

By: Carona

S.B. No. 782

A BILL TO BE ENTITLED

AN ACT

relating to uniform law on secured transactions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 9.102, Business & Commerce Code, is amended by amending Subdivisions (7), (10), (50), and (71) and adding Subdivision (68-a) to read as follows:

(7) "Authenticate" means:

(A) to sign; or

(B) ~~[to execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part,]~~ with ~~[the]~~ present intent ~~[of the authenticating person]~~ to ~~[identify the person and]~~ adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process.

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

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

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

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

(B) an organic record of a business trust consisting of the record initially filed with a state and any record filed with the state that amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

(C) a record consisting of legislation enacted by the legislature of a state or the Congress of the United States that forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the state or the United States that amends or restates the name of the organization.

(71) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by ~~[and as to which]~~ the state or the United States ~~[must maintain a public record showing the organization to have~~

1 ~~been organized]~~. The term includes a business trust that is formed
2 or organized under the law of a single state if a statute of the
3 state governing business trusts requires that the business trust's
4 organic record be filed with the state.

5 SECTION 2. Section 9.105, Business & Commerce Code, is
6 amended to read as follows:

7 Sec. 9.105. CONTROL OF ELECTRONIC CHATTEL PAPER. (a) A
8 secured party has control of electronic chattel paper if a system
9 employed for evidencing the transfer of interests in the chattel
10 paper reliably establishes the secured party as the person to which
11 the chattel paper was assigned.

12 (b) A system satisfies Subsection (a), and a secured party
13 has control of electronic chattel paper, if the record or records
14 comprising the chattel paper are created, stored, and assigned in
15 such a manner that:

16 (1) a single authoritative copy of the record or
17 records exists that is unique, identifiable, and, except as
18 otherwise provided in Subdivisions (4), (5), and (6), unalterable;

19 (2) the authoritative copy identifies the secured
20 party as the assignee of the record or records;

21 (3) the authoritative copy is communicated to and
22 maintained by the secured party or its designated custodian;

23 (4) copies or amendments ~~[revisions]~~ that add or
24 change an identified assignee of the authoritative copy can be made
25 only with the consent ~~[participation]~~ of the secured party;

26 (5) each copy of the authoritative copy and any copy of
27 a copy is readily identifiable as a copy that is not the

authoritative copy; and

(6) any amendment ~~[revision]~~ of the authoritative copy is readily identifiable as ~~[an]~~ authorized or unauthorized ~~[revision]~~.

SECTION 3. Subsection (f), Section 9.307, Business & Commerce Code, is amended to read as follows:

(f) Except as otherwise provided in Subsection (i), a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a state are located:

(1) in the state that the law of the United States designates, if the law designates a state of location;

(2) in the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location, including by designating its main office, home office, or other comparable office; or

(3) in the District of Columbia, if neither Subdivision (1) nor Subdivision (2) applies.

SECTION 4. Subsection (a), Section 9.311, Business & Commerce Code, is amended to read as follows:

(a) Except as otherwise provided in Subsection (d), the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the

property preempt Section 9.310(a);

(2) the following statutes of this state: a certificate of title statute of this state or rules adopted under the statute to the extent the statute or rules provide for a security interest to be indicated on the certificate of title as a condition or result of perfection or such alternative to notation as may be prescribed by those statutes or rules of this state [~~Chapter 501, Transportation Code, relating to the certificates of title for motor vehicles; Subchapter B-1, Chapter 31, Parks and Wildlife Code, relating to the certificates of title for vessels and outboard motors; Chapter 1201, Occupations Code, relating to the documents of title for manufactured homes~~]; or Chapter 261, relating to utility security instruments; or

(3) a [~~certificate of title~~] statute of another jurisdiction that provides for a security interest to be indicated on a [~~the~~] certificate of title as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

SECTION 5. The heading to Section 9.316, Business & Commerce Code, is amended to read as follows:

Sec. 9.316. EFFECT OF [~~CONTINUED PERFECTION OF SECURITY INTEREST FOLLOWING~~] CHANGE IN GOVERNING LAW.

