER OF AN INTEREST IN
19 THE CHATTEL PAPER.

20 (f) IF A PURCHASER HAS THE POWERS SPECIFIED IN SUBSECTIONS
21 (c)(3)(A) AND (c)(3)(B) OF THIS SECTION, THE POWERS ARE PRESUMED TO
22 BE EXCLUSIVE.

23 (g) A PURCHASER HAS CONTROL OF AN AUTHORITATIVE
24 ELECTRONIC COPY OF A RECORD EVIDENCING CHATTEL PAPER IF ANOTHER
25 PERSON, OTHER THAN THE TRANSFEROR TO THE PURCHASER OF AN
26 INTEREST IN THE CHATTEL PAPER:

27 (1) HAS CONTROL OF THE AUTHORITATIVE ELECTRONIC COPY AND

1 ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF OF THE PURCHASER; OR

2 (2) OBTAINS CONTROL OF THE AUTHORITATIVE ELECTRONIC COPY
3 AFTER HAVING ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE
4 ELECTRONIC COPY ON BEHALF OF THE PURCHASER.

5 **SECTION 45.** In Colorado Revised Statutes, **add 4-9-105.5** and
6 **4-9-107.5** as follows:

7 **4-9-105.5. Control of electronic money.** (a) A PERSON HAS
8 CONTROL OF ELECTRONIC MONEY IF:

9 (1) THE ELECTRONIC MONEY, A RECORD ATTACHED TO OR
10 LOGICALLY ASSOCIATED WITH THE ELECTRONIC MONEY, OR A SYSTEM IN
11 WHICH THE ELECTRONIC MONEY IS RECORDED GIVES THE PERSON:

12 (A) POWER TO AVAIL ITSELF OF SUBSTANTIALLY ALL THE BENEFIT
13 FROM THE ELECTRONIC MONEY; AND

14 (B) EXCLUSIVE POWER, SUBJECT TO SUBSECTION (b) OF THIS
15 SECTION, TO:

16 (i) PREVENT OTHERS FROM AVAILING THEMSELVES OF
17 SUBSTANTIALLY ALL THE BENEFIT FROM THE ELECTRONIC MONEY; AND

18 (ii) TRANSFER CONTROL OF THE ELECTRONIC MONEY TO ANOTHER
19 PERSON OR CAUSE ANOTHER PERSON TO OBTAIN CONTROL OF OTHER
20 ELECTRONIC MONEY AS A RESULT OF THE TRANSFER OF THE ELECTRONIC
21 MONEY; AND

22 (2) THE ELECTRONIC MONEY, A RECORD ATTACHED TO OR
23 LOGICALLY ASSOCIATED WITH THE ELECTRONIC MONEY, OR A SYSTEM IN
24 WHICH THE ELECTRONIC MONEY IS RECORDED ENABLES THE PERSON
25 READILY TO IDENTIFY ITSELF IN ANY WAY, INCLUDING BY NAME,
26 IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY, OFFICE, OR ACCOUNT
27 NUMBER, AS HAVING THE POWERS UNDER SUBSECTION (a)(1) OF THIS

1 SECTION.

2 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, A POWER IS
3 EXCLUSIVE UNDER SUBSECTIONS (a)(1)(B)(i) AND (a)(1)(B)(ii) OF THIS
4 SECTION EVEN IF:

5 (1) THE ELECTRONIC MONEY, A RECORD ATTACHED TO OR
6 LOGICALLY ASSOCIATED WITH THE ELECTRONIC MONEY, OR A SYSTEM IN
7 WHICH THE ELECTRONIC MONEY IS RECORDED LIMITS THE USE OF THE
8 ELECTRONIC MONEY OR HAS A PROTOCOL PROGRAMMED TO CAUSE A
9 CHANGE, INCLUDING A TRANSFER OR LOSS OF CONTROL; OR

10 (2) THE POWER IS SHARED WITH ANOTHER PERSON.

11 (c) A POWER OF A PERSON IS NOT SHARED WITH ANOTHER PERSON
12 UNDER SUBSECTION (b)(2) OF THIS SECTION AND THE PERSON'S POWER IS
13 NOT EXCLUSIVE IF:

14 (1) THE PERSON CAN EXERCISE THE POWER ONLY IF THE POWER
15 ALSO IS EXERCISED BY THE OTHER PERSON; AND

16 (2) THE OTHER PERSON:

17 (A) CAN EXERCISE THE POWER WITHOUT EXERCISE OF THE POWER
18 BY THE PERSON; OR

19 (B) IS THE TRANSFEROR TO THE PERSON OF AN INTEREST IN THE
20 ELECTRONIC MONEY.

21 (d) IF A PERSON HAS THE POWERS SPECIFIED IN SUBSECTIONS
22 (a)(1)(B)(i) AND (a)(1)(B)(ii) OF THIS SECTION, THE POWERS ARE
23 PRESUMED TO BE EXCLUSIVE.

24 (e) A PERSON HAS CONTROL OF ELECTRONIC MONEY IF ANOTHER
25 PERSON, OTHER THAN THE TRANSFEROR TO THE PERSON OF AN INTEREST
26 IN THE ELECTRONIC MONEY:

27 (1) HAS CONTROL OF THE ELECTRONIC MONEY AND

1 ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF OF THE PERSON; OR
2 (2) OBTAINS CONTROL OF THE ELECTRONIC MONEY AFTER HAVING
3 ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE ELECTRONIC
4 MONEY ON BEHALF OF THE PERSON.

5 **4-9-107.5. Control of controllable electronic record,**
6 **controllable account, or controllable payment intangible.** (a) A
7 SECURED PARTY HAS CONTROL OF A CONTROLLABLE ELECTRONIC RECORD
8 AS PROVIDED IN SECTION 4-12-105.

9 (b) A SECURED PARTY HAS CONTROL OF A CONTROLLABLE
10 ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE IF THE SECURED
11 PARTY HAS CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD THAT
12 EVIDENCES THE CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT
13 INTANGIBLE.

14 **SECTION 46.** In Colorado Revised Statutes, 4-9-203, **amend**
15 (b)(3)(A), (b)(3)(C), and (b)(3)(D); and **add** (b)(3)(E) as follows:

16 **4-9-203. Attachment and enforceability of security interest;**
17 **proceeds; supporting obligations; formal requisites.** (b) Except as
18 otherwise provided in subsections (c) to (i) of this section, a security
19 interest is enforceable against the debtor and third parties with respect to
20 the collateral only if:

21 (3) One of the following conditions is met:

22 (A) The debtor has ~~authenticated~~ SIGNED a security agreement that
23 provides a description of the collateral and, if the security interest covers
24 timber to be cut, a description of the land concerned;

25 (C) The collateral is a certificated security in registered form, and
26 the security certificate has been delivered to the secured party under
27 section 4-8-301 pursuant to the debtor's security agreement; ~~or~~

1 (D) The collateral is CONTROLLABLE ACCOUNTS, CONTROLLABLE
2 ELECTRONIC RECORDS, CONTROLLABLE PAYMENT INTANGIBLES, deposit
3 accounts, ~~electronic chattel paper~~ ELECTRONIC DOCUMENTS, ELECTRONIC
4 MONEY, investment property, OR letter-of-credit rights, ~~or electronic~~
5 ~~documents~~, and the secured party has control under section 4-7-106,
6 4-9-104, ~~4-9-105~~ **4-9-105.5**, 4-9-106, ~~or~~ 4-9-107, OR **4-9-107.5** pursuant
7 to the debtor's security agreement; OR

8 (E) THE COLLATERAL IS CHATTEL PAPER, AND THE SECURED PARTY
9 HAS POSSESSION AND CONTROL UNDER SECTION 4-9-314.5 PURSUANT TO
10 THE DEBTOR'S SECURITY AGREEMENT.

11 **SECTION 47.** In Colorado Revised Statutes, 4-9-204, **amend** (b)
12 introductory portion; and **add** (b.1) as follows:

13 **4-9-204. After-acquired property - future advances.** (b) ~~A~~
14 SUBJECT TO SUBSECTION (b.1) OF THIS SECTION, A security interest does
15 not attach under a term constituting an after-acquired property clause to:

16 (b.1) SUBSECTION (b) OF THIS SECTION DOES NOT PREVENT A
17 SECURITY INTEREST FROM ATTACHING:

18 (1) TO CONSUMER GOODS AS PROCEEDS UNDER SECTION 4-9-315
19 (a) OR COMMINGLED GOODS UNDER SECTION 4-9-336 (c);

20 (2) TO A COMMERCIAL TORT CLAIM AS PROCEEDS UNDER SECTION
21 4-9-315 (a); OR

22 (3) UNDER AN AFTER-ACQUIRED PROPERTY CLAUSE TO PROPERTY
23 THAT IS PROCEEDS OF CONSUMER GOODS OR A COMMERCIAL TORT CLAIM.

24 **SECTION 48.** In Colorado Revised Statutes, 4-9-207, **amend** (c)
25 introductory portion as follows:

26 **4-9-207. Rights and duties of secured party having possession**
27 **or control of collateral.** (c) Except as otherwise provided in subsection

1 (d) of this section, a secured party having possession of collateral or
2 control of collateral under section 4-7-106, 4-9-104, 4-9-105, ~~4-9-105.5,~~
3 4-9-106, ~~or~~ 4-9-107, OR ~~4-9-107.5:~~

4 **SECTION 49.** In Colorado Revised Statutes, 4-9-208, **amend** (b)
5 introductory portion, (b)(1), (b)(3), (b)(4), (b)(5), and (b)(6); and **add**
6 (b)(7) and (b)(8) as follows:

7 **4-9-208. Additional duties of secured party having control of**
8 **collateral.** (b) Within five business days after receiving ~~an authenticated~~
9 A SIGNED demand by the debtor:

10 (1) A secured party having control of a deposit account under
11 section 4-9-104 (a)(2) shall send to the bank with which the deposit
12 account is maintained ~~an authenticated statement~~ A SIGNED RECORD that
13 releases the bank from any further obligation to comply with instructions
14 originated by the secured party;

15 (3) ~~A secured party, other than a buyer, having control of~~
16 ~~electronic chattel paper under section 4-9-105 shall:~~ A SECURED PARTY,
17 OTHER THAN A BUYER, HAVING CONTROL UNDER SECTION 4-9-105 OF AN
18 AUTHORITATIVE ELECTRONIC COPY OF A RECORD EVIDENCING CHATTEL
19 PAPER SHALL TRANSFER CONTROL OF THE ELECTRONIC COPY TO THE
20 DEBTOR OR A PERSON DESIGNATED BY THE DEBTOR;

21 (A) ~~Communicate the authoritative copy of the electronic chattel~~
22 ~~paper to the debtor or its designated custodian;~~

23 (B) ~~If the debtor designates a custodian that is the designated~~
24 ~~custodian with which the authoritative copy of the electronic chattel paper~~
25 ~~is maintained for the secured party, communicate to the custodian an~~
26 ~~authenticated record releasing the designated custodian from any further~~
27 ~~obligation to comply with instructions originated by the secured party and~~

1 ~~instructing the custodian to comply with instructions originated by the~~
2 ~~debtor; and~~

3 ~~(C) Take appropriate action to enable the debtor or its designated~~
4 ~~custodian to make copies of or revisions to the authoritative copy which~~
5 ~~add or change an identified assignee of the authoritative copy without the~~
6 ~~consent of the secured party;~~

7 (4) A secured party having control of investment property under
8 section 4-8-106 (d)(2) or 4-9-106 (b) shall send to the securities
9 intermediary or commodity intermediary with which the security
10 entitlement or commodity contract is maintained ~~an authenticated~~ A
11 SIGNED record that releases the securities intermediary or commodity
12 intermediary from any further obligation to comply with entitlement
13 orders or directions originated by the secured party;

14 (5) A secured party having control of a letter-of-credit right under
15 section 4-9-107 shall send to each person having an unfulfilled obligation
16 to pay or deliver proceeds of the letter of credit to the secured party ~~an~~
17 ~~authenticated~~ A SIGNED release from any further obligation to pay or
18 deliver proceeds of the letter of credit to the secured party; ~~and~~

19 ~~(6) A secured party having control of an electronic document~~
20 ~~shall:~~ A SECURED PARTY HAVING CONTROL UNDER SECTION 4-7-106 OF AN
21 AUTHORITATIVE ELECTRONIC COPY OF AN ELECTRONIC DOCUMENT SHALL
22 TRANSFER CONTROL OF THE ELECTRONIC COPY TO THE DEBTOR OR A
23 PERSON DESIGNATED BY THE DEBTOR;

24 ~~(A) Give control of the electronic document to the debtor or its~~
25 ~~designated custodian;~~

26 ~~(B) If the debtor designates a custodian that is the designated~~
27 ~~custodian with which the authoritative copy of the electronic document~~

1 ~~is maintained for the secured party, communicate to the custodian an~~
2 ~~authenticated record releasing the designated custodian from any further~~
3 ~~obligation to comply with instructions originated by the secured party and~~
4 ~~instructing the custodian to comply with instructions originated by the~~
5 ~~debtor; and~~

6 ~~(C) Take appropriate action to enable the debtor or its designated~~
7 ~~custodian to make copies of or revisions to the authoritative copy that add~~
8 ~~or change an identified assignee of the authoritative copy without the~~
9 ~~consent of the secured party.~~

10 (7) A SECURED PARTY HAVING CONTROL UNDER SECTION 4-9-105.5
11 OF ELECTRONIC MONEY SHALL TRANSFER CONTROL OF THE ELECTRONIC
12 MONEY TO THE DEBTOR OR A PERSON DESIGNATED BY THE DEBTOR; AND

13 (8) A SECURED PARTY HAVING CONTROL UNDER SECTION 4-12-105
14 OF A CONTROLLABLE ELECTRONIC RECORD, OTHER THAN A BUYER OF A
15 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE
16 EVIDENCED BY THE CONTROLLABLE ELECTRONIC RECORD, SHALL
17 TRANSFER CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD TO THE
18 DEBTOR OR A PERSON DESIGNATED BY THE DEBTOR.

