

IN THE SENATE

SENATE BILL NO. 1307

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO SECURED TRANSACTIONS; AMENDING SECTION 28-9-102, IDAHO CODE, TO
2 REVISE DEFINITIONS, TO DEFINE TERMS AND TO MAKE TECHNICAL CORRECTIONS;
3 AMENDING SECTION 28-9-105, IDAHO CODE, TO REVISE CONTROL OF ELECTRONIC
4 CHATTEL PAPER AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION
5 28-9-307, IDAHO CODE, TO REVISE THE LOCATION OF CERTAIN REGISTERED
6 ORGANIZATIONS; AMENDING SECTION 28-9-311, IDAHO CODE, TO REVISE AN
7 EXCEPTION TO A FINANCING STATEMENT FILING REQUIREMENT AND TO MAKE TECH-
8 NICAL CORRECTIONS; AMENDING SECTION 28-9-316, IDAHO CODE, TO PROVIDE
9 FOR THE EFFECT ON A FILED FINANCING STATEMENT OF CHANGE IN GOVERNING LAW
10 AND FOR THE EFFECT OF CHANGE IN GOVERNING LAW ON A FINANCING STATEMENT
11 FILED AGAINST THE ORIGINAL DEBTOR AND TO MAKE TECHNICAL CORRECTIONS;
12 AMENDING SECTION 28-9-317, IDAHO CODE, TO REVISE TERMINOLOGY, TO REVISE
13 WHEN CERTAIN PERSONS TAKE FREE OF A SECURITY INTEREST IN CERTAIN COL-
14 LATERAL AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 28-9-326,
15 IDAHO CODE, TO REVISE WHEN A SECURITY INTEREST CREATED BY A NEW DEBTOR
16 IS SUBORDINATED AND TO REVISE AN EXCEPTION; AMENDING SECTION 28-9-406,
17 IDAHO CODE, TO REVISE THE APPLICATION OF CERTAIN TERMS RESTRICTING
18 CERTAIN ASSIGNMENTS AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SEC-
19 TION 28-9-408, IDAHO CODE, TO REVISE THE APPLICATION OF CERTAIN TERMS
20 RESTRICTING CERTAIN ASSIGNMENTS; AMENDING SECTION 28-9-502, IDAHO
21 CODE, TO REVISE WHEN THE RECORD OF A MORTGAGE IS EFFECTIVE AS A FINANC-
22 ING STATEMENT AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION
23 28-9-503, IDAHO CODE, TO REVISE THE SUFFICIENCY OF THE DEBTOR'S NAME ON
24 A FINANCING STATEMENT AND TO DEFINE A TERM; AMENDING SECTION 28-9-507,
25 IDAHO CODE, TO REVISE THE EFFECT WHEN A DEBTOR'S NAME BECOMES INSUFFI-
26 CIENT SO THAT THE FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING AND
27 TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 28-9-515, IDAHO CODE,
28 TO PROVIDE FOR THE EFFECTIVENESS OF A FILED INITIAL FINANCING STATEMENT
29 AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 28-9-516, IDAHO
30 CODE, TO REVISE GROUNDS FOR REFUSAL OF THE FILING OFFICE TO ACCEPT A
31 FILING AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 28-9-516A,
32 IDAHO CODE, TO REVISE PROVISIONS RELATING TO THE DUTIES OF A FILING OF-
33 FICER; AMENDING SECTION 28-9-518, IDAHO CODE, TO REVISE TERMINOLOGY AND
34 TO PROVIDE FOR THE FILING AND THE CONTENTS OF AN INFORMATION STATEMENT;
35 REPEALING SECTION 28-9-521, IDAHO CODE, RELATING TO UNIFORM FORM OF
36 WRITTEN FINANCING STATEMENT AND AMENDMENT; AMENDING CHAPTER 9, TITLE
37 28, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 28-9-521, IDAHO CODE, TO
38 PROVIDE FOR THE UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND AMEND-
39 MENT; AMENDING SECTION 28-9-607, IDAHO CODE, TO REVISE THE CONTENTS OF
40 A CERTAIN SECURED PARTY RECORDING AND TO MAKE TECHNICAL CORRECTIONS;
41 AMENDING CHAPTER 9, TITLE 28, IDAHO CODE, BY THE ADDITION OF A NEW PART
42 8, CHAPTER 9, TITLE 28, IDAHO CODE, TO PROVIDE A SAVINGS CLAUSE, TO PRO-
43 VIDE FOR SECURITY INTEREST PERFECTED BEFORE THE ACT'S EFFECTIVE DATE,
44 TO PROVIDE FOR SECURITY INTEREST UNPERFECTED BEFORE THE ACT'S EFFEC-