SECTION 6. Section 9.316, Business & Commerce Code, is amended by adding Subsections (h) and (i) to read as follows:

(h) The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:

(1) A financing statement filed before the change of the debtor's location pursuant to the law of the jurisdiction designated in Section 9.301(1) or 9.305(c) is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral if the debtor had not changed its location.

(2) If a security interest that is perfected by a financing statement that is effective under Subdivision (1) becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in Section 9.301(1) or 9.305(c) or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(i) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in Section 9.301(1) or 9.305(c) and the new debtor is located in another jurisdiction, the following rules apply:

(1) The financing statement is effective to perfect a security interest in collateral in which the new debtor has or acquires rights before or within four months after the new debtor becomes bound under Section 9.203(d), if the financing statement would have been effective to perfect a security interest in the collateral if the collateral had been acquired by the original

debtor.

(2) A security interest that is perfected by the financing statement and that becomes perfected under the law of the other jurisdiction before the earlier of the expiration of the four-month period or the time the financing statement would have become ineffective under the law of the jurisdiction designated in Section 9.301(1) or 9.305(c) remains perfected thereafter. A security interest that is perfected by the financing statement but that does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

SECTION 7. Subsections (b) and (d), Section 9.317, Business & Commerce Code, are amended to read as follows:

(b) Except as otherwise provided in Subsection (e), a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificated security ~~[certificate]~~ takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) A licensee of a general intangible or a buyer, other than a secured party, of collateral ~~[accounts, electronic chattel paper, electronic documents, general intangibles, or investment property]~~ other than tangible chattel paper, tangible documents, goods, instruments, or a certificated security takes free of a security interest if the licensee or buyer gives value without

1 knowledge of the security interest and before it is perfected.

2 SECTION 8. Section 9.326, Business & Commerce Code, is
3 amended to read as follows:

4 Sec. 9.326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW
5 DEBTOR. (a) Subject to Subsection (b), a security interest that
6 is created by a new debtor in collateral in which the new debtor has
7 or acquires rights and ~~[that is]~~ perfected by a filed financing
8 statement that would be ineffective to perfect the security
9 interest but for the application of Section 9.508 or of Sections
10 9.508 and 9.316(i)(1) ~~[is effective solely under Section 9.508 in~~
11 ~~collateral in which a new debtor has or acquires rights]~~ is
12 subordinate to a security interest in the same collateral that is
13 perfected other than by such a filed financing statement ~~[that is~~
14 ~~effective solely under Section 9.508]~~.

15 (b) The other provisions of this subchapter determine the
16 priority among conflicting security interests in the same
17 collateral perfected by filed financing statements described in
18 Subsection (a) ~~[that are effective solely under Section 9.508]~~.
19 However, if the security agreements to which a new debtor became
20 bound as debtor were not entered into by the same original debtor,
21 the conflicting security interests rank according to priority in
22 time of the new debtor's having become bound.

23 SECTION 9. Section 9.406, Business & Commerce Code, is
24 amended by amending Subsections (e) and (f) and adding Subsection
25 (k) to read as follows:

26 (e) Subsection (d) does not apply to the sale of a payment
27 intangible or promissory note, other than a sale pursuant to a

1 disposition under Section 9.610 or an acceptance of collateral
2 under Section 9.620.

3 (f) Except as otherwise provided in Sections 2A.303 and
4 9.407, and subject to Subsections (h), ~~[and]~~ (i), and (k), a rule of
5 law, statute, or regulation that prohibits, restricts, or requires
6 the consent of a government, governmental body or official, or
7 account debtor to the assignment or transfer of, or creation of a
8 security interest in, an account or chattel paper is ineffective to
9 the extent that the rule of law, statute, or regulation:

10 (1) prohibits, restricts, or requires the consent of
11 the government, governmental body or official, or account debtor to
12 the assignment or transfer of, or the creation, attachment,
13 perfection, or enforcement of a security interest in, the account
14 or chattel paper; or

15 (2) provides that the assignment or transfer or the
16 creation, attachment, perfection, or enforcement of the security
17 interest may give rise to a default, breach, right of recoupment,
18 claim, defense, termination, right of termination, or remedy under
19 the account or chattel paper.