19 **SECTION 50.** In Colorado Revised Statutes, 4-9-209, **amend** (b)
20 as follows:

21 **4-9-209. Duties of secured party if account debtor has been**
22 **notified of assignment.** (b) Within ten days after receiving an
23 ~~authenticated~~ A SIGNED demand by the debtor, a secured party shall send
24 to an account debtor that has received notification under section 4-9-406
25 (a) OR **4-12-106 (b)** of an assignment to the secured party as assignee
26 ~~under section 4-9-406 (a) an authenticated~~ A SIGNED record that releases
27 the account debtor from any further obligation to the secured party.

1 **SECTION 51.** In Colorado Revised Statutes, 4-9-210, **amend**
2 (a)(2), (a)(3), (b), (c), and (d) introductory portion as follows:

3 **4-9-210. Request for accounting - request regarding list of**
4 **collateral or statement of account - definitions.** (a) In this section:

5 (2) "Request for an accounting" means a record ~~authenticated~~
6 SIGNED by a debtor requesting that the recipient provide an accounting of
7 the unpaid obligations secured by collateral and reasonably identifying
8 the transaction or relationship that is the subject of the request.

9 (3) "Request regarding a list of collateral" means a record
10 ~~authenticated~~ SIGNED by a debtor requesting that the recipient approve or
11 correct a list of what the debtor believes to be the collateral securing an
12 obligation and reasonably identifying the transaction or relationship that
13 is the subject of the request.

14 (b) Subject to subsections (c), (d), (e), and (f) of this section, a
15 secured party, other than a buyer of accounts, chattel paper, payment
16 intangibles, or promissory notes or a consignor, shall comply with a
17 request within fourteen days after receipt:

18 (1) In the case of a request for an accounting, by ~~authenticating~~
19 SIGNING and sending to the debtor an accounting; and

20 (2) In the case of a request regarding a list of collateral or a
21 request regarding a statement of account, by ~~authenticating~~ SIGNING and
22 sending to the debtor an approval or correction.

23 (c) A secured party that claims a security interest in all of a
24 particular type of collateral owned by the debtor may comply with a
25 request regarding a list of collateral by sending to the debtor ~~an~~
26 ~~authenticated~~ A SIGNED record including a statement to that effect within
27 fourteen days after receipt.

1 (d) A person that receives a request regarding a list of collateral,
2 THAT claims no interest in the collateral when it receives the request, and
3 that claimed an interest in the collateral at an earlier time shall comply
4 with the request within fourteen days after receipt by sending to the
5 debtor ~~an authenticated~~ A SIGNED record:

6 **SECTION 52.** In Colorado Revised Statutes, 4-9-301, **amend** the
7 introductory portion and (3) introductory portion as follows:

8 **4-9-301. Law governing perfection and priority of security**
9 **interests.** Except as otherwise provided in sections 4-9-303 to ~~4-9-306~~
10 **4-9-306.7**, the following rules determine the law governing perfection,
11 the effect of perfection or nonperfection, and the priority of a security
12 interest in collateral:

13 (3) Except as otherwise provided in ~~paragraph~~ SUBSECTION (4) of
14 this section, while ~~tangible~~ negotiable TANGIBLE documents, goods,
15 instruments, OR TANGIBLE money ~~or tangible chattel paper~~ is located in
16 a jurisdiction, the local law of that jurisdiction governs:

17 **SECTION 53.** In Colorado Revised Statutes, 4-9-304, **amend** (a)
18 as follows:

19 **4-9-304. Law governing perfection and priority of security**
20 **interests in deposit accounts.** (a) The local law of a bank's jurisdiction
21 governs perfection, the effect of perfection or nonperfection, and the
22 priority of a security interest in a deposit account maintained with that
23 bank EVEN IF THE TRANSACTION DOES NOT BEAR ANY RELATION TO THE
24 BANK'S JURISDICTION.

25 **SECTION 54.** In Colorado Revised Statutes, 4-9-305, **add** (a)(5)
26 as follows:

27 **4-9-305. Law governing perfection and priority of security**

1 **interests in investment property.** (a) Except as otherwise provided in
2 subsection (c) of this section, the following rules apply:

3 (5) SUBSECTIONS (a)(2), (a)(3), AND (a)(4) OF THIS SECTION APPLY
4 EVEN IF THE TRANSACTION DOES NOT BEAR ANY RELATION TO THE
5 JURISDICTION.

6 **SECTION 55.** In Colorado Revised Statutes, **add 4-9-306.5 and**
7 **4-9-306.7** as follows:

8 **4-9-306.5. Law governing perfection and priority of security**
9 **interests in chattel paper.** (a) EXCEPT AS PROVIDED IN SUBSECTION (d)
10 OF THIS SECTION, IF CHATTEL PAPER IS EVIDENCED ONLY BY AN
11 AUTHORITATIVE ELECTRONIC COPY OF THE CHATTEL PAPER OR IS
12 EVIDENCED BY AN AUTHORITATIVE ELECTRONIC COPY AND AN
13 AUTHORITATIVE TANGIBLE COPY, THE LOCAL LAW OF THE CHATTEL
14 PAPER'S JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION
15 OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN THE
16 CHATTEL PAPER, EVEN IF THE TRANSACTION DOES NOT BEAR ANY
17 RELATION TO THE CHATTEL PAPER'S JURISDICTION.

18 (b) THE FOLLOWING RULES DETERMINE THE CHATTEL PAPER'S
19 JURISDICTION UNDER THIS SECTION:

20 (1) IF THE AUTHORITATIVE ELECTRONIC COPY OF THE RECORD
21 EVIDENCING CHATTEL PAPER, OR A RECORD ATTACHED TO OR LOGICALLY
22 ASSOCIATED WITH THE ELECTRONIC COPY AND READILY AVAILABLE FOR
23 REVIEW, EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE
24 CHATTEL PAPER'S JURISDICTION FOR PURPOSES OF THIS PART 3, THIS
25 ARTICLE 9, OR THIS TITLE 4, THAT JURISDICTION IS THE CHATTEL PAPER'S
26 JURISDICTION.

27 (2) IF SUBSECTION (b)(1) OF THIS SECTION DOES NOT APPLY AND

1 THE RULES OF THE SYSTEM IN WHICH THE AUTHORITATIVE ELECTRONIC
2 COPY IS RECORDED ARE READILY AVAILABLE FOR REVIEW AND EXPRESSLY
3 PROVIDE THAT A PARTICULAR JURISDICTION IS THE CHATTEL PAPER'S
4 JURISDICTION FOR PURPOSES OF THIS PART 3, THIS ARTICLE 9, OR THIS
5 TITLE 4, THAT JURISDICTION IS THE CHATTEL PAPER'S JURISDICTION.

6 (3) IF SUBSECTIONS (b)(1) AND (b)(2) OF THIS SECTION DO NOT
7 APPLY AND THE AUTHORITATIVE ELECTRONIC COPY, OR A RECORD
8 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE ELECTRONIC COPY
9 AND READILY AVAILABLE FOR REVIEW, EXPRESSLY PROVIDES THAT THE
10 CHATTEL PAPER IS GOVERNED BY THE LAW OF A PARTICULAR
11 JURISDICTION, THAT JURISDICTION IS THE CHATTEL PAPER'S JURISDICTION.

12 (4) IF SUBSECTIONS (b)(1), (b)(2), AND (b)(3) OF THIS SECTION DO
13 NOT APPLY AND THE RULES OF THE SYSTEM IN WHICH THE AUTHORITATIVE
14 ELECTRONIC COPY IS RECORDED ARE READILY AVAILABLE FOR REVIEW
15 AND EXPRESSLY PROVIDE THAT THE CHATTEL PAPER OR THE SYSTEM IS
16 GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THAT
17 JURISDICTION IS THE CHATTEL PAPER'S JURISDICTION.

18 (5) IF SUBSECTIONS (b)(1) TO (b)(4) OF THIS SECTION DO NOT
19 APPLY, THE CHATTEL PAPER'S JURISDICTION IS THE JURISDICTION IN WHICH
20 THE DEBTOR IS LOCATED.

21 (c) IF AN AUTHORITATIVE TANGIBLE COPY OF A RECORD EVIDENCES
22 CHATTEL PAPER AND THE CHATTEL PAPER IS NOT EVIDENCED BY AN
23 AUTHORITATIVE ELECTRONIC COPY, WHILE THE AUTHORITATIVE TANGIBLE
24 COPY OF THE RECORD EVIDENCING CHATTEL PAPER IS LOCATED IN A
25 JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS:

26 (1) PERFECTION OF A SECURITY INTEREST IN THE CHATTEL PAPER
27 BY POSSESSION UNDER SECTION 4-9-314.5; AND

1 (2) THE EFFECT OF PERFECTION OR NONPERFECTION AND THE
2 PRIORITY OF A SECURITY INTEREST IN THE CHATTEL PAPER.

3 (d) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE DEBTOR
4 IS LOCATED GOVERNS PERFECTION OF A SECURITY INTEREST IN CHATTEL
5 PAPER BY FILING.

6 **4-9-306.7. Law governing perfection and priority of security**
7 **interests in controllable accounts, controllable electronic records, and**
8 **controllable payment intangibles.** (a) EXCEPT AS PROVIDED IN
9 SUBSECTION (b) OF THIS SECTION, THE LOCAL LAW OF THE CONTROLLABLE
10 ELECTRONIC RECORD'S JURISDICTION SPECIFIED IN SECTION 4-12-107 (c)
11 AND (d) GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR
12 NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A
13 CONTROLLABLE ELECTRONIC RECORD AND A SECURITY INTEREST IN A
14 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE
15 EVIDENCED BY THE CONTROLLABLE ELECTRONIC RECORD.

16 (b) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE DEBTOR
17 IS LOCATED GOVERNS:

18 (1) PERFECTION OF A SECURITY INTEREST IN A CONTROLLABLE
19 ACCOUNT, CONTROLLABLE ELECTRONIC RECORD, OR CONTROLLABLE
20 PAYMENT INTANGIBLE BY FILING; AND

21 (2) AUTOMATIC PERFECTION OF A SECURITY INTEREST IN A
22 CONTROLLABLE PAYMENT INTANGIBLE CREATED BY A SALE OF THE
23 CONTROLLABLE PAYMENT INTANGIBLE.

24 **SECTION 56.** In Colorado Revised Statutes, 4-9-310, **amend**
25 (b)(8); and **add** (b)(8.1) as follows:

26 **4-9-310. When filing required to perfect security interest or**
27 **agricultural lien - security interests and agricultural liens to which**

1 **filing provisions do not apply.** (b) The filing of a financing statement
2 is not necessary to perfect a security interest:

3 (8) In CONTROLLABLE ACCOUNTS, CONTROLLABLE ELECTRONIC
4 RECORDS, CONTROLLABLE PAYMENT INTANGIBLES, deposit accounts,
5 ~~electronic chattel paper~~, electronic documents, investment property, or
6 letter-of-credit rights that is perfected by control under section 4-9-314;

7 (8.1) IN CHATTEL PAPER THAT IS PERFECTED BY POSSESSION AND
8 CONTROL UNDER SECTION 4-9-314.5;

9 **SECTION 57.** In Colorado Revised Statutes, 4-9-312, **amend** (a),
10 (b)(2), (b)(3), and (e); and **add** (b)(4) as follows:

11 **4-9-312. Perfection of security interests in chattel paper,**
12 **controllable accounts, controllable electronic records, controllable**
13 **payment intangibles, deposit accounts, documents, goods covered by**
14 **documents, instruments, investment property, letter-of-credit rights,**
15 **and money - perfection by permissive filing - temporary perfection**
16 **without filing or transfer of possession.** (a) A security interest in
17 chattel paper, ~~negotiable documents~~ CONTROLLABLE ACCOUNTS,
18 CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE PAYMENT
19 INTANGIBLES, instruments, ~~or~~ investment property, OR NEGOTIABLE
20 DOCUMENTS may be perfected by filing.

21 (b) Except as otherwise provided in section 4-9-315 (c) and (d) for
22 proceeds:

23 (2) Except as otherwise provided in section 4-9-308 (d), a security
24 interest in a letter-of-credit right may be perfected only by control under
25 section 4-9-314; ~~and~~

26 (3) A security interest in TANGIBLE money may be perfected only
27 by the secured party's taking possession under section 4-9-313; AND

1 (4) A SECURITY INTEREST IN ELECTRONIC MONEY MAY BE
2 PERFECTED ONLY BY CONTROL UNDER SECTION 4-9-314.

3 (e) A security interest in certificated securities, negotiable
4 documents, or instruments is perfected without filing or the taking of
5 possession or control for a period of twenty days from the time it attaches
6 to the extent that it arises for new value given under ~~an authenticated~~ A
7 SIGNED security agreement.

8 **SECTION 58.** In Colorado Revised Statutes, 4-9-313, **amend** (a),
9 (c), and (d) as follows:

10 **4-9-313. When possession by or delivery to secured party**
11 **perfects security interest without filing.** (a) Except as otherwise
12 provided in subsection (b) of this section, a secured party may perfect a
13 security interest in ~~tangible negotiable documents~~, goods, instruments,
14 NEGOTIABLE TANGIBLE DOCUMENTS, OR TANGIBLE money ~~or tangible~~
15 ~~chattel paper~~ by taking possession of the collateral. A secured party may
16 perfect a security interest in certificated securities by taking delivery of
17 the certificated securities under section 4-8-301.

18 (c) With respect to collateral other than certificated securities and
19 goods covered by a document, a secured party takes possession of
20 collateral in the possession of a person other than the debtor, the secured
21 party, or a lessee of the collateral from the debtor in the ordinary course
22 of the debtor's business when:

23 (1) The person in possession ~~authenticates~~ SIGNS a record
24 acknowledging that it holds possession of the collateral for the secured
25 party's benefit; or

26 (2) The person takes possession of the collateral after having
27 ~~authenticated~~ SIGNED a record acknowledging that it will hold possession

1 of THE collateral for the secured party's benefit.

2 (d) If perfection of a security interest depends upon possession of
3 the collateral by a secured party, perfection occurs ~~no~~ NOT earlier than the
4 time the secured party takes possession and continues only while the
5 secured party retains possession.