1 TIVE DATE, TO PROVIDE FOR THE EFFECTIVENESS OF ACTION TAKEN BEFORE THE
 2 ACT'S EFFECTIVE DATE, TO PROVIDE FOR WHEN THE INITIAL FINANCING STATE-
 3 MENT SUFFICES TO CONTINUE EFFECTIVENESS OF THE FINANCING STATEMENT, TO
 4 PROVIDE FOR AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING STATEMENT, TO
 5 PROVIDE FOR PERSONS ENTITLED TO FILE AN INITIAL FINANCING STATEMENT OR
 6 CONTINUATION STATEMENT AND TO PROVIDE FOR PRIORITY; AMENDING SECTION
 7 28-12-103, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO MAKE
 8 TECHNICAL CORRECTIONS; AND PROVIDING AN EFFECTIVE DATE.

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Section 28-9-102, Idaho Code, be, and the same is hereby
 11 amended to read as follows:

12 28-9-102. DEFINITIONS AND INDEX OF DEFINITIONS. (a) In this chapter:
 13 (1) "Accession" means goods that are physically united with other goods
 14 in such a manner that the identity of the original goods is not lost.
 15 (2) "Account," except as used in "account for," means a right to payment
 16 of a monetary obligation, whether or not earned by performance: (i) for
 17 property that has been or is to be sold, leased, licensed, assigned, or
 18 otherwise disposed of; (ii) for services rendered or to be rendered;
 19 (iii) for a policy of insurance issued or to be issued; (iv) for a sec-
 20 ondary obligation incurred or to be incurred; (v) for energy provided
 21 or to be provided; (vi) for the use or hire of a vessel under a charter
 22 or other contract; (vii) arising out of the use of a credit or charge
 23 card or information contained on or for use with the card; or (viii) as
 24 winnings in a lottery or other game of chance operated or sponsored by a
 25 state, governmental unit of a state, or a person licensed or authorized
 26 to operate the game by a state or governmental unit of a state. The term
 27 includes health care insurance receivables. The term does not include:
 28 (i) rights to payment evidenced by chattel paper or an instrument; (ii)
 29 commercial tort claims; (iii) deposit accounts; (iv) investment prop-
 30 erty; (v) letter of credit rights or letters of credit; or (vi) rights to
 31 payment for money or funds advanced or sold, other than rights arising
 32 out of the use of a credit or charge card or information contained on or
 33 for use with the card.
 34 (3) "Account debtor" means a person obligated on an account, chat-
 35 tel paper, or general intangible. The term does not include persons
 36 obligated to pay a negotiable instrument, even if the instrument con-
 37 stitutes part of chattel paper.
 38 (4) "Accounting," except as used in "accounting for," means a record:
 39 (A) authenticated by a secured party;
 40 (B) indicating the aggregate unpaid secured obligations as of a
 41 date not more than thirty-five (35) days earlier or thirty-five
 42 (35) days later than the date of the record; and
 43 (C) identifying the components of the obligations in reasonable
 44 detail.
 45 (5) "Agricultural lien" means an interest, other than a security inter-
 46 est, in farm products:
 47 (A) which secures payment or performance of an obligation for:

- 1 (i) goods or services furnished in connection with a
2 debtor's farming operation; or
3 (ii) rent on real property leased by a debtor in connection
4 with its farming operation;
- 5 (B) which is created by statute in favor of a person that:
6 (i) in the ordinary course of its business furnished goods
7 or services to a debtor in connection with a debtor's farming
8 operation; or
9 (ii) leased real property to a debtor in connection with the
10 debtor's farming operation; and
- 11 (C) whose effectiveness does not depend on the person's posses-
12 sion of the personal property.
- 13 (6) "As-extracted collateral" means:
14 (A) oil, gas, or other minerals that are subject to a security in-
15 terest that:
16 (i) is created by a debtor having an interest in the miner-
17 als before extraction; and
18 (ii) attaches to the minerals as extracted; or
19 (B) accounts arising out of the sale at the wellhead or minehead
20 of oil, gas, or other minerals in which the debtor had an interest
21 before extraction.
- 22 (7) "Authenticate" means:
23 (A) to sign; or
24 (B) ~~to execute or otherwise adopt a symbol, or encrypt or simi-~~
25 ~~larly process a record in whole or in part, with the present in-~~
26 ~~tent of the authenticating person to identify the person and adopt~~
27 ~~or accept a record~~ with the intent to adopt or accept a record,
28 to attach to or logically associate with the record an electronic
29 sound, symbol or process.
- 30 (8) "Bank" means an organization that is engaged in the business of
31 banking. The term includes savings banks, savings and loan associa-
32 tions, credit unions and trust companies.
- 33 (9) "Cash proceeds" means proceeds that are money, checks, deposit ac-
34 counts, or the like.
- 35 (10) "Certificate of title" means a certificate of title with respect to
36 which a statute provides for the security interest in question to be in-
37 dicated on the certificate as a condition or result of the security in-
38 terest's obtaining priority over the rights of a lien creditor with re-
39 spect to the collateral. The term includes another record maintained as
40 an alternative to a certificate of title by the governmental unit that
41 issues certificates of title if a statute permits the security interest
42 in question to be indicated on the record as a condition or result of the
43 security interest's obtaining priority over the rights of a lien credi-
44 tor with respect to the collateral.
- 45 (11) "Chattel paper" means a record or records that evidence both a mon-
46 etary obligation and a security interest in specific goods, a security
47 interest in specific goods and software used in the goods, a security
48 interest in specific goods and license of software used in the goods,
49 a lease of specific goods, or a lease of specific goods and license of
50 software used in the goods. In this paragraph, "monetary obligation"

1 means a monetary obligation secured by the goods or owed under a lease
2 of the goods and includes a monetary obligation with respect to software
3 used in the goods. The term does not include: (i) charters or other con-
4 tracts involving the use or hire of a vessel; or (ii) records that evi-
5 dence a right to payment arising out of the use of a credit or charge card
6 or information contained on or for use with the card. If a transaction
7 is evidenced by records that include an instrument or series of instru-
8 ments, the group of records taken together constitutes chattel paper.

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

11 (A) proceeds to which a security interest attaches;

12 (B) accounts, chattel paper, payment intangibles, and promissory
13 notes that have been sold; and

14 (C) goods that are the subject of a consignment.

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

17 (A) the claimant is an organization; or

18 (B) the claimant is an individual and the claim:

19 (i) arose in the course of the claimant's business or pro-
20 fession; and

21 (ii) does not include damages arising out of personal injury
22 to or the death of an individual.

23 (14) "Commodity account" means an account maintained by a commodity in-
24 termediary in which a commodity contract is carried for a commodity cus-
25 tomer.

26 (15) "Commodity contract" means a commodity futures contract, an option
27 on a commodity futures contract, a commodity option, or another con-
28 tract if the contract or option is:

29 (A) traded on or subject to the rules of a board of trade that has
30 been designated as a contract market for such a contract pursuant
31 to federal commodities laws; or

32 (B) traded on a foreign commodity board of trade, exchange, or
33 market, and is carried on the books of a commodity intermediary for
34 a commodity customer.

35 (16) "Commodity customer" means a person for which a commodity interme-
36 diary carries a commodity contract on its books.

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

38 (A) is registered as a futures commission merchant under federal
39 commodities law; or

40 (B) in the ordinary course of its business provides clearance or
41 settlement services for a board of trade that has been designated
42 as a contract market pursuant to federal commodities law.