20 (k) An assignment under this section is subject to Section
21 466.410, Government Code.

22 SECTION 10. Subsection (b), Section 9.408, Business &
23 Commerce Code, is amended to read as follows:

24 (b) Subsection (a) applies to a security interest in a
25 payment intangible or promissory note only if the security interest
26 arises out of a sale of the payment intangible or promissory note,
27 other than a sale pursuant to a disposition under Section 9.610 or

1 an acceptance of collateral under Section 9.620.

2 SECTION 11. Subsection (c), Section 9.502, Business &
3 Commerce Code, is amended to read as follows:

4 (c) A record of a mortgage is effective, from the date of
5 recording, as a financing statement filed as a fixture filing or as
6 a financing statement covering as-extracted collateral or timber to
7 be cut only if:

8 (1) the record indicates the goods or accounts that it
9 covers;

10 (2) the goods are or are to become fixtures related to
11 the real property described in the record or the collateral is
12 related to the real property described in the record and is
13 as-extracted collateral or timber to be cut;

14 (3) the record satisfies the requirements for a
15 financing statement in this section, but:

16 (A) the record need not indicate ~~[other than an~~
17 ~~indication]~~ that it is to be filed in the real property records; and

18 (B) the record sufficiently provides the name of
19 a debtor who is an individual if it provides the individual name of
20 the debtor or the surname and first personal name of the debtor,
21 even if the debtor is an individual to whom Section 9.503(a)(4) or
22 (5) applies; and

23 (4) the record is duly recorded.

24 SECTION 12. Section 9.503, Business & Commerce Code, is
25 amended by amending Subsections (a) and (b) and adding Subsections
26 (f), (g), and (h) to read as follows:

27 (a) A financing statement sufficiently provides the name of

1 the debtor:

2 (1) except as otherwise provided in Subdivision (3),
3 if the debtor is a registered organization or the collateral is held
4 in a trust that is a registered organization, only if the financing
5 statement provides the name that is stated to be the registered
6 organization's name ~~[of the debtor indicated]~~ on the public organic
7 record most recently filed with or issued or enacted by ~~[debtor's~~
8 ~~formation documents that are filed of public record in]~~ the
9 registered organization's ~~[debtor's]~~ jurisdiction of organization
10 ~~[to create the registered organization and]~~ that purports to state,
11 amend, or restate the registered organization's ~~[show the debtor to~~
12 ~~have been organized, including any amendments to those documents~~
13 ~~for the express purpose of amending the debtor's]~~ name;

14 (2) subject to Subsection (f), if the collateral is
15 being administered by the personal representative of a decedent
16 ~~[debtor is a decedent's estate],~~ only if the financing statement
17 provides, as the name of the debtor, the name of the decedent and,
18 in a separate part of the financing statement, indicates that the
19 collateral is being administered by a personal representative
20 ~~[debtor is an estate];~~

21 (3) if the collateral ~~[debtor]~~ is held in a trust that
22 is not a registered organization ~~[or a trustee acting with respect~~
23 ~~to property held in trust],~~ only if the financing statement:

24 (A) provides, as the name of the debtor:

25 (i) if the organic record of the trust
26 specifies a name ~~[the name specified]~~ for the trust, the name so ~~[in~~
27 ~~its organic documents or, if no name is]~~ specified; or

1 (ii) if the organic record of the trust does
2 not specify a name for the trust, [provides] the name of the settlor
3 or testator [and additional information sufficient to distinguish
4 the debtor from other trusts having one or more of the same
5 settlers]; and