6 **SECTION 59.** In Colorado Revised Statutes, 4-9-314, **amend** (a),
7 (b), and (c) introductory portion as follows:

8 **4-9-314. Perfection by control.** (a) A security interest in
9 ~~investment property, deposit accounts, letter-of-credit rights, electronic~~
10 ~~chattel paper, or electronic documents~~ CONTROLLABLE ACCOUNTS,
11 CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE PAYMENT
12 INTANGIBLES, DEPOSIT ACCOUNTS, ELECTRONIC DOCUMENTS, ELECTRONIC
13 MONEY, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS may be
14 perfected by control of the collateral under section 4-7-106, 4-9-104,
15 ~~4-9-105~~ **4-9-105.5**, 4-9-106, ~~or~~ 4-9-107, OR **4-9-107.5**.

16 (b) A security interest in ~~deposit accounts, electronic chattel~~
17 ~~paper, letter-of-credit rights, or electronic documents~~ CONTROLLABLE
18 ACCOUNTS, CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE
19 PAYMENT INTANGIBLES, DEPOSIT ACCOUNTS, ELECTRONIC DOCUMENTS,
20 ELECTRONIC MONEY, OR LETTER-OF-CREDIT RIGHTS is perfected by control
21 under section 4-7-106, 4-9-104, ~~4-9-105~~, or **4-9-105.5**, 4-9-107, ~~when~~ OR
22 **4-9-107.5** NOT EARLIER THAN THE TIME the secured party obtains control
23 and remains perfected by control only while the secured party retains
24 control.

25 (c) A security interest in investment property is perfected by
26 control under section 4-9-106 ~~from~~ NOT EARLIER THAN the time the
27 secured party obtains control and remains perfected by control until:

1 **SECTION 60.** In Colorado Revised Statutes, **add** 4-9-314.5 as
2 follows:

3 **4-9-314.5. Perfection by possession and control of chattel**
4 **paper.** (a) A SECURED PARTY MAY PERFECT A SECURITY INTEREST IN
5 CHATTEL PAPER BY TAKING POSSESSION OF EACH AUTHORITATIVE
6 TANGIBLE COPY OF THE RECORD EVIDENCING THE CHATTEL PAPER AND
7 OBTAINING CONTROL OF EACH AUTHORITATIVE ELECTRONIC COPY OF THE
8 ELECTRONIC RECORD EVIDENCING THE CHATTEL PAPER.

9 (b) A SECURITY INTEREST IS PERFECTED UNDER SUBSECTION (a) OF
10 THIS SECTION NOT EARLIER THAN THE TIME THE SECURED PARTY TAKES
11 POSSESSION AND OBTAINS CONTROL AND REMAINS PERFECTED UNDER
12 SUBSECTION (a) OF THIS SECTION ONLY WHILE THE SECURED PARTY
13 RETAINS POSSESSION AND CONTROL.

14 (c) SECTION 4-9-313 (c) AND (f) TO (i) APPLIES TO PERFECTION BY
15 POSSESSION OF AN AUTHORITATIVE TANGIBLE COPY OF A RECORD
16 EVIDENCING CHATTEL PAPER.

17 **SECTION 61.** In Colorado Revised Statutes, 4-9-316, **amend** (a)
18 introductory portion and (f) introductory portion as follows:

19 **4-9-316. Continued perfection of security interest following**
20 **change in governing law.** (a) A security interest perfected pursuant to
21 the law of the jurisdiction designated in section 4-9-301 (1), ~~or~~ 4-9-305
22 (c), **4-9-306.5 (d)**, OR **4-9-306.7 (b)** remains perfected until the earliest of:

23 (f) A security interest in CHATTEL PAPER, CONTROLLABLE
24 ACCOUNTS, CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE
25 PAYMENT INTANGIBLES, deposit accounts, letter-of-credit rights, or
26 investment property which is perfected under the law of the CHATTEL
27 PAPER'S JURISDICTION, THE CONTROLLABLE ELECTRONIC RECORD'S

1 JURISDICTION, THE bank's jurisdiction, the issuer's jurisdiction, a
2 nominated person's jurisdiction, the securities intermediary's jurisdiction,
3 or the commodity intermediary's jurisdiction, as applicable, remains
4 perfected until the earlier of:

5 **SECTION 62.** In Colorado Revised Statutes, 4-9-317, **amend** (b)
6 and (d); and **add** (f), (g), (h), and (i) as follows:

7 **4-9-317. Interests that take priority over or take free of**
8 **security interest or agricultural lien.** (b) Except as otherwise provided
9 in subsection (e) of this section, a buyer, other than a secured party, of
10 ~~tangible chattel paper, tangible documents,~~ goods, instruments, TANGIBLE
11 DOCUMENTS, or a certificated security takes free of a security interest or
12 agricultural lien if the buyer gives value and receives delivery of the
13 collateral without knowledge of the security interest or agricultural lien
14 and before it is perfected.

15 (d) SUBJECT TO SUBSECTIONS (f) TO (i) OF THIS SECTION, a
16 licensee of a general intangible or a buyer, other than a secured party, of
17 collateral other than ~~tangible chattel paper, tangible documents,~~
18 ELECTRONIC MONEY, goods, instruments, TANGIBLE DOCUMENTS, or a
19 certificated security takes free of a security interest if the licensee or
20 buyer gives value without knowledge of the security interest and before
21 it is perfected.

22 (f) A BUYER, OTHER THAN A SECURED PARTY, OF CHATTEL PAPER
23 TAKES FREE OF A SECURITY INTEREST IF, WITHOUT KNOWLEDGE OF THE
24 SECURITY INTEREST AND BEFORE IT IS PERFECTED, THE BUYER GIVES
25 VALUE AND:

26 (1) RECEIVES DELIVERY OF EACH AUTHORITATIVE TANGIBLE COPY
27 OF THE RECORD EVIDENCING THE CHATTEL PAPER; AND

1 (2) IF EACH AUTHORITATIVE ELECTRONIC COPY OF THE RECORD
2 EVIDENCING THE CHATTEL PAPER CAN BE SUBJECTED TO CONTROL UNDER
3 SECTION 4-9-105, OBTAINS CONTROL OF EACH AUTHORITATIVE
4 ELECTRONIC COPY.

5 (g) A BUYER OF AN ELECTRONIC DOCUMENT TAKES FREE OF A
6 SECURITY INTEREST IF, WITHOUT KNOWLEDGE OF THE SECURITY INTEREST
7 AND BEFORE IT IS PERFECTED, THE BUYER GIVES VALUE AND, IF EACH
8 AUTHORITATIVE ELECTRONIC COPY OF THE DOCUMENT CAN BE SUBJECTED
9 TO CONTROL UNDER SECTION 4-7-106, OBTAINS CONTROL OF EACH
10 AUTHORITATIVE ELECTRONIC COPY.

11 (h) A BUYER OF A CONTROLLABLE ELECTRONIC RECORD TAKES
12 FREE OF A SECURITY INTEREST IF, WITHOUT KNOWLEDGE OF THE SECURITY
13 INTEREST AND BEFORE IT IS PERFECTED, THE BUYER GIVES VALUE AND
14 OBTAINS CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD.

15 (i) A BUYER, OTHER THAN A SECURED PARTY, OF A CONTROLLABLE
16 ACCOUNT OR A CONTROLLABLE PAYMENT INTANGIBLE TAKES FREE OF A
17 SECURITY INTEREST IF, WITHOUT KNOWLEDGE OF THE SECURITY INTEREST
18 AND BEFORE IT IS PERFECTED, THE BUYER GIVES VALUE AND OBTAINS
19 CONTROL OF THE CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT
20 INTANGIBLE.

21 **SECTION 63.** In Colorado Revised Statutes, 4-9-323, **amend** (d)
22 introductory portion and (f) introductory portion as follows:

23 **4-9-323. Future advances.** (d) Except as otherwise provided in
24 subsection (e) of this section, a buyer of goods ~~other than a buyer in~~
25 ~~ordinary course of business~~ takes free of a security interest to the extent
26 that it secures advances made after the earlier of:

27 (f) Except as otherwise provided in subsection (g) of this section,

1 a lessee of goods ~~other than a lessee in ordinary course of business~~, takes
2 the leasehold interest free of a security interest to the extent that it secures
3 advances made after the earlier of:

4 **SECTION 64.** In Colorado Revised Statutes, 4-9-324, **amend**
5 (b)(2) and (d)(2) as follows:

6 **4-9-324. Priority of purchase-money security interests.**

7 (b) Subject to subsection (c) of this section and except as otherwise
8 provided in subsection (g) of this section, a perfected purchase-money
9 security interest in inventory has priority over a conflicting security
10 interest in the same inventory, has priority over a conflicting security
11 interest in chattel paper or an instrument constituting proceeds of the
12 inventory and in proceeds of the chattel paper, if so provided in section
13 4-9-330, and, except as otherwise provided in section 4-9-327, also has
14 priority in identifiable cash proceeds of the inventory to the extent the
15 identifiable cash proceeds are received on or before the delivery of the
16 inventory to a buyer, if:

17 (2) The purchase-money secured party sends ~~an authenticated~~ A
18 SIGNED notification to the holder of the conflicting security interest;

19 (d) Subject to subsection (e) of this section and except as
20 otherwise provided in subsection (g) of this section, a perfected
21 purchase-money security interest in livestock that are farm products has
22 priority over a conflicting security interest in the same livestock, and,
23 except as otherwise provided in section 4-9-327, a perfected security
24 interest in their identifiable proceeds and identifiable products in their
25 unmanufactured states also has priority, if:

26 (2) The purchase-money secured party sends ~~an authenticated~~ A
27 SIGNED notification to the holder of the conflicting security interest;

1 **SECTION 65.** In Colorado Revised Statutes, **add** 4-9-326.5 as
2 follows:

3 **4-9-326.5. Priority of security interest in controllable account,**
4 **controllable electronic record, and controllable payment intangible.**

5 A SECURITY INTEREST IN A CONTROLLABLE ACCOUNT, CONTROLLABLE
6 ELECTRONIC RECORD, OR CONTROLLABLE PAYMENT INTANGIBLE HELD BY
7 A SECURED PARTY HAVING CONTROL OF THE ACCOUNT, ELECTRONIC
8 RECORD, OR PAYMENT INTANGIBLE HAS PRIORITY OVER A CONFLICTING
9 SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE
10 CONTROL.

11 **SECTION 66.** In Colorado Revised Statutes, 4-9-330, **amend** (a),
12 (b), and (f) as follows:

13 **4-9-330. Priority of purchaser of chattel paper or instrument.**

14 (a) A purchaser of chattel paper has priority over a security interest in the
15 chattel paper which is claimed merely as proceeds of inventory subject to
16 a security interest if:

17 (1) In good faith and in the ordinary course of the purchaser's
18 business, the purchaser gives new value, ~~and~~ takes possession of EACH
19 AUTHORITATIVE TANGIBLE COPY OF THE RECORD EVIDENCING the chattel
20 paper, ~~or~~ AND obtains control ~~of~~ UNDER SECTION 4-9-105 OF EACH
21 AUTHORITATIVE ELECTRONIC COPY OF THE RECORD EVIDENCING the
22 chattel paper; ~~under section 4-9-105;~~ and

23 (2) The AUTHORITATIVE COPIES OF THE RECORD EVIDENCING THE
24 chattel paper ~~does~~ DO not indicate that ~~it~~ THE CHATTEL PAPER has been
25 assigned to an identified assignee other than the purchaser.

26 (b) A purchaser of chattel paper has priority over a security
27 interest in the chattel paper which is claimed other than merely as

1 proceeds of inventory subject to a security interest if the purchaser gives
2 new value, ~~and~~ takes possession of EACH AUTHORITATIVE TANGIBLE COPY
3 OF THE RECORD EVIDENCING the chattel paper, ~~or~~ AND obtains control ~~of~~
4 UNDER SECTION 4-9-105 OF EACH AUTHORITATIVE ELECTRONIC COPY OF
5 THE RECORD EVIDENCING the chattel paper ~~under section 4-9-105~~ in good
6 faith, in the ordinary course of the purchaser's business, and without
7 knowledge that the purchase violates the rights of the secured party.

8 (f) For purposes of subsections (b) and (d) of this section, if THE
9 AUTHORITATIVE COPIES OF THE RECORD EVIDENCING chattel paper or an
10 instrument indicates that ~~it~~ THE CHATTEL PAPER OR INSTRUMENT has been
11 assigned to an identified secured party other than the purchaser, a
12 purchaser of the chattel paper or instrument has knowledge that the
13 purchase violates the rights of the secured party.

14 **SECTION 67.** In Colorado Revised Statutes, 4-9-331, **amend** (a)
15 and (b) as follows:

16 **4-9-331. Priority of rights of purchasers of controllable**
17 **accounts, controllable electronic records, controllable payment**
18 **intangibles, documents, instruments, and securities under other**
19 **articles - priority of interests in financial assets and security**
20 **entitlements and protection against assertion of claim under articles**
21 **8 and 12.** (a) This ~~article~~ ARTICLE 9 does not limit the rights of a holder
22 in due course of a negotiable instrument, a holder to which a negotiable
23 document of title has been duly negotiated, ~~or~~ a protected purchaser of a
24 security, OR A QUALIFYING PURCHASER OF A CONTROLLABLE ACCOUNT,
25 CONTROLLABLE ELECTRONIC RECORD, OR CONTROLLABLE PAYMENT
26 INTANGIBLE. These holders or purchasers take priority over an earlier
27 security interest, even if perfected, to the extent provided in articles 3, 7,

1 ~~and~~ 8, AND 12 of this ~~title~~ TITLE 4.

2 (b) This ~~article~~ ARTICLE 9 does not limit the rights of or impose
3 liability on a person to the extent that the person is protected against the
4 assertion of a claim under article 8 OR 12 of this ~~title~~ TITLE 4.

5 **SECTION 68.** In Colorado Revised Statutes, **amend** 4-9-332 as
6 follows:

7 **4-9-332. Transfer of tangible money - transfer of funds from**
8 **deposit account.** (a) A transferee of TANGIBLE money takes the money
9 free of a security interest ~~unless the transferee acts~~ IF THE TRANSFEREE
10 RECEIVES POSSESSION OF THE MONEY WITHOUT ACTING in collusion with
11 the debtor in violating the rights of the secured party.

12 (b) A transferee of funds from a deposit account takes the funds
13 free of a security interest in the deposit account ~~unless the transferee acts~~
14 IF THE TRANSFEREE RECEIVES THE FUNDS WITHOUT ACTING in collusion
15 with the debtor in violating the rights of the secured party.