43 (18) "Communicate" means:

44 (A) to send a written or other tangible record;

45 (B) to transmit a record by any means agreed upon by the persons
46 sending and receiving the record; or

47 (C) in the case of transmission of a record to or by a filing of-
48 fice, to transmit a record by any means prescribed by filing office
49 rule.

- 1 (19) "Consignee" means a merchant to which goods are delivered in a con-
2 signment.
- 3 (20) "Consignment" means a transaction, regardless of its form, in
4 which a person delivers goods to a merchant for the purpose of sale and:
5 (A) the merchant:
6 (i) deals in goods of that kind under a name other than the
7 name of the person making delivery;
8 (ii) is not an auctioneer; and
9 (iii) is not generally known by its creditors to be substan-
10 tially engaged in selling the goods of others;
11 (B) with respect to each delivery, the aggregate value of the
12 goods is one thousand dollars (\$1,000) or more at the time of de-
13 livery;
14 (C) the goods are not consumer goods immediately before delivery;
15 and
16 (D) the transaction does not create a security interest that se-
17 cures an obligation.
- 18 (21) "Consignor" means a person that delivers goods to a consignee in a
19 consignment.
- 20 (22) "Consumer debtor" means a debtor in a consumer transaction.
- 21 (23) "Consumer goods" means goods that are used or bought for use pri-
22 marily for personal, family or household purposes.
- 23 (24) "Consumer goods transaction" means a consumer transaction in
24 which:
25 (A) an individual incurs an obligation primarily for personal,
26 family or household purposes; and
27 (B) a security interest in consumer goods secures the obligation.
- 28 (25) "Consumer obligor" means an obligor who is an individual and who
29 incurred the obligation as part of a transaction entered into primarily
30 for personal, family or household purposes.
- 31 (26) "Consumer transaction" means a transaction in which: (i) an indi-
32 vidual incurs an obligation primarily for personal, family or household
33 purposes; (ii) a security interest secures the obligation; and (iii)
34 the collateral is held or acquired primarily for personal, family or
35 household purposes. The term includes consumer goods transactions.
- 36 (27) "Continuation statement" means an amendment of a financing state-
37 ment which:
38 (A) identifies, by its file number, the initial financing state-
39 ment to which it relates; and
40 (B) indicates that it is a continuation statement for, or that it
41 is filed to continue the effectiveness of, the identified financ-
42 ing statement.
- 43 (28) "Debtor" means:
44 (A) a person having an interest, other than a security interest
45 or other lien, in the collateral, whether or not the person is an
46 obligor;
47 (B) a seller of accounts, chattel paper, payment intangibles or
48 promissory notes; or
49 (C) a consignee.

1 (29) "Deposit account" means a demand, time, savings, passbook, or sim-
2 ilar account maintained with a bank. The term does not include invest-
3 ment property or accounts evidenced by an instrument.

4 (30) "Document" means a document of title or a receipt of the type de-
5 scribed in section 28-7-201(b), Idaho Code.

6 (31) "Electronic chattel paper" means chattel paper evidenced by a
7 record or records consisting of information stored in an electronic
8 medium.

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

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

14 (34) "Farm products" means goods, other than standing timber, with re-
15 spect to which the debtor is engaged in a farming operation and which
16 are:

17 (A) crops grown, growing, or to be grown, including:

18 (i) crops produced on trees, vines and bushes; and

19 (ii) aquatic goods produced in aquacultural operations;

20 (B) livestock, born or unborn, including aquatic goods produced
21 in aquacultural operations;

22 (C) supplies used or produced in a farming operation; or

23 (D) products of crops or livestock in their unmanufactured
24 states.

25 (35) "Farming operation" means raising, cultivating, propagating, fat-
26 tening, grazing, or any other farming, livestock, or aquacultural oper-
27 ation.

28 (36) "File number" means the number assigned to an initial financing
29 statement pursuant to section 28-9-519(a), Idaho Code.

30 (37) "Filing office" means an office designated in section 28-9-501,
31 Idaho Code, as the place to file a financing statement.

32 (38) "Filing office rule" means a rule adopted pursuant to section 28-9-
33 526, Idaho Code.

34 (39) "Financing statement" means a record or records composed of an ini-
35 tial financing statement and any filed record relating to the initial
36 financing statement.