6 (B) in a separate part of the financing
7 statement:

8 (i) if the name is provided in accordance
9 with Paragraph (A)(i), indicates [, in the debtor's name or
10 otherwise,] that the collateral [debtor] is held in a trust; or

11 (ii) if the name is provided in accordance
12 with Paragraph (A)(ii), provides additional information sufficient
13 to distinguish the trust from other trusts having one or more of the
14 same settlors or the same testator and indicates that the
15 collateral is held in a trust, unless the additional information so
16 indicates [or is a trustee acting with respect to property held in
17 trust];

18 (4) subject to Subsection (g), if the debtor is an
19 individual to whom this state has issued a driver's license that has
20 not expired or to whom the agency of this state that issues driver's
21 licenses has issued, in lieu of a driver's license, a personal
22 identification card that has not expired, only[7] if the financing
23 statement provides the [individual's] name of the individual that
24 is indicated [shown] on the [individual's] driver's license or
25 personal identification card [certificate issued by the
26 individual's state of residence];

27 (5) if the debtor is an individual to whom Subdivision

1 (4) does not apply, only if the financing statement provides the
2 individual name of the debtor or the surname and first personal name
3 of the debtor; and

4 (6) ~~[(5)]~~ in other cases:

5 (A) if the debtor has a name, only if it ~~[the~~
6 ~~financing statement]~~ provides the ~~[individual or]~~ organizational
7 name of the debtor; and

8 (B) if the debtor does not have a name, only if it
9 ~~[the financing statement]~~ provides the names of the partners,
10 members, associates, or other persons comprising the debtor, in a
11 manner that each name provided would be sufficient if the person
12 named were the debtor.

13 (b) A financing statement that provides the name of the
14 debtor in accordance with Subsection (a) is not rendered
15 ineffective by the absence of:

16 (1) a trade name or other name of the debtor; or

17 (2) unless required under Subsection (a)(6)(B)
18 ~~[(a)(4)(B)]~~, names of partners, members, associates, or other
19 persons comprising the debtor.

20 (f) The name of the decedent indicated on the order
21 appointing the personal representative of the decedent issued by
22 the court having jurisdiction over the collateral is sufficient as
23 the "name of the decedent" under Subsection (a)(2).

24 (g) If this state has issued to an individual more than one
25 driver's license or, if none, more than one identification card, of
26 a kind described in Subsection (a)(4), the driver's license or
27 identification card, as applicable, that was issued most recently

is the one to which Subsection (a)(4) refers.

(h) The "name of the settlor or testator" means:

(1) if the settlor is a registered organization, the name of the registered organization indicated on the public organic record filed with or issued or enacted by the registered organization's jurisdiction of organization; or

(2) in other cases, the name of the settlor or testator indicated in the trust's organic record.

SECTION 13. Subsection (c), Section 9.507, Business & Commerce Code, is amended to read as follows:

(c) If the ~~[a debtor so changes its]~~ name that a filed financing statement provides for a debtor becomes insufficient as the name of the debtor under Section 9.503(a) so that the financing statement becomes seriously misleading under Section 9.506:

(1) the financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the filed financing statement becomes seriously misleading ~~[change]~~; and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the filed financing statement becomes seriously misleading ~~[change]~~, unless an amendment to the financing statement that renders the financing statement not seriously misleading is filed within four months after that event ~~[the change]~~.

SECTION 14. Subsection (f), Section 9.515, Business & Commerce Code, is amended to read as follows:

(f) If a debtor is a transmitting utility and a filed initial financing statement so indicates, the financing statement is effective until a termination statement is filed.