16 (c) A TRANSFEREE OF ELECTRONIC MONEY TAKES THE MONEY FREE
17 OF A SECURITY INTEREST IF THE TRANSFEREE OBTAINS CONTROL OF THE
18 MONEY WITHOUT ACTING IN COLLUSION WITH THE DEBTOR IN VIOLATING
19 THE RIGHTS OF THE SECURED PARTY.

20 **SECTION 69.** In Colorado Revised Statutes, 4-9-334, **amend**
21 (f)(1) as follows:

22 **4-9-334. Priority of security interests in fixtures and crops.**

23 (f) A security interest in fixtures, whether or not perfected, has priority
24 over a conflicting interest of an encumbrancer or owner of the real
25 property if:

26 (1) The encumbrancer or owner has, in ~~an authenticated~~ A SIGNED
27 record, consented to the security interest or disclaimed an interest in the

1 goods as fixtures; or

2 **SECTION 70.** In Colorado Revised Statutes, 4-9-341, **amend** the
3 introductory portion as follows:

4 **4-9-341. Bank's rights and duties with respect to deposit**
5 **account.** Except as otherwise provided in section 4-9-340 (c), and unless
6 the bank otherwise agrees in ~~an authenticated~~ A SIGNED record, a bank's
7 rights and duties with respect to a deposit account maintained with the
8 bank are not terminated, suspended, or modified by:

9 **SECTION 71.** In Colorado Revised Statutes, 4-9-404, **amend**
10 (a)(2) as follows:

11 **4-9-404. Rights acquired by assignee; claims and defenses**
12 **against assignee.** (a) Unless an account debtor has made an enforceable
13 agreement not to assert defenses or claims, and subject to subsections (b)
14 to (e) of this section, the rights of an assignee are subject to:

15 (2) Any other defense or claim of the account debtor against the
16 assignor which accrues before the account debtor receives a notification
17 of the assignment ~~authenticated~~ SIGNED by the assignor or the assignee.

18 **SECTION 72.** In Colorado Revised Statutes, 4-9-406, **amend** (a),
19 (b) introductory portion, (c), (d) introductory portion, and (g); and **add**
20 (m) as follows:

21 **4-9-406. Discharge of account debtor - notification of**
22 **assignment - identification and proof of assignment - restrictions on**
23 **assignment of accounts, chattel paper, payment intangibles, and**
24 **promissory notes ineffective.** (a) Subject to subsections (b) to (i) AND
25 (m) of this section, an account debtor on an account, chattel paper, or a
26 payment intangible may discharge its obligation by paying the assignor
27 until, but not after, the account debtor receives a notification,

1 ~~authenticated~~ SIGNED by the assignor or the assignee, that the amount due
2 or to become due has been assigned and that payment is to be made to the
3 assignee. After receipt of the notification, the account debtor may
4 discharge its obligation by paying the assignee and may not discharge the
5 obligation by paying the assignor.

6 (b) Subject to ~~subsection (h)~~ SUBSECTIONS (h) AND (m) of this
7 section, notification is ineffective under subsection (a) of this section:

8 (c) Subject to ~~subsection (h)~~ SUBSECTIONS (h) AND (m) of this
9 section, if requested by the account debtor, an assignee shall seasonably
10 furnish reasonable proof that the assignment has been made. Unless the
11 assignee complies, the account debtor may discharge its obligation by
12 paying the assignor, even if the account debtor has received a notification
13 under subsection (a) of this section.

14 (d) IN THIS SUBSECTION (d), "PROMISSORY NOTE" INCLUDES A
15 NEGOTIABLE INSTRUMENT THAT EVIDENCES CHATTEL PAPER. Except as
16 otherwise provided in subsections (e), (k), ~~and~~ (l), AND (m) of this section
17 and sections 4-2.5-303, 4-9-407, 8-80-103, 8-42-124, 13-64-210, and
18 24-4.1-114, ~~C.R.S.~~, and subject to subsection (h) of this section, a term
19 in an agreement between an account debtor and an assignor or in a
20 promissory note is ineffective to the extent that it:

21 (g) Subject to ~~subsection (h)~~ SUBSECTIONS (h) AND (m) of this
22 section, an account debtor may not waive or vary its option under
23 ~~paragraph (3) of subsection (b)~~ SUBSECTION (b)(3) of this section.

24 (m) SUBSECTIONS (a), (b), (c), AND (g) OF THIS SECTION DO NOT
25 APPLY TO A CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT
26 INTANGIBLE.

27 **SECTION 73.** In Colorado Revised Statutes, 4-9-408, **add** (h) as

1 follows:

2 **4-9-408. Restrictions on assignment of promissory notes,**
3 **health-care-insurance receivables, and certain general intangibles**
4 **ineffective.** (h) IN THIS SECTION, "PROMISSORY NOTE" INCLUDES A
5 NEGOTIABLE INSTRUMENT THAT EVIDENCES CHATTEL PAPER.

6 **SECTION 74.** In Colorado Revised Statutes, 4-9-509, **amend**
7 (a)(1) and (b) introductory portion as follows:

8 **4-9-509. Persons entitled to file a record.** (a) A person may file
9 an initial financing statement, amendment that adds collateral covered by
10 a financing statement, or amendment that adds a debtor to a financing
11 statement only if:

12 (1) The debtor authorizes the filing in ~~an authenticated~~ A SIGNED
13 record or pursuant to subsection (b) or (c) of this section; or

14 (b) By ~~authenticating~~ SIGNING or becoming bound as debtor by a
15 security agreement, a debtor or new debtor authorizes the filing of an
16 initial financing statement, and an amendment, covering:

17 **SECTION 75.** In Colorado Revised Statutes, 4-9-513, **amend**
18 (b)(2) and (c) introductory portion as follows:

19 **4-9-513. Termination statement.** (b) To comply with subsection
20 (a) of this section, a secured party shall cause the secured party of record
21 to file the termination statement:

22 (2) If earlier, within twenty days after the secured party receives
23 ~~an authenticated~~ A SIGNED demand from a debtor.

24 (c) In cases not governed by subsection (a) of this section, within
25 twenty days after a secured party receives ~~an authenticated~~ A SIGNED
26 demand from a debtor, the secured party shall cause the secured party of
27 record for a financing statement to send to the debtor a termination

1 statement for the financing statement or file the termination statement in
2 the filing office if:

3 **SECTION 76.** In Colorado Revised Statutes, 4-9-601, **amend** (b)
4 as follows:

5 **4-9-601. Rights after default - judicial enforcement - consignor**
6 **or buyer of accounts, chattel paper, payment intangibles, or**
7 **promissory notes.** (b) A secured party in possession of collateral or
8 control of collateral under section 4-7-106, 4-9-104, 4-9-105, **4-9-105.5,**
9 4-9-106, ~~or~~ 4-9-107, OR **4-9-107.5** has the rights and duties provided in
10 section 4-9-207.

11 **SECTION 77.** In Colorado Revised Statutes, 4-9-605, **amend** the
12 introductory portion; and **add** (b) as follows:

13 **4-9-605. Unknown debtor or secondary obligor.** (a) EXCEPT AS
14 PROVIDED IN SUBSECTION (b) OF THIS SECTION, a secured party does not
15 owe a duty based on its status as secured party:

16 (b) A SECURED PARTY OWES A DUTY BASED ON ITS STATUS AS A
17 SECURED PARTY TO A PERSON IF, AT THE TIME THE SECURED PARTY
18 OBTAINS CONTROL OF COLLATERAL THAT IS A CONTROLLABLE ACCOUNT,
19 CONTROLLABLE ELECTRONIC RECORD, OR CONTROLLABLE PAYMENT
20 INTANGIBLE OR AT THE TIME THE SECURITY INTEREST ATTACHES TO THE
21 COLLATERAL, WHICHEVER IS LATER:

22 (1) THE PERSON IS A DEBTOR OR OBLIGOR; AND

23 (2) THE SECURED PARTY KNOWS THAT THE INFORMATION IN
24 SUBSECTION (a)(1)(A), (a)(1)(B), OR (a)(1)(C) OF THIS SECTION RELATING
25 TO THE PERSON IS NOT PROVIDED BY THE COLLATERAL, A RECORD
26 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE COLLATERAL, OR THE
27 SYSTEM IN WHICH THE COLLATERAL IS RECORDED.

1 **SECTION 78.** In Colorado Revised Statutes, 4-9-608, **amend**
2 (a)(1)(C) as follows:

3 **4-9-608. Application of proceeds of collection or enforcement**
4 **- liability for deficiency and right to surplus.** (a) If a security interest
5 or agricultural lien secures payment or performance of an obligation, the
6 following rules apply:

7 (1) A secured party shall apply or pay over for application the
8 cash proceeds of collection or enforcement under section 4-9-607 in the
9 following order to:

10 (C) The satisfaction of obligations secured by any subordinate
11 security interest in or other lien on the collateral subject to the security
12 interest or agricultural lien under which the collection or enforcement is
13 made if the secured party receives ~~an authenticated~~ A SIGNED demand for
14 proceeds before distribution of the proceeds is completed.

15 **SECTION 79.** In Colorado Revised Statutes, 4-9-611, **amend**
16 (a)(1), (b), (c) introductory portion, (c)(3)(A), (e) introductory portion,
17 and (e)(2)(B) as follows:

18 **4-9-611. Notification before disposition of collateral -**
19 **definition.** (a) In this section, "notification date" means the earlier of the
20 date on which:

21 (1) A secured party sends to the debtor and any secondary obligor
22 ~~an authenticated~~ A SIGNED notification of disposition; or

23 (b) Except as otherwise provided in subsection (d) of this section,
24 a secured party that disposes of collateral under section 4-9-610 shall
25 send to the persons specified in subsection (c) of this section a reasonable
26 ~~authenticated~~ SIGNED notification of disposition.

27 (c) To comply with subsection (b) of this section, the secured

1 party shall send ~~an authenticated~~ A SIGNED notification of disposition to:

2 (3) If the collateral is other than consumer goods:

3 (A) Any other person from which the secured party has received,
4 before the notification date, ~~an authenticated~~ A SIGNED notification of a
5 claim of an interest in the collateral;

6 (e) A secured party complies with the requirement for notification
7 prescribed by ~~subparagraph (B) of paragraph (3) of subsection (c)~~
8 SUBSECTION (c)(3)(B) of this section if:

9 (2) Before the notification date, the secured party:

10 (B) Received a response to the request for information and sent
11 ~~an authenticated~~ A SIGNED notification of disposition to each secured
12 party or other lienholder named in that response whose financing
13 statement covered the collateral.

14 **SECTION 80.** In Colorado Revised Statutes, 4-9-613, **amend**
15 (a)(5); and **add** (b) as follows:

16 **4-9-613. Contents and form of notification before disposition**
17 **of collateral: general.** (a) Except in a consumer-goods transaction, the
18 following rules apply:

19 (5) The following form of notification and the form appearing in
20 section ~~4-9-614(3)~~ 4-9-614 (a)(3), when completed IN ACCORDANCE WITH
21 THE INSTRUCTIONS IN SUBSECTION (b) OF THIS SECTION AND SECTION
22 4-9-614 (b), each provides sufficient information:

23 **~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~**

24 To: ~~[Name of debtor, obligor, or other person to which the~~
25 ~~notification is sent]~~

26 From: ~~[Name, address, and telephone number of secured party]~~

27 Name of Debtor(s): ~~[Include only if debtor(s) are not an~~

1 *addressee*
2 ~~[For a public disposition:]~~
3 We will sell ~~[or lease or license, as applicable]~~ the ~~[describe~~
4 ~~collateral]~~ ~~[to the highest qualified bidder]~~ in public as follows:

5 Day and Date: _____

6 Time: _____

7 Place: _____

8 ~~[For a private disposition:]~~
9 We will sell ~~[or lease or license, as applicable]~~ the ~~[describe~~
10 ~~collateral]~~ privately sometime after ~~[day and date]~~.

11 You are entitled to an accounting of the unpaid indebtedness
12 secured by the property that we intend to sell ~~[or lease or license, as~~
13 ~~applicable]~~ ~~[for a charge of \$_____]~~. You may request an
14 accounting by calling us at ~~[telephone number]~~ or writing us at ~~[address]~~.

15 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

16 TO: (NAME OF DEBTOR, OBLIGOR, OR OTHER PERSON TO WHICH
17 THE NOTIFICATION IS SENT)

18 FROM: (NAME, ADDRESS, AND TELEPHONE NUMBER OF
19 SECURED PARTY)

20 {1} NAME OF ANY DEBTOR THAT IS NOT AN ADDRESSEE: (NAME OF
21 EACH DEBTOR)

22 {2} WE WILL SELL (DESCRIBE COLLATERAL) (TO THE HIGHEST
23 QUALIFIED BIDDER) AT PUBLIC SALE. A SALE COULD INCLUDE A LEASE OR
24 LICENSE. THE SALE WILL BE HELD AS FOLLOWS:

25 (DATE)

26 (TIME)

27 (PLACE)

1 {3} WE WILL SELL (DESCRIBE COLLATERAL) AT PRIVATE SALE
2 SOMETIME AFTER (DATE). A SALE COULD INCLUDE A LEASE OR LICENSE.

3 {4} YOU ARE ENTITLED TO AN ACCOUNTING OF THE UNPAID
4 INDEBTEDNESS SECURED BY THE PROPERTY THAT WE INTEND TO SELL OR,
5 AS APPLICABLE, LEASE OR LICENSE.

6 {5} IF YOU REQUEST AN ACCOUNTING YOU MUST PAY A CHARGE OF
7 \$ (AMOUNT).

8 {6} YOU MAY REQUEST AN ACCOUNTING BY CALLING US AT
9 (TELEPHONE NUMBER).

10 (b) THE FOLLOWING INSTRUCTIONS APPLY TO THE FORM OF
11 NOTIFICATION IN SUBSECTION (a)(5) OF THIS SECTION:

12 (1) THE INSTRUCTIONS IN THIS SUBSECTION (b) REFER TO THE
13 NUMBERS IN BRACES BEFORE ITEMS IN THE FORM OF NOTIFICATION IN
14 SUBSECTION (a)(5) OF THIS SECTION. DO NOT INCLUDE THE NUMBERS OR
15 BRACES IN THE NOTIFICATION. THE NUMBERS AND BRACES ARE USED ONLY
16 FOR THE PURPOSE OF THESE INSTRUCTIONS.