SECTION 15. Subsection (b), Section 9.516, Business & Commerce Code, is amended to read as follows:

(b) Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) the record is not communicated by a method or medium of communication authorized by the filing office;

(2) an amount equal to or greater than the applicable filing fee is not tendered;

(3) the filing office is unable to index the record because:

(A) in the case of an initial financing statement, the record does not provide a name for the debtor;

(B) in the case of an amendment or information ~~[correction]~~ statement, the record:

(i) does not identify the initial financing statement as required by Section 9.512 or 9.518, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under Section 9.515;

(C) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual that was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's surname ~~[last name]~~; or

1 (D) in the case of a record filed or recorded in
2 the filing office described in Section 9.501(a)(1), the record does
3 not provide the name of the debtor and a sufficient description of
4 the real property to which it relates;

5 (4) in the case of an initial financing statement or an
6 amendment that adds a secured party of record, the record does not
7 provide a name and mailing address for the secured party of record;

8 (5) in the case of an initial financing statement or an
9 amendment that provides a name of a debtor that was not previously
10 provided in the financing statement to which the amendment relates,
11 the record does not:

12 (A) provide a mailing address for the debtor;

13 (B) indicate whether the debtor is an individual
14 or an organization; or

15 (C) if the financing statement indicates that the
16 debtor is an organization, provide:

17 (i) a type of organization for the debtor;

18 (ii) a jurisdiction of organization for the
19 debtor; or

20 (iii) an organizational identification
21 number for the debtor or indicate that the debtor has none;

22 (6) in the case of an assignment reflected in an
23 initial financing statement under Section 9.514(a) or an amendment
24 filed under Section 9.514(b), the record does not provide a name and
25 mailing address for the assignee;

26 (7) in the case of a continuation statement, the
27 record is not filed within the six-month period prescribed by

1 Section 9.515(d); or

2 (8) the record is not on an industry standard form,
3 including a national standard form or a form approved by the
4 International Association of Commercial Administrators, adopted by
5 rule by the secretary of state.

6 SECTION 16. Section 9.518, Business & Commerce Code, is
7 amended to read as follows:

8 Sec. 9.518. CLAIM CONCERNING INACCURATE OR WRONGFULLY FILED
9 RECORD. (a) Any person named as a debtor or a secured party may
10 file an information [~~a correction~~] statement with respect to a
11 record if the person believes that the record is inaccurate or was
12 wrongfully filed.

13 (b) An information [~~A correction~~] statement must:

14 (1) identify the record to which it relates by the file
15 number assigned to the initial financing statement to which the
16 record relates;

17 (2) indicate that it is an information [~~a correction~~]
18 statement; and

19 (3) provide the basis for the person's belief that the
20 record is inaccurate and indicate the manner in which the person
21 believes the record should be amended to cure any inaccuracy or
22 provide the basis for the person's belief that the record was
23 wrongfully filed.

24 (c) The filing of an information [~~a correction~~] statement
25 does not affect the effectiveness of an initial financing statement
26 or other filed record.

27 (d) Filing of an information [~~a correction~~] statement is not

1 effective as an amendment to a filed financing statement and is not
2 sufficient to effect a change in the manner in which the filing
3 office has indexed a financing statement or information contained
4 in a financing statement.

5 SECTION 17. Subsection (b), Section 9.607, Business &
6 Commerce Code, is amended to read as follows:

7 (b) If necessary to enable a secured party to exercise under
8 Subsection (a)(3) the right of a debtor to enforce a mortgage
9 nonjudicially, the secured party may record in the office in which a
10 record of the mortgage is recorded:

11 (1) a copy of the security agreement that creates or
12 provides for a security interest in the obligation secured by the
13 mortgage; and

14 (2) the secured party's sworn affidavit in recordable
15 form stating that:

16 (A) a default has occurred with respect to the
17 obligation secured by the mortgage; and

18 (B) the secured party is entitled to enforce the
19 mortgage nonjudicially.

20 SECTION 18. Chapter 9, Business & Commerce Code, is amended
21 by adding Subchapter H to read as follows:

22 SUBCHAPTER H. TRANSITION PROVISIONS FOR 2013 AMENDMENTS

23 Sec. 9.801. EFFECTIVE DATE OF AMENDMENTS. (a) In this
24 subchapter, "2013 amendments" means the amendments to this chapter
25 enacted by the Act of the 82nd Legislature, Regular Session, 2011,
26 that enacted this subchapter.