17 (2) INCLUDE AND COMPLETE ITEM {1} ONLY IF THERE IS A DEBTOR
18 THAT IS NOT AN ADDRESSEE OF THE NOTIFICATION AND LIST THE NAME OR
19 NAMES.

20 (3) INCLUDE AND COMPLETE EITHER ITEM {2}, IF THE
21 NOTIFICATION RELATES TO A PUBLIC DISPOSITION OF THE COLLATERAL, OR
22 ITEM {3}, IF THE NOTIFICATION RELATES TO A PRIVATE DISPOSITION OF THE
23 COLLATERAL. IF ITEM {2} IS INCLUDED, INCLUDE THE WORDS "TO THE
24 HIGHEST QUALIFIED BIDDER" ONLY IF APPLICABLE.

25 (4) INCLUDE AND COMPLETE ITEMS {4} AND {6}.

26 (5) INCLUDE AND COMPLETE ITEM {5} ONLY IF THE SENDER WILL
27 CHARGE THE RECIPIENT FOR AN ACCOUNTING.

1 **SECTION 81.** In Colorado Revised Statutes, 4-9-614, **amend**
2 (a)(1)(A) and (a)(3); and **add** (b) as follows:

3 **4-9-614. Contents and form of notification before disposition**
4 **of collateral: consumer-goods transaction.** (a) In a consumer-goods
5 transaction, the following rules apply:

6 (1) A notification of disposition must provide the following
7 information:

8 (A) The information specified in section ~~4-9-613~~ (1) 4-9-613
9 (a)(1);

10 (3) The following form of notification, when completed IN
11 ACCORDANCE WITH THE INSTRUCTIONS IN SUBSECTION (b) OF THIS
12 SECTION, provides sufficient information:

13 ~~[Name and address of secured party]~~

14 ~~[Date]~~

15 ~~**NOTICE OF OUR PLAN TO SELL PROPERTY**~~

16 ~~[Name and address of any obligor who is also a debtor]~~

17 Subject: ~~_____ [Identification of Transaction]~~

18 We have your ~~[describe collateral]~~, because you broke promises
19 in our agreement.

20 ~~[For a public disposition:]~~

21 We will sell ~~[describe collateral]~~ at public sale. A sale could
22 include a lease or license. The sale will be held as follows:

23 Date: _____

24 Time: _____

25 Place: _____

26 You may attend the sale and bring bidders if you want.

27 ~~[For a private disposition:]~~

1 We will sell [*describe collateral*] at private sale sometime after
2 [*date*]. A sale could include a lease or license.

3 The money that we get from the sale (after paying our costs) will
4 reduce the amount you owe. If we get less money than you owe, you [*will*
5 *or will not, as applicable*] still owe us the difference. If we get more
6 money than you owe, you will get the extra money, unless we must pay
7 it to someone else.

8 You can get the property back at any time before we sell it by
9 paying us the full amount you owe (not just the past due payments),
10 including our expenses. To learn the exact amount you must pay, call us
11 at [*telephone number*] or write us at [*secured party's address*].

12 If you want us to explain to you in writing how we have figured
13 the amount that you owe us, you may call us at [*telephone number*] [or
14 write us at [*secured party's address*]] and request a written explanation.
15 [We will charge you \$_____ for the explanation if we have already
16 sent you an explanation of the type requested within the last six months.]

17 If you need more information about the sale call us at [*telephone*
18 *number*] [or write us at [*secured party's address*]].

19 We are sending this notice to the following other people who have
20 an interest in [*describe collateral*] or who owe money under your
21 agreement:

22 [*Names of all other debtors and obligors, if any*]

23 [*Name and address of secured party*]

24 [*Date*]

25 **NOTICE OF OUR PLAN TO SELL PROPERTY**

26 (NAME AND ADDRESS OF ANY OBLIGOR WHO IS ALSO A DEBTOR)

27 SUBJECT: (IDENTIFY TRANSACTION)

1 WE HAVE YOUR (DESCRIBE COLLATERAL), BECAUSE YOU BROKE
2 PROMISES IN OUR AGREEMENT.

3 {1} WE WILL SELL (DESCRIBE COLLATERAL) AT PUBLIC SALE. A
4 SALE COULD INCLUDE A LEASE OR LICENSE. THE SALE WILL BE HELD AS
5 FOLLOWS:

6 (DATE)

7 (TIME)

8 (PLACE)

9 YOU MAY ATTEND THE SALE AND BRING BIDDERS IF YOU WANT.

10 {2} WE WILL SELL (DESCRIBE COLLATERAL) AT PRIVATE SALE
11 SOMETIME AFTER (DATE). A SALE COULD INCLUDE A LEASE OR LICENSE.

12 {3} THE MONEY THAT WE GET FROM THE SALE, AFTER PAYING OUR
13 COSTS, WILL REDUCE THE AMOUNT YOU OWE. IF WE GET LESS MONEY THAN
14 YOU OWE, YOU (WILL OR WILL NOT, AS APPLICABLE) STILL OWE US THE
15 DIFFERENCE. IF WE GET MORE MONEY THAN YOU OWE, YOU WILL GET THE
16 EXTRA MONEY, UNLESS WE MUST PAY IT TO SOMEONE ELSE.

17 {4} YOU CAN GET THE PROPERTY BACK AT ANY TIME BEFORE WE
18 SELL IT BY PAYING US THE FULL AMOUNT YOU OWE, NOT JUST THE PAST
19 DUE PAYMENTS, INCLUDING OUR EXPENSES. TO LEARN THE EXACT
20 AMOUNT YOU MUST PAY, CALL US AT (TELEPHONE NUMBER).

21 {5} IF YOU WANT US TO EXPLAIN TO YOU IN (WRITING) (WRITING
22 OR IN (DESCRIPTION OF ELECTRONIC RECORD)) (DESCRIPTION OF
23 ELECTRONIC RECORD) HOW WE HAVE FIGURED THE AMOUNT THAT YOU
24 OWE US, {6} CALL US AT (TELEPHONE NUMBER) (OR) (WRITE US AT
25 (SECURED PARTY'S ADDRESS)) (OR CONTACT US BY (DESCRIPTION OF
26 ELECTRONIC COMMUNICATION METHOD)) {7} AND REQUEST (A WRITTEN
27 EXPLANATION) (A WRITTEN EXPLANATION OR AN EXPLANATION IN

1 (DESCRIPTION OF ELECTRONIC RECORD)) (AN EXPLANATION IN
2 (DESCRIPTION OF ELECTRONIC RECORD)).

3 {8} WE WILL CHARGE YOU \$ (AMOUNT) FOR THE EXPLANATION IF
4 WE SENT YOU ANOTHER WRITTEN EXPLANATION OF THE AMOUNT YOU OWE
5 US WITHIN THE LAST SIX MONTHS.

6 {9} IF YOU NEED MORE INFORMATION ABOUT THE SALE (CALL US
7 AT (TELEPHONE NUMBER)) (OR) (WRITE US AT (SECURED PARTY'S
8 ADDRESS)) (OR CONTACT US BY (DESCRIPTION OF ELECTRONIC
9 COMMUNICATION METHOD)).

10 {10} WE ARE SENDING THIS NOTICE TO THE FOLLOWING OTHER
11 PEOPLE WHO HAVE AN INTEREST IN (DESCRIBE COLLATERAL) OR WHO OWE
12 MONEY UNDER YOUR AGREEMENT:

13 (NAMES OF ALL OTHER DEBTORS AND OBLIGORS, IF ANY)

14 (b) THE FOLLOWING INSTRUCTIONS APPLY TO THE FORM OF
15 NOTIFICATION IN SUBSECTION (a)(3) OF THIS SECTION:

16 (1) THE INSTRUCTIONS IN THIS SUBSECTION (b) REFER TO THE
17 NUMBERS IN BRACES BEFORE ITEMS IN THE FORM OF NOTIFICATION IN
18 SUBSECTION (a)(3) OF THIS SECTION. DO NOT INCLUDE THE NUMBERS OR
19 BRACES IN THE NOTIFICATION. THE NUMBERS AND BRACES ARE USED ONLY
20 FOR THE PURPOSE OF THESE INSTRUCTIONS.

21 (2) INCLUDE AND COMPLETE EITHER ITEM {1}, IF THE
22 NOTIFICATION RELATES TO A PUBLIC DISPOSITION OF THE COLLATERAL, OR
23 ITEM {2}, IF THE NOTIFICATION RELATES TO A PRIVATE DISPOSITION OF THE
24 COLLATERAL.

25 (3) INCLUDE AND COMPLETE ITEMS {3}, {4}, {5}, {6}, AND {7}.

26 (4) IN ITEM {5}, INCLUDE AND COMPLETE ANY ONE OF THE THREE
27 ALTERNATIVE METHODS FOR THE EXPLANATION-WRITING, WRITING OR

1 ELECTRONIC RECORD, OR ELECTRONIC RECORD.

2 (5) IN ITEM {6}, INCLUDE THE TELEPHONE NUMBER. IN ADDITION,
3 THE SENDER MAY INCLUDE AND COMPLETE EITHER OR BOTH OF THE TWO
4 ADDITIONAL ALTERNATIVE METHODS OF COMMUNICATION--WRITING OR
5 ELECTRONIC COMMUNICATION--FOR THE RECIPIENT OF THE NOTIFICATION
6 TO COMMUNICATE WITH THE SENDER. NEITHER OF THE TWO ADDITIONAL
7 METHODS OF COMMUNICATION IS REQUIRED TO BE INCLUDED.

8 (6) IN ITEM {7}, INCLUDE AND COMPLETE THE METHOD OR
9 METHODS FOR THE EXPLANATION--WRITING, WRITING OR ELECTRONIC
10 RECORD, OR ELECTRONIC RECORD--INCLUDED IN ITEM {5}.

11 (7) INCLUDE AND COMPLETE ITEM {8} ONLY IF A WRITTEN
12 EXPLANATION IS INCLUDED IN ITEM {5} AS A METHOD FOR
13 COMMUNICATING THE EXPLANATION AND THE SENDER WILL CHARGE THE
14 RECIPIENT FOR ANOTHER WRITTEN EXPLANATION.

15 (8) IN ITEM {9}, INCLUDE EITHER THE TELEPHONE NUMBER OR THE
16 ADDRESS OR BOTH THE TELEPHONE NUMBER AND THE ADDRESS. IN
17 ADDITION, THE SENDER MAY INCLUDE AND COMPLETE THE ADDITIONAL
18 METHOD OF COMMUNICATION--ELECTRONIC COMMUNICATION--FOR THE
19 RECIPIENT OF THE NOTIFICATION TO COMMUNICATE WITH THE SENDER.
20 THE ADDITIONAL METHOD OF ELECTRONIC COMMUNICATION IS NOT
21 REQUIRED TO BE INCLUDED.

22 (9) IF ITEM {10} DOES NOT APPLY, INSERT "NONE" AFTER
23 "AGREEMENT:".

24 **SECTION 82.** In Colorado Revised Statutes, 4-9-615, **amend**
25 (a)(3)(A) and (a)(4) as follows:

26 **4-9-615. Application of proceeds of disposition; liability for**
27 **deficiency and right to surplus.** (a) A secured party shall apply or pay

1 over for application the cash proceeds of disposition under section
2 4-9-610 in the following order to:

3 (3) The satisfaction of obligations secured by any subordinate
4 security interest in or other subordinate lien on the collateral if:

5 (A) The secured party receives from the holder of the subordinate
6 security interest or other lien ~~an authenticated~~ A SIGNED demand for
7 proceeds before distribution of the proceeds is completed; and

8 (4) A secured party that is a consignor of the collateral if the
9 secured party receives from the consignor ~~an authenticated~~ A SIGNED
10 demand for proceeds before distribution of the proceeds is completed.

11 **SECTION 83.** In Colorado Revised Statutes, 4-9-616, **amend**
12 (a)(1) introductory portion, (a)(2)(A), (b)(1)(A), and (c) introductory
13 portion as follows:

14 **4-9-616. Explanation of calculation of surplus or deficiency -**
15 **definitions.** (a) In this section:

16 (1) "Explanation" means a ~~writing~~ RECORD that:

17 (2) "Request" means a record:

18 (A) ~~Authenticated~~ SIGNED by a debtor or consumer obligor;

19 (b) In a consumer-goods transaction in which the debtor is entitled
20 to a surplus or a consumer obligor is liable for a deficiency under section
21 4-9-615, the secured party shall:

22 (1) Send an explanation to the debtor or consumer obligor, as
23 applicable, after the disposition and:

24 (A) Before or when the secured party accounts to the debtor and
25 pays any surplus or first makes ~~written~~ demand IN A RECORD on the
26 consumer obligor after the disposition for payment of the deficiency; and

27 (c) To comply with ~~subparagraph (B) of paragraph (1) of~~

1 ~~subsection (a)~~ SUBSECTION (a)(1)(B) of this section, ~~a writing~~ AN
2 EXPLANATION must provide the following information in the following
3 order:

4 **SECTION 84.** In Colorado Revised Statutes, 4-9-619, **amend** (a)
5 introductory portion as follows:

6 **4-9-619. Transfer of record or legal title.** (a) In this section,
7 "transfer statement" means a record ~~authenticated~~ SIGNED by a secured
8 party stating:

9 **SECTION 85.** In Colorado Revised Statutes, 4-9-620, **amend**
10 (a)(2) introductory portion, (c)(1), (c)(2) introductory portion, (c)(2)(C),
11 and (f)(2) as follows:

12 **4-9-620. Acceptance of collateral in full or partial satisfaction**
13 **of obligation - compulsory disposition of collateral.** (a) Except as
14 otherwise provided in subsection (g) of this section, a secured party may
15 accept collateral in full or partial satisfaction of the obligation it secures
16 only if:

17 (2) The secured party does not receive, within the time set forth
18 in subsection (d) of this section, a notification of objection to the proposal
19 ~~authenticated~~ SIGNED by:

20 (c) For purposes of this section:

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

25 (2) A debtor consents to an acceptance of collateral in full
26 satisfaction of the obligation it secures only if the debtor agrees to the
27 terms of the acceptance in a record ~~authenticated~~ SIGNED after default or

1 the secured party:

2 (C) Does not receive a notification of objection ~~authenticated~~
3 SIGNED by the debtor within twenty days after the proposal is sent.

4 (f) To comply with subsection (e) of this section, the secured party
5 shall dispose of the collateral:

6 (2) Within any longer period to which the debtor and all secondary
7 obligors have agreed in an agreement to that effect entered into and
8 ~~authenticated~~ SIGNED after default.

9 **SECTION 86.** In Colorado Revised Statutes, 4-9-621, **amend**
10 (a)(1) as follows:

11 **4-9-621. Notification of proposal to accept collateral.** (a) A
12 secured party that desires to accept collateral in full or partial satisfaction
13 of the obligation it secures shall send its proposal to:

14 (1) Any person from which the secured party has received, before
15 the debtor consented to the acceptance, ~~an authenticated~~ A SIGNED
16 notification of a claim of an interest in the collateral;

17 **SECTION 87.** In Colorado Revised Statutes, **amend** 4-9-624 as
18 follows:

19 **4-9-624. Waiver.** (a) A debtor or secondary obligor may waive
20 the right to notification of disposition of collateral under section 4-9-611
21 only by an agreement to that effect entered into and ~~authenticated~~ SIGNED
22 after default.

23 (b) A debtor may waive the right to require disposition of
24 collateral under section 4-9-620 (e) only by an agreement to that effect
25 entered into and ~~authenticated~~ SIGNED after default.

26 (c) Except in a consumer-goods transaction, a debtor or secondary
27 obligor may waive the right to redeem collateral under section 4-9-623.

1 Any such waiver must be by an agreement to that effect entered into and
2 ~~authenticated~~ SIGNED after default.

3 **SECTION 88.** In Colorado Revised Statutes, 4-9-628, **amend** (a)
4 introductory portion and (b) introductory portion; and **add** (f) as follows:

5 **4-9-628. Nonliability and limitation on liability of secured**
6 **party - liability of secondary obligor.** (a) SUBJECT TO SUBSECTION (f)
7 OF THIS SECTION, unless a secured party knows that a person is a debtor
8 or obligor, knows the identity of the person, and knows how to
9 communicate with the person:

10 (b) SUBJECT TO SUBSECTION (f) OF THIS SECTION, a secured party
11 is not liable because of its status as secured party:

12 (f) SUBSECTIONS (a) AND (b) OF THIS SECTION DO NOT APPLY TO
13 LIMIT THE LIABILITY OF A SECURED PARTY TO A PERSON IF, AT THE TIME
14 THE SECURED PARTY OBTAINS CONTROL OF COLLATERAL THAT IS A
15 CONTROLLABLE ACCOUNT, CONTROLLABLE ELECTRONIC RECORD, OR
16 CONTROLLABLE PAYMENT INTANGIBLE OR AT THE TIME THE SECURITY
17 INTEREST ATTACHES TO THE COLLATERAL, WHICHEVER IS LATER:

18 (1) THE PERSON IS A DEBTOR OR OBLIGOR; AND

19 (2) THE SECURED PARTY KNOWS THAT THE INFORMATION IN
20 SUBSECTION (b)(1)(A), (b)(1)(B), OR (b)(1)(C) OF THIS SECTION RELATING
21 TO THE PERSON IS NOT PROVIDED BY THE COLLATERAL, A RECORD
22 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE COLLATERAL, OR THE
23 SYSTEM IN WHICH THE COLLATERAL IS RECORDED.

24 **SECTION 89.** In Colorado Revised Statutes, **add** articles 12 and
25 13 to title 4 as follows:

26 **ARTICLE 12**

27 **Controllable Electronic Records**

1 **4-12-101. Title.** THIS ARTICLE 12 MAY BE CITED AS THE "UNIFORM
2 COMMERCIAL CODE-CONTROLLABLE ELECTRONIC RECORDS".

3 **4-12-102. Definitions.** (a) IN THIS ARTICLE 12:

4 (1) "CONTROLLABLE ELECTRONIC RECORD" MEANS A RECORD
5 STORED IN AN ELECTRONIC MEDIUM THAT CAN BE SUBJECTED TO CONTROL
6 UNDER SECTION 4-12-105. THE TERM DOES NOT INCLUDE A
7 CONTROLLABLE ACCOUNT, A CONTROLLABLE PAYMENT INTANGIBLE, A
8 DEPOSIT ACCOUNT, AN ELECTRONIC COPY OF A RECORD EVIDENCING
9 CHATTEL PAPER, AN ELECTRONIC DOCUMENT OF TITLE, ELECTRONIC
10 MONEY, INVESTMENT PROPERTY, OR A TRANSFERABLE RECORD.

11 (2) "QUALIFYING PURCHASER" MEANS A PURCHASER OF A
12 CONTROLLABLE ELECTRONIC RECORD OR AN INTEREST IN A
13 CONTROLLABLE ELECTRONIC RECORD THAT OBTAINS CONTROL OF THE
14 CONTROLLABLE ELECTRONIC RECORD FOR VALUE, IN GOOD FAITH, AND
15 WITHOUT NOTICE OF A CLAIM OF A PROPERTY RIGHT IN THE
16 CONTROLLABLE ELECTRONIC RECORD.

17 (3) "TRANSFERABLE RECORD" HAS THE MEANING PROVIDED FOR
18 THAT TERM IN SECTION 201(a)(1) OF THE FEDERAL "ELECTRONIC
19 SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT", 15 U.S.C. SEC.
20 7021 (a)(1), AS AMENDED.

21 (4) "VALUE" HAS THE MEANING PROVIDED IN SECTION 4-3-303 (a),
22 AS IF REFERENCES IN THAT SUBSECTION (a) TO AN "INSTRUMENT" WERE
23 REFERENCES TO A CONTROLLABLE ACCOUNT, CONTROLLABLE ELECTRONIC
24 RECORD, OR CONTROLLABLE PAYMENT INTANGIBLE.

25 (b) THE DEFINITIONS IN ARTICLE 9 OF THIS TITLE 4 OF "ACCOUNT
26 DEBTOR", "CONTROLLABLE ACCOUNT", "CONTROLLABLE PAYMENT
27 INTANGIBLE", "CHATTEL PAPER", "DEPOSIT ACCOUNT", "ELECTRONIC

1 MONEY", AND "INVESTMENT PROPERTY" APPLY TO THIS ARTICLE 12.

2 (c) ARTICLE 1 OF THIS TITLE 4 CONTAINS GENERAL DEFINITIONS
3 AND PRINCIPLES OF CONSTRUCTION AND INTERPRETATION APPLICABLE
4 THROUGHOUT THIS ARTICLE 12.

5 **4-12-103. Relation to article 9 and consumer laws.** (a) IF THERE
6 IS CONFLICT BETWEEN THIS ARTICLE 12 AND ARTICLE 9 OF THIS TITLE 4,
7 ARTICLE 9 OF THIS TITLE 4 GOVERNS.

8 (b) A TRANSACTION SUBJECT TO THIS ARTICLE 12 IS SUBJECT TO
9 ANY APPLICABLE RULE OF LAW THAT ESTABLISHES A DIFFERENT RULE FOR
10 CONSUMERS AND ANY OTHER STATE LAW.

11 **4-12-104. Rights in controllable account, controllable**
12 **electronic record, and controllable payment intangible.** (a) THIS
13 SECTION APPLIES TO THE ACQUISITION AND PURCHASE OF RIGHTS IN A
14 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE,
15 INCLUDING THE RIGHTS AND BENEFITS UNDER SUBSECTIONS (c), (d), (e),
16 (g), AND (h) OF THIS SECTION OF A PURCHASER AND QUALIFYING
17 PURCHASER, IN THE SAME MANNER THIS SECTION APPLIES TO A
18 CONTROLLABLE ELECTRONIC RECORD.

19 (b) TO DETERMINE WHETHER A PURCHASER OF A CONTROLLABLE
20 ACCOUNT OR A CONTROLLABLE PAYMENT INTANGIBLE IS A QUALIFYING
21 PURCHASER, THE PURCHASER OBTAINS CONTROL OF THE ACCOUNT OR
22 PAYMENT INTANGIBLE IF IT OBTAINS CONTROL OF THE CONTROLLABLE
23 ELECTRONIC RECORD THAT EVIDENCES THE ACCOUNT OR PAYMENT
24 INTANGIBLE.

25 (c) EXCEPT AS PROVIDED IN THIS SECTION, LAW OTHER THAN THIS
26 ARTICLE 12 DETERMINES WHETHER A PERSON ACQUIRES A RIGHT IN A
27 CONTROLLABLE ELECTRONIC RECORD AND THE RIGHT THE PERSON

1 ACQUIRES.

2 (d) A PURCHASER OF A CONTROLLABLE ELECTRONIC RECORD
3 ACQUIRES ALL RIGHTS IN THE CONTROLLABLE ELECTRONIC RECORD THAT
4 THE TRANSFEROR HAD OR HAD POWER TO TRANSFER; EXCEPT THAT A
5 PURCHASER OF A LIMITED INTEREST IN A CONTROLLABLE ELECTRONIC
6 RECORD ACQUIRES RIGHTS ONLY TO THE EXTENT OF THE INTEREST
7 PURCHASED.

8 (e) A QUALIFYING PURCHASER ACQUIRES ITS RIGHTS IN THE
9 CONTROLLABLE ELECTRONIC RECORD FREE OF A CLAIM OF A PROPERTY
10 RIGHT IN THE CONTROLLABLE ELECTRONIC RECORD.

11 (f) EXCEPT AS PROVIDED IN SUBSECTIONS (a) AND (e) OF THIS
12 SECTION FOR A CONTROLLABLE ACCOUNT AND A CONTROLLABLE PAYMENT
13 INTANGIBLE OR LAW OTHER THAN THIS ARTICLE 12, A QUALIFYING
14 PURCHASER TAKES A RIGHT TO PAYMENT, RIGHT TO PERFORMANCE, OR
15 OTHER INTEREST IN PROPERTY EVIDENCED BY THE CONTROLLABLE
16 ELECTRONIC RECORD SUBJECT TO A CLAIM OF A PROPERTY RIGHT IN THE
17 RIGHT TO PAYMENT, RIGHT TO PERFORMANCE, OR OTHER INTEREST IN
18 PROPERTY.

19 (g) AN ACTION MAY NOT BE ASSERTED AGAINST A QUALIFYING
20 PURCHASER BASED ON BOTH A PURCHASE BY THE QUALIFYING PURCHASER
21 OF A CONTROLLABLE ELECTRONIC RECORD AND A CLAIM OF A PROPERTY
22 RIGHT IN ANOTHER CONTROLLABLE ELECTRONIC RECORD, WHETHER THE
23 ACTION IS FRAMED IN CONVERSION, REPLEVIN, CONSTRUCTIVE TRUST,
24 EQUITABLE LIEN, OR OTHER THEORY.

25 (h) FILING OF A FINANCING STATEMENT UNDER ARTICLE 9 OF THIS
26 TITLE 4 IS NOT NOTICE OF A CLAIM OF A PROPERTY RIGHT IN A
27 CONTROLLABLE ELECTRONIC RECORD.

1 **4-12-105. Control of controllable electronic record.** (a) A
2 PERSON HAS CONTROL OF A CONTROLLABLE ELECTRONIC RECORD IF THE
3 ELECTRONIC RECORD, A RECORD ATTACHED TO OR LOGICALLY
4 ASSOCIATED WITH THE ELECTRONIC RECORD, OR A SYSTEM IN WHICH THE
5 ELECTRONIC RECORD IS RECORDED:

6 (1) GIVES THE PERSON:

7 (A) POWER TO AVAIL ITSELF OF SUBSTANTIALLY ALL THE BENEFIT
8 FROM THE ELECTRONIC RECORD; AND

9 (B) EXCLUSIVE POWER, SUBJECT TO SUBSECTION (b) OF THIS
10 SECTION, TO:

11 (i) PREVENT OTHERS FROM AVAILING THEMSELVES OF
12 SUBSTANTIALLY ALL THE BENEFIT FROM THE ELECTRONIC RECORD; AND

13 (ii) TRANSFER CONTROL OF THE ELECTRONIC RECORD TO ANOTHER
14 PERSON OR CAUSE ANOTHER PERSON TO OBTAIN CONTROL OF ANOTHER
15 CONTROLLABLE ELECTRONIC RECORD AS A RESULT OF THE TRANSFER OF
16 THE ELECTRONIC RECORD; AND

17 (2) ENABLES THE PERSON READILY TO IDENTIFY ITSELF IN ANY
18 WAY, INCLUDING BY NAME, IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY,
19 OFFICE, OR ACCOUNT NUMBER, AS HAVING THE POWERS SPECIFIED IN
20 SUBSECTION (a)(1) OF THIS SECTION.

21 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, A POWER IS
22 EXCLUSIVE UNDER SUBSECTIONS (a)(1)(B)(i) AND (a)(1)(B)(ii) OF THIS
23 SECTION EVEN IF:

24 (1) THE CONTROLLABLE ELECTRONIC RECORD, A RECORD
25 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE ELECTRONIC RECORD,
26 OR A SYSTEM IN WHICH THE ELECTRONIC RECORD IS RECORDED LIMITS THE
27 USE OF THE ELECTRONIC RECORD OR HAS A PROTOCOL PROGRAMMED TO

1 CAUSE A CHANGE, INCLUDING A TRANSFER OR LOSS OF CONTROL OR A
2 MODIFICATION OF BENEFITS AFFORDED BY THE ELECTRONIC RECORD; OR

3 (2) THE POWER IS SHARED WITH ANOTHER PERSON.