27 (b) The 2013 amendments take effect July 1, 2013.

1 Sec. 9.802. SAVING CLAUSE. (a) Except as otherwise
2 provided in this subchapter, the 2013 amendments apply to a
3 transaction or lien within its scope, even if the transaction or
4 lien was entered into or created before July 1, 2013.

5 (b) The 2013 amendments do not affect an action, case, or
6 proceeding commenced before July 1, 2013.

7 Sec. 9.803. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE
8 DATE. (a) A security interest that is a perfected security
9 interest immediately before July 1, 2013, is a perfected security
10 interest under this chapter, as amended by the 2013 amendments, if,
11 when the 2013 amendments take effect, the applicable requirements
12 for attachment and perfection under this chapter, as amended by the
13 2013 amendments, are satisfied without further action.

14 (b) Except as otherwise provided in Section 9.805, if,
15 immediately before July 1, 2013, a security interest is a perfected
16 security interest, but the applicable requirements for perfection
17 under this chapter, as amended by the 2013 amendments, are not
18 satisfied when the 2013 amendments take effect, the security
19 interest remains perfected thereafter only if the applicable
20 requirements for perfection under this chapter, as amended by the
21 2013 amendments, are satisfied within one year after the 2013
22 amendments take effect.

23 Sec. 9.804. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE
24 DATE. A security interest that is an unperfected security interest
25 immediately before July 1, 2013, becomes a perfected security
26 interest:

27 (1) without further action, when the 2013 amendments

take effect if the applicable requirements for perfection under this chapter, as amended by the 2013 amendments, are satisfied before or at that time; or

(2) when the applicable requirements for perfection are satisfied if the requirements are satisfied after that time.

Sec. 9.805. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE. (a) The filing of a financing statement before the 2013 amendments take effect is effective to perfect a security interest to the extent the filing would satisfy the applicable requirements for perfection under this chapter, as amended by the 2013 amendments.

(b) The 2013 amendments do not render ineffective an effective financing statement that, before July 1, 2013, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in this chapter as it existed before amendment. However, except as otherwise provided in Subsections (c) and (d) and Section 9.806, the financing statement ceases to be effective:

(1) if the financing statement is filed in this state, at the time the financing statement would have ceased to be effective had the 2013 amendments not taken effect; or

(2) if the financing statement is filed in another jurisdiction, at the earlier of:

(A) the time the financing statement would have ceased to be effective under the law of that jurisdiction; or

(B) June 30, 2018.

(c) The filing of a continuation statement after the 2013

1 amendments take effect does not continue the effectiveness of the
2 financing statement filed before July 1, 2013. However, on the
3 timely filing of a continuation statement after the 2013 amendments
4 take effect and in accordance with the law of the jurisdiction
5 governing perfection as provided in this chapter, as amended by the
6 2013 amendments, the effectiveness of a financing statement filed
7 in the same office in that jurisdiction before the 2013 amendments
8 take effect continues for the period provided by the law of that
9 jurisdiction.

10 (d) Subsection (b)(2)(B) applies to a financing statement
11 that, before July 1, 2013, is filed against a transmitting utility
12 and satisfies the applicable requirements for perfection under the
13 law of the jurisdiction governing perfection as provided in this
14 chapter as it existed before amendment, only to the extent that this
15 chapter, as amended by the 2013 amendments, provides that the law of
16 a jurisdiction other than the jurisdiction in which the financing
17 statement is filed governs perfection of a security interest in
18 collateral covered by the financing statement.