4 (c) A POWER OF A PERSON IS NOT SHARED WITH ANOTHER PERSON
5 UNDER SUBSECTION (b)(2) OF THIS SECTION AND THE PERSON'S POWER IS
6 NOT EXCLUSIVE IF:

7 (1) THE PERSON CAN EXERCISE THE POWER ONLY IF THE POWER
8 ALSO IS EXERCISED BY THE OTHER PERSON; AND

9 (2) THE OTHER PERSON:

10 (A) CAN EXERCISE THE POWER WITHOUT EXERCISE OF THE POWER
11 BY THE PERSON; OR

12 (B) IS THE TRANSFEROR TO THE PERSON OF AN INTEREST IN THE
13 CONTROLLABLE ELECTRONIC RECORD OR A CONTROLLABLE ACCOUNT OR
14 CONTROLLABLE PAYMENT INTANGIBLE EVIDENCED BY THE CONTROLLABLE
15 ELECTRONIC RECORD.

16 (d) IF A PERSON HAS THE POWERS SPECIFIED IN SUBSECTIONS
17 (a)(1)(B)(i) AND (a)(1)(B)(ii) OF THIS SECTION, THE POWERS ARE
18 PRESUMED TO BE EXCLUSIVE.

19 (e) A PERSON HAS CONTROL OF A CONTROLLABLE ELECTRONIC
20 RECORD IF ANOTHER PERSON, OTHER THAN THE TRANSFEROR TO THE
21 PERSON OF AN INTEREST IN THE CONTROLLABLE ELECTRONIC RECORD OR
22 A CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE
23 EVIDENCED BY THE CONTROLLABLE ELECTRONIC RECORD:

24 (1) HAS CONTROL OF THE ELECTRONIC RECORD AND
25 ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF OF THE PERSON; OR

26 (2) OBTAINS CONTROL OF THE ELECTRONIC RECORD AFTER HAVING
27 ACKNOWLEDGED THAT IT WILL OBTAIN CONTROL OF THE ELECTRONIC

1 RECORD ON BEHALF OF THE PERSON.

2 (f) A PERSON THAT HAS CONTROL UNDER THIS SECTION IS NOT
3 REQUIRED TO ACKNOWLEDGE THAT IT HAS CONTROL ON BEHALF OF
4 ANOTHER PERSON.

5 (g) IF A PERSON ACKNOWLEDGES THAT IT HAS OR WILL OBTAIN
6 CONTROL ON BEHALF OF ANOTHER PERSON, UNLESS THE PERSON
7 OTHERWISE AGREES OR LAW OTHER THAN THIS ARTICLE 12 OR ARTICLE 9
8 OF THIS TITLE 4 OTHERWISE PROVIDES, THE PERSON DOES NOT OWE ANY
9 DUTY TO THE OTHER PERSON AND IS NOT REQUIRED TO CONFIRM THE
10 ACKNOWLEDGMENT TO ANY OTHER PERSON.

11 **4-12-106. Discharge of account debtor on controllable account**
12 **or controllable payment intangible.** (a) AN ACCOUNT DEBTOR ON A
13 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE MAY
14 DISCHARGE ITS OBLIGATION BY PAYING:

15 (1) THE PERSON HAVING CONTROL OF THE CONTROLLABLE
16 ELECTRONIC RECORD THAT EVIDENCES THE CONTROLLABLE ACCOUNT OR
17 CONTROLLABLE PAYMENT INTANGIBLE; OR

18 (2) EXCEPT AS PROVIDED IN SUBSECTION (b) OF THIS SECTION, A
19 PERSON THAT FORMERLY HAD CONTROL OF THE CONTROLLABLE
20 ELECTRONIC RECORD.

21 (b) SUBJECT TO SUBSECTION (d) OF THIS SECTION, THE ACCOUNT
22 DEBTOR MAY NOT DISCHARGE ITS OBLIGATION BY PAYING A PERSON THAT
23 FORMERLY HAD CONTROL OF THE CONTROLLABLE ELECTRONIC RECORD IF
24 THE ACCOUNT DEBTOR RECEIVES A NOTIFICATION THAT:

25 (1) IS SIGNED BY A PERSON THAT FORMERLY HAD CONTROL OR THE
26 PERSON TO WHICH CONTROL WAS TRANSFERRED;

27 (2) REASONABLY IDENTIFIES THE CONTROLLABLE ACCOUNT OR

1 CONTROLLABLE PAYMENT INTANGIBLE;

2 (3) NOTIFIES THE ACCOUNT DEBTOR THAT CONTROL OF THE
3 CONTROLLABLE ELECTRONIC RECORD THAT EVIDENCES THE
4 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE WAS
5 TRANSFERRED;

6 (4) IDENTIFIES THE TRANSFEREE, IN ANY REASONABLE WAY,
7 INCLUDING BY NAME, IDENTIFYING NUMBER, CRYPTOGRAPHIC KEY, OFFICE,
8 OR ACCOUNT NUMBER; AND

9 (5) PROVIDES A COMMERCIALY REASONABLE METHOD BY WHICH
10 THE ACCOUNT DEBTOR IS TO PAY THE TRANSFEREE.

11 (c) AFTER RECEIPT OF A NOTIFICATION THAT COMPLIES WITH
12 SUBSECTION (b) OF THIS SECTION, THE ACCOUNT DEBTOR MAY DISCHARGE
13 ITS OBLIGATION BY PAYING IN ACCORDANCE WITH THE NOTIFICATION AND
14 MAY NOT DISCHARGE THE OBLIGATION BY PAYING A PERSON THAT
15 FORMERLY HAD CONTROL.

16 (d) SUBJECT TO SUBSECTION (h) OF THIS SECTION, NOTIFICATION
17 IS INEFFECTIVE UNDER SUBSECTION (b) OF THIS SECTION:

18 (1) UNLESS, BEFORE THE NOTIFICATION IS SENT, THE ACCOUNT
19 DEBTOR AND THE PERSON THAT, AT THAT TIME, HAD CONTROL OF THE
20 CONTROLLABLE ELECTRONIC RECORD THAT EVIDENCES THE
21 CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE
22 AGREE IN A SIGNED RECORD TO A COMMERCIALY REASONABLE METHOD
23 BY WHICH A PERSON MAY FURNISH REASONABLE PROOF THAT CONTROL
24 HAS BEEN TRANSFERRED;

25 (2) TO THE EXTENT AN AGREEMENT BETWEEN THE ACCOUNT
26 DEBTOR AND SELLER OF A PAYMENT INTANGIBLE LIMITS THE ACCOUNT
27 DEBTOR'S DUTY TO PAY A PERSON OTHER THAN THE SELLER AND THE

1 LIMITATION IS EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE 12; OR

2 (3) AT THE OPTION OF THE ACCOUNT DEBTOR, IF THE NOTIFICATION
3 NOTIFIES THE ACCOUNT DEBTOR TO:

4 (A) DIVIDE A PAYMENT;

5 (B) MAKE LESS THAN THE FULL AMOUNT OF AN INSTALLMENT OR
6 OTHER PERIODIC PAYMENT; OR

7 (C) PAY ANY PART OF A PAYMENT BY MORE THAN ONE METHOD OR
8 TO MORE THAN ONE PERSON.

9 (e) SUBJECT TO SUBSECTION (h) OF THIS SECTION, IF REQUESTED
10 BY THE ACCOUNT DEBTOR, THE PERSON GIVING THE NOTIFICATION UNDER
11 SUBSECTION (b) OF THIS SECTION SEASONABLY SHALL FURNISH
12 REASONABLE PROOF, USING THE METHOD IN THE AGREEMENT REFERRED
13 TO IN SUBSECTION (d)(1) OF THIS SECTION, THAT CONTROL OF THE
14 CONTROLLABLE ELECTRONIC RECORD HAS BEEN TRANSFERRED. UNLESS
15 THE PERSON COMPLIES WITH THE REQUEST, THE ACCOUNT DEBTOR MAY
16 DISCHARGE ITS OBLIGATION BY PAYING A PERSON THAT FORMERLY HAD
17 CONTROL, EVEN IF THE ACCOUNT DEBTOR HAS RECEIVED A NOTIFICATION
18 UNDER SUBSECTION (b) OF THIS SECTION.

19 (f) A PERSON FURNISHES REASONABLE PROOF UNDER SUBSECTION
20 (e) OF THIS SECTION THAT CONTROL HAS BEEN TRANSFERRED IF THE
21 PERSON DEMONSTRATES, USING THE METHOD IN THE AGREEMENT
22 REFERRED TO IN SUBSECTION (d)(1) OF THIS SECTION, THAT THE
23 TRANSFEREE HAS THE POWER TO:

24 (1) AVAIL ITSELF OF SUBSTANTIALLY ALL THE BENEFIT FROM THE
25 CONTROLLABLE ELECTRONIC RECORD;

26 (2) PREVENT OTHERS FROM AVAILING THEMSELVES OF
27 SUBSTANTIALLY ALL THE BENEFIT FROM THE CONTROLLABLE ELECTRONIC

1 RECORD; AND

2 (3) TRANSFER THE POWERS SPECIFIED IN SUBSECTIONS (f)(1) AND
3 (f)(2) OF THIS SECTION TO ANOTHER PERSON.

4 (g) SUBJECT TO SUBSECTION (h) OF THIS SECTION, AN ACCOUNT
5 DEBTOR MAY NOT WAIVE OR VARY ITS RIGHTS UNDER SUBSECTIONS (d)(1)
6 AND (e) OF THIS SECTION OR ITS OPTION UNDER SUBSECTION (d)(3) OF THIS
7 SECTION.

8 (h) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE
9 12 WHICH ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO
10 IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR
11 PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

12 **4-12-107. Governing law.** (a) EXCEPT AS PROVIDED IN
13 SUBSECTION (b) OF THIS SECTION, THE LOCAL LAW OF A CONTROLLABLE
14 ELECTRONIC RECORD'S JURISDICTION GOVERNS A MATTER COVERED BY
15 THIS ARTICLE 12.

16 (b) FOR A CONTROLLABLE ELECTRONIC RECORD THAT EVIDENCES
17 A CONTROLLABLE ACCOUNT OR CONTROLLABLE PAYMENT INTANGIBLE,
18 THE LOCAL LAW OF THE CONTROLLABLE ELECTRONIC RECORD'S
19 JURISDICTION GOVERNS A MATTER COVERED BY SECTION 4-12-106 UNLESS
20 AN EFFECTIVE AGREEMENT DETERMINES THAT THE LOCAL LAW OF
21 ANOTHER JURISDICTION GOVERNS.

22 (c) THE FOLLOWING RULES DETERMINE A CONTROLLABLE
23 ELECTRONIC RECORD'S JURISDICTION UNDER THIS SECTION:

24 (1) IF THE CONTROLLABLE ELECTRONIC RECORD, OR A RECORD
25 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE CONTROLLABLE
26 ELECTRONIC RECORD AND READILY AVAILABLE FOR REVIEW, EXPRESSLY
27 PROVIDES THAT A PARTICULAR JURISDICTION IS THE CONTROLLABLE

1 ELECTRONIC RECORD'S JURISDICTION FOR PURPOSES OF THIS ARTICLE 12 OR
2 THIS TITLE 4, THAT JURISDICTION IS THE CONTROLLABLE ELECTRONIC
3 RECORD'S JURISDICTION.

4 (2) IF SUBSECTION (c)(1) OF THIS SECTION DOES NOT APPLY AND
5 THE RULES OF THE SYSTEM IN WHICH THE CONTROLLABLE ELECTRONIC
6 RECORD IS RECORDED ARE READILY AVAILABLE FOR REVIEW AND
7 EXPRESSLY PROVIDE THAT A PARTICULAR JURISDICTION IS THE
8 CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION FOR PURPOSES OF
9 THIS ARTICLE 12 OR THIS TITLE 4, THAT JURISDICTION IS THE
10 CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION.

11 (3) IF SUBSECTIONS (c)(1) AND (c)(2) OF THIS SECTION DO NOT
12 APPLY AND THE CONTROLLABLE ELECTRONIC RECORD, OR A RECORD
13 ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE CONTROLLABLE
14 ELECTRONIC RECORD AND READILY AVAILABLE FOR REVIEW, EXPRESSLY
15 PROVIDES THAT THE CONTROLLABLE ELECTRONIC RECORD IS GOVERNED
16 BY THE LAW OF A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE
17 CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION.

18 (4) IF SUBSECTIONS (c)(1), (c)(2), AND (c)(3) OF THIS SECTION DO
19 NOT APPLY AND THE RULES OF THE SYSTEM IN WHICH THE CONTROLLABLE
20 ELECTRONIC RECORD IS RECORDED ARE READILY AVAILABLE FOR REVIEW
21 AND EXPRESSLY PROVIDE THAT THE CONTROLLABLE ELECTRONIC RECORD
22 OR THE SYSTEM IS GOVERNED BY THE LAW OF A PARTICULAR
23 JURISDICTION, THAT JURISDICTION IS THE CONTROLLABLE ELECTRONIC
24 RECORD'S JURISDICTION.

25 (5) IF SUBSECTIONS (c)(1) TO (c)(4) OF THIS SECTION DO NOT
26 APPLY, THE CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION IS THE
27 DISTRICT OF COLUMBIA.

1 (d) IF SUBSECTION (c)(5) OF THIS SECTION APPLIES AND THIS
2 ARTICLE 12 IS NOT IN EFFECT IN THE DISTRICT OF COLUMBIA WITHOUT
3 MATERIAL MODIFICATION, THE GOVERNING LAW FOR A MATTER COVERED
4 BY THIS ARTICLE 12 IS THE LAW OF THE DISTRICT OF COLUMBIA AS
5 THOUGH THIS ARTICLE 12 WERE IN EFFECT IN THE DISTRICT OF COLUMBIA
6 WITHOUT MATERIAL MODIFICATION. IN THIS SUBSECTION (d), "ARTICLE
7 12" MEANS ARTICLE 12 OF THE "UNIFORM COMMERCIAL CODE".

8 (e) TO THE EXTENT SUBSECTIONS (a) AND (b) OF THIS SECTION
9 PROVIDE THAT THE LOCAL LAW OF THE CONTROLLABLE ELECTRONIC
10 RECORD'S JURISDICTION GOVERNS A MATTER COVERED BY THIS ARTICLE
11 12, THAT LAW GOVERNS EVEN IF THE MATTER OR A TRANSACTION TO
12 WHICH THE MATTER RELATES DOES NOT BEAR ANY RELATION TO THE
13 CONTROLLABLE ELECTRONIC RECORD'S JURISDICTION.

14 (f) THE RIGHTS ACQUIRED UNDER SECTION 4-12-104 BY A
15 PURCHASER OR QUALIFYING PURCHASER ARE GOVERNED BY THE LAW
16 APPLICABLE UNDER THIS SECTION AT THE TIME OF PURCHASE.

17 **ARTICLE 13**

18 **Transitional Provisions for Uniform Commercial Code**
19 **Amendments (2022)**

20 **PART 1**

21 **GENERAL PROVISIONS AND DEFINITIONS**

22 **4-13-101. Short title.** THIS ARTICLE 13 MAY BE CITED AS
23 "TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL CODE
24 AMENDMENTS (2022)".

25 **4-13-102. Definitions.** (a) IN THIS ARTICLE 13:

26 (1) "ADJUSTMENT DATE" MEANS JULY 1, 2025, OR THE DATE THAT
27 IS ONE YEAR AFTER THE EFFECTIVE DATE OF THIS ARTICLE 13, WHICHEVER

1 IS LATER.

2 (2) "ARTICLE 12" MEANS ARTICLE 12 OF THIS TITLE 4.

3 (3) "ARTICLE 12 PROPERTY" MEANS A CONTROLLABLE ACCOUNT,
4 CONTROLLABLE ELECTRONIC RECORD, OR CONTROLLABLE PAYMENT
5 INTANGIBLE.

6 (b) THE FOLLOWING DEFINITIONS IN OTHER ARTICLES OF THIS TITLE
7 4 APPLY TO THIS ARTICLE 13.

8 "CONTROLLABLE ACCOUNT" SECTION 4-9-102.

9 "CONTROLLABLE ELECTRONIC RECORD" SECTION 4-12-102.

10 "CONTROLLABLE PAYMENT INTANGIBLE" SECTION 4-9-102.

11 "ELECTRONIC MONEY" SECTION 4-9-102.

12 "FINANCING STATEMENT" SECTION 4-9-102.

13 (c) ARTICLE 1 OF THIS TITLE 4 CONTAINS GENERAL DEFINITIONS
14 AND PRINCIPLES OF CONSTRUCTION AND INTERPRETATION APPLICABLE
15 THROUGHOUT THIS ARTICLE 13.

16 PART 2

17 GENERAL TRANSITIONAL PROVISION

18 **4-13-201. Saving clause.** EXCEPT AS PROVIDED IN PART 3 OF THIS
19 ARTICLE 13, A TRANSACTION VALIDLY ENTERED INTO BEFORE THE
20 EFFECTIVE DATE OF THIS ARTICLE 13 AND THE RIGHTS, DUTIES, AND
21 INTERESTS FLOWING FROM THE TRANSACTION REMAIN VALID THEREAFTER
22 AND MAY BE TERMINATED, COMPLETED, CONSUMMATED, OR ENFORCED AS
23 REQUIRED OR PERMITTED BY LAW OTHER THAN THIS TITLE 4 OR, IF
24 APPLICABLE, THIS TITLE 4, AS THOUGH THIS ARTICLE 13 HAD NOT TAKEN
25 EFFECT.

26 PART 3

27 TRANSITIONAL PROVISIONS FOR

ARTICLES 9 AND 12 OF THIS TITLE 4

1
2 **4-13-301. Saving clause.** (a) EXCEPT AS PROVIDED IN THIS PART
3 3, ARTICLE 9, AS AMENDED BY SENATE BILL 23-090, ENACTED IN 2023,
4 AND ARTICLE 12 OF THIS TITLE 4, AS ENACTED BY SENATE BILL 23-090,
5 ENACTED IN 2023, APPLY TO A TRANSACTION, LIEN, OR OTHER INTEREST
6 IN PROPERTY, EVEN IF THE TRANSACTION, LIEN, OR INTEREST WAS
7 ENTERED INTO, CREATED, OR ACQUIRED BEFORE THE EFFECTIVE DATE OF
8 THIS ARTICLE 13.

9 (b) EXCEPT AS PROVIDED IN SUBSECTION (c) OF THIS SECTION AND
10 SECTIONS 4-13-302 TO 4-13-306:

11 (1) A TRANSACTION, LIEN, OR INTEREST IN PROPERTY THAT WAS
12 VALIDLY ENTERED INTO, CREATED, OR TRANSFERRED BEFORE THE
13 EFFECTIVE DATE OF THIS ARTICLE 13 AND THAT WAS NOT GOVERNED BY
14 THIS TITLE 4, BUT WOULD BE SUBJECT TO ARTICLE 9 OF THIS TITLE 4, AS
15 AMENDED BY SENATE BILL 23-090, ENACTED IN 2023, OR ARTICLE 12 OF
16 THIS TITLE 4, AS ENACTED BY SENATE BILL 23-090, ENACTED IN 2023, IF
17 IT HAD BEEN ENTERED INTO, CREATED, OR TRANSFERRED ON OR AFTER THE
18 EFFECTIVE DATE OF THIS ARTICLE 13, INCLUDING THE RIGHTS, DUTIES, AND
19 INTERESTS FLOWING FROM THE TRANSACTION, LIEN, OR INTEREST,
20 REMAINS VALID ON AND AFTER THE EFFECTIVE DATE OF THIS ARTICLE 13;
21 AND

22 (2) THE TRANSACTION, LIEN, OR INTEREST MAY BE TERMINATED,
23 COMPLETED, CONSUMMATED, AND ENFORCED AS REQUIRED OR PERMITTED
24 BY THIS TITLE 4, AS AMENDED BY SENATE BILL 23-090, ENACTED IN 2023,
25 OR BY THE LAW THAT WOULD APPLY IF THIS TITLE 4, AS AMENDED BY
26 SENATE BILL 23-090, ENACTED IN 2023, HAD NOT TAKEN EFFECT.

27 (c) THIS ARTICLE 13 DOES NOT AFFECT AN ACTION, CASE, OR

1 PROCEEDING COMMENCED BEFORE THE EFFECTIVE DATE OF THIS ARTICLE
2 13.

3 **4-13-302. Security interest perfected before effective date.**

4 (a) A SECURITY INTEREST THAT IS ENFORCEABLE AND PERFECTED
5 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13 IS A
6 PERFECTED SECURITY INTEREST UNDER THIS TITLE 4 IF, ON THE EFFECTIVE
7 DATE OF THIS ARTICLE 13, THE REQUIREMENTS FOR ENFORCEABILITY AND
8 PERFECTION UNDER THIS TITLE 4 ARE SATISFIED WITHOUT FURTHER
9 ACTION.

10 (b) IF A SECURITY INTEREST IS ENFORCEABLE AND PERFECTED
11 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13, BUT THE
12 REQUIREMENTS FOR ENFORCEABILITY OR PERFECTION UNDER THIS TITLE
13 4 ARE NOT SATISFIED ON THE EFFECTIVE DATE OF THIS ARTICLE 13, THE
14 SECURITY INTEREST:

15 (1) IS A PERFECTED SECURITY INTEREST UNTIL THE EARLIER OF THE
16 TIME PERFECTION WOULD HAVE CEASED UNDER THE LAW IN EFFECT
17 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13 OR THE
18 ADJUSTMENT DATE;

19 (2) REMAINS ENFORCEABLE THEREAFTER ONLY IF THE SECURITY
20 INTEREST SATISFIES THE REQUIREMENTS FOR ENFORCEABILITY UNDER
21 SECTION 4-9-203, AS AMENDED BY SENATE BILL 23-090, ENACTED IN
22 2023, BEFORE THE ADJUSTMENT DATE; AND

23 (3) REMAINS PERFECTED THEREAFTER ONLY IF THE REQUIREMENTS
24 FOR PERFECTION UNDER THIS TITLE 4 ARE SATISFIED BEFORE THE TIME
25 SPECIFIED IN SUBSECTION (b)(1) OF THIS SECTION.

26 **4-13-303. Security interest unperfected before effective date.**

27 A SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE THE

1 EFFECTIVE DATE OF THIS ARTICLE 13 BUT IS UNPERFECTED AT THAT TIME:

2 (1) REMAINS AN ENFORCEABLE SECURITY INTEREST UNTIL THE
3 ADJUSTMENT DATE;

4 (2) REMAINS ENFORCEABLE THEREAFTER IF THE SECURITY
5 INTEREST BECOMES ENFORCEABLE UNDER SECTION 4-9-203, AS AMENDED
6 BY SENATE BILL 23-090, ENACTED IN 2023, ON THE EFFECTIVE DATE OF
7 THIS ARTICLE 13 OR BEFORE THE ADJUSTMENT DATE; AND

8 (3) BECOMES PERFECTED:

9 (A) WITHOUT FURTHER ACTION, ON THE EFFECTIVE DATE OF THIS
10 ARTICLE 13, IF THE REQUIREMENTS FOR PERFECTION UNDER THIS TITLE 4
11 ARE SATISFIED BEFORE OR AT THAT TIME; OR

12 (B) WHEN THE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF
13 THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

14 **4-13-304. Effectiveness of actions taken before effective date.**

15 (a) IF ACTION, OTHER THAN THE FILING OF A FINANCING STATEMENT, IS
16 TAKEN BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13 AND THE ACTION
17 WOULD HAVE RESULTED IN PERFECTION OF THE SECURITY INTEREST HAD
18 THE SECURITY INTEREST BECOME ENFORCEABLE BEFORE THE EFFECTIVE
19 DATE OF THIS ARTICLE 13, THE ACTION IS EFFECTIVE TO PERFECT A
20 SECURITY INTEREST THAT ATTACHES UNDER THIS TITLE 4 BEFORE THE
21 ADJUSTMENT DATE. AN ATTACHED SECURITY INTEREST BECOMES
22 UNPERFECTED ON THE ADJUSTMENT DATE UNLESS THE SECURITY INTEREST
23 BECOMES A PERFECTED SECURITY INTEREST UNDER THIS TITLE 4 BEFORE
24 THE ADJUSTMENT DATE.

25 (b) THE FILING OF A FINANCING STATEMENT BEFORE THE
26 EFFECTIVE DATE OF THIS ARTICLE 13 IS EFFECTIVE TO PERFECT A SECURITY
27 INTEREST ON THE EFFECTIVE DATE OF THIS ARTICLE 13 TO THE EXTENT THE

1 FILING WOULD SATISFY THE REQUIREMENTS FOR PERFECTION UNDER THIS
2 TITLE 4.

3 (c) THE TAKING OF AN ACTION BEFORE THE EFFECTIVE DATE OF
4 THIS ARTICLE 13 IS SUFFICIENT FOR THE ENFORCEABILITY OF A SECURITY
5 INTEREST ON THE EFFECTIVE DATE OF THIS ARTICLE 13 IF THE ACTION
6 WOULD SATISFY THE REQUIREMENTS FOR ENFORCEABILITY UNDER THIS
7 TITLE 4.

8 **4-13-305. Priority.** (a) SUBJECT TO SUBSECTIONS (b) AND (c) OF
9 THIS SECTION, THIS TITLE 4 DETERMINES THE PRIORITY OF CONFLICTING
10 CLAIMS TO COLLATERAL.

11 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, IF THE
12 PRIORITIES OF CLAIMS TO COLLATERAL WERE ESTABLISHED BEFORE THE
13 EFFECTIVE DATE OF THIS ARTICLE 13, ARTICLE 9 OF THIS TITLE 4 AS IN
14 EFFECT BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13 DETERMINES
15 PRIORITY.

16 (c) ON THE ADJUSTMENT DATE, TO THE EXTENT THE PRIORITIES
17 DETERMINED BY ARTICLE 9 OF THIS TITLE 4, AS AMENDED BY SENATE BILL
18 23-090, ENACTED IN 2023, MODIFY THE PRIORITIES ESTABLISHED BEFORE
19 THE EFFECTIVE DATE OF THIS ARTICLE 13, THE PRIORITIES OF CLAIMS TO
20 ARTICLE 12 PROPERTY AND ELECTRONIC MONEY ESTABLISHED BEFORE THE
21 EFFECTIVE DATE OF THIS ARTICLE 13 CEASE TO APPLY.

22 **4-13-306. Priority of claims when priority rules of article 9 do**
23 **not apply.** (a) SUBJECT TO SUBSECTIONS (b) AND (c) OF THIS SECTION,
24 ARTICLE 12 OF THIS TITLE 4, AS ENACTED BY SENATE BILL 23-090,
25 ENACTED IN 2023, DETERMINES THE PRIORITY OF CONFLICTING CLAIMS TO
26 ARTICLE 12 PROPERTY WHEN THE PRIORITY RULES OF ARTICLE 9 OF THIS
27 TITLE 4, AS AMENDED BY SENATE BILL 23-090, ENACTED IN 2023, DO NOT

1 APPLY.

2 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, WHEN THE
3 PRIORITY RULES OF ARTICLE 9 OF THIS TITLE 4, AS AMENDED BY SENATE
4 BILL 23-090, ENACTED IN 2023, DO NOT APPLY AND THE PRIORITIES OF
5 CLAIMS TO ARTICLE 12 PROPERTY WERE ESTABLISHED BEFORE THE
6 EFFECTIVE DATE OF THIS ACT, LAW OTHER THAN THIS ARTICLE 12
7 DETERMINES PRIORITY.

8 (c) WHEN THE PRIORITY RULES OF ARTICLE 9 OF THIS TITLE 4, AS
9 AMENDED BY SENATE BILL 23-090, ENACTED IN 2023, DO NOT APPLY, TO
10 THE EXTENT THE PRIORITIES DETERMINED BY THIS TITLE 4 MODIFY THE
11 PRIORITIES ESTABLISHED BEFORE THE EFFECTIVE DATE OF THIS ARTICLE
12 13, THE PRIORITIES OF CLAIMS TO ARTICLE 12 PROPERTY ESTABLISHED
13 BEFORE THE EFFECTIVE DATE OF THIS ARTICLE 13 CEASE TO APPLY ON THE
14 ADJUSTMENT DATE.

15 **SECTION 90. Act subject to petition - effective date.** This act
16 takes effect at 12:01 a.m. on the day following the expiration of the
17 ninety-day period after final adjournment of the general assembly; except
18 that, if a referendum petition is filed pursuant to section 1 (3) of article V
19 of the state constitution against this act or an item, section, or part of this
20 act within such period, then the act, item, section, or part will not take
21 effect unless approved by the people at the general election to be held in
22 November 2024 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.