19 (e) A financing statement that includes a financing
20 statement filed before the 2013 amendments take effect and a
21 continuation statement filed after the 2013 amendments take effect
22 is effective only to the extent that it satisfies the requirements
23 of Subchapter E, as amended by the 2013 amendments, for an initial
24 financing statement. A financing statement that indicates that the
25 debtor is a decedent's estate indicates that the collateral is
26 being administered by a personal representative within the meaning
27 of Section 9.503(a)(2), as amended by the 2013 amendments. A

1 financing statement that indicates that the debtor is a trust or is
2 a trustee acting with respect to property held in trust indicates
3 that the collateral is held in a trust within the meaning of Section
4 9.503(a)(3), as amended by the 2013 amendments.

5 Sec. 9.806. WHEN INITIAL FINANCING STATEMENT SUFFICES TO
6 CONTINUE EFFECTIVENESS OF FINANCING STATEMENT. (a) The filing of
7 an initial financing statement in the office specified in Section
8 9.501 continues the effectiveness of a financing statement filed
9 before July 1, 2013, if:

10 (1) the filing of an initial financing statement in
11 that office would be effective to perfect a security interest under
12 this chapter, as amended by the 2013 amendments;

13 (2) the pre-effective-date financing statement was
14 filed in an office in another state; and

15 (3) the initial financing statement satisfies
16 Subsection (c).

17 (b) The filing of an initial financing statement under
18 Subsection (a) continues the effectiveness of the
19 pre-effective-date financing statement:

20 (1) if the initial financing statement is filed before
21 July 1, 2013, for the period provided in unamended Section 9.515
22 with respect to an initial financing statement; and

23 (2) if the initial financing statement is filed after
24 the 2013 amendments take effect, for the period provided in Section
25 9.515, as amended by the 2013 amendments, with respect to an initial
26 financing statement.

27 (c) To be effective for purposes of Subsection (a), an

initial financing statement must:

(1) satisfy the requirements of Subchapter E, as amended by the 2013 amendments, for an initial financing statement;

(2) identify the pre-effective-date financing statement by indicating the office in which the financing statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of the most recent continuation statement filed with respect to the financing statement; and

(3) indicate that the pre-effective-date financing statement remains effective.

Sec. 9.807. AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING STATEMENT. (a) In this section, "pre-effective-date financing statement" means a financing statement filed before July 1, 2013.

(b) After the 2013 amendments take effect, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective-date financing statement only in accordance with the law of the jurisdiction governing perfection as provided in this chapter, as amended by the 2013 amendments. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed.

(c) Except as otherwise provided in Subsection (d), if the law of this state governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after the 2013 amendments take effect only if:

(1) the pre-effective-date financing statement and an

amendment are filed in the office specified in Section 9.501;

(2) an amendment is filed in the office specified in Section 9.501 concurrently with, or after the filing in that office of, an initial financing statement that satisfies Section 9.806(c); or

(3) an initial financing statement that provides the information as amended and satisfies Section 9.806(c) is filed in the office specified in Section 9.501.

(d) If the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under Sections 9.805(c) and (e) or Section 9.806.

(e) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in this state may be terminated after the 2013 amendments take effect by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies Section 9.806(c) has been filed in the office specified by the law of the jurisdiction governing perfection as provided in this chapter, as amended by the 2013 amendments, as the office in which to file a financing statement.

Sec. 9.808. PERSON ENTITLED TO FILE INITIAL FINANCING STATEMENT OR CONTINUATION STATEMENT. A person may file an initial financing statement or a continuation statement under this subchapter if:

(1) the secured party of record authorizes the filing;

1 and

2 (2) the filing is necessary under this subchapter:

3 (A) to continue the effectiveness of a financing
4 statement filed before July 1, 2013; or

5 (B) to perfect or continue the perfection of a
6 security interest.

7 Sec. 9.809. PRIORITY. The 2013 amendments determine the
8 priority of conflicting claims to collateral. However, if the
9 relative priorities of the claims were established before July 1,
10 2013, this chapter as it existed before amendment determines
11 priority.

12 SECTION 19. Chapter 11, Business & Commerce Code, is
13 repealed.

14 SECTION 20. This Act takes effect July 1, 2013.