37 (40) "Fixture filing" means the filing of a financing statement cov-
38 ering goods that are or are to become fixtures and satisfying section
39 28-9-502(a) and (b), Idaho Code. The term includes the filing of a fi-
40 nancing statement covering goods of a transmitting utility which are or
41 are to become fixtures.

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

44 (42) "General intangible" means any personal property, including
45 things in action, other than accounts, chattel paper, commercial tort
46 claims, deposit accounts, documents, goods, instruments, investment
47 property, letter of credit rights, letters of credit, money, and oil,
48 gas, or other minerals before extraction. The term includes payment
49 intangibles and software.

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

3 (44) "Goods" means all things that are movable when a security inter-
4 est attaches. The term includes: (i) fixtures; (ii) standing timber
5 that is to be cut and removed under a conveyance or contract for sale;
6 (iii) the unborn young of animals; (iv) crops grown, growing, or to be
7 grown, even if the crops are produced on trees, vines or bushes; and (v)
8 manufactured homes. The term also includes a computer program embed-
9 ded in goods and any supporting information provided in connection with
10 a transaction relating to the program if: (i) the program is associ-
11 ated with the goods in such a manner that it customarily is considered
12 part of the goods; or (ii) by becoming the owner of the goods, a person
13 acquires a right to use the program in connection with the goods. The
14 term does not include a computer program embedded in goods that consist
15 solely of the medium in which the program is embedded. The term also
16 does not include accounts, chattel paper, commercial tort claims, de-
17 posit accounts, documents, general intangibles, instruments, invest-
18 ment property, letter of credit rights, letters of credit, money, or
19 oil, gas, or other minerals before extraction.

20 (45) "Governmental unit" means a subdivision, agency, department,
21 county, parish, municipality, or other unit of the government of the
22 United States, a state, or a foreign country. The term includes an or-
23 ganization having a separate corporate existence if the organization is
24 eligible to issue debt on which interest is exempt from income taxation
25 under the laws of the United States.

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

29 (47) "Instrument" means a negotiable instrument or any other writing
30 that evidences a right to the payment of a monetary obligation, is not
31 itself a security agreement or lease, and is of a type that in the ordi-
32 nary course of business is transferred by delivery with any necessary
33 indorsement or assignment. The term does not include: (i) investment
34 property; (ii) letters of credit; or (iii) writings that evidence a
35 right to payment arising out of the use of a credit or charge card or
36 information contained on or for use with the card.

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

38 (A) are leased by a person as lessor;

39 (B) are held by a person for sale or lease or to be furnished under
40 a contract of service;

41 (C) are furnished by a person under a contract of service; or

42 (D) consist of raw materials, work in process, or materials used
43 or consumed in a business.

44 (49) "Investment property" means a security, whether certificated or
45 uncertificated, security entitlement, securities account, commodity
46 contract or commodity account.

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

1 (51) "Letter of credit right" means a right to payment or performance
2 under a letter of credit, whether or not the beneficiary has demanded or
3 is at the time entitled to demand payment or performance. The term does
4 not include the right of a beneficiary to demand payment or performance
5 under a letter of credit.

6 (52) "Lien creditor" means:

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

9 (B) an assignee for benefit of creditors from the time of assign-
10 ment;

11 (C) a trustee in bankruptcy from the date of the filing of the pe-
12 tition; or

13 (D) a receiver in equity from the time of appointment.

14 (53) "Manufactured home" means a structure, transportable in one (1) or
15 more sections, which, in the traveling mode, is eight (8) body feet or
16 more in width or forty (40) body feet or more in length, or, when erected
17 on site, is three hundred twenty (320) or more square feet, and which
18 is built on a permanent chassis and designed to be used as a dwelling
19 with or without a permanent foundation when connected to the required
20 utilities, and includes the plumbing, heating, air conditioning, and
21 electrical systems contained therein. The term includes any structure
22 that meets all of the requirements of this paragraph except the size re-
23 quirements and with respect to which the manufacturer voluntarily files
24 a certification required by the United States secretary of housing and
25 urban development and complies with the standards established under ti-
26 tle 42 of the United States Code.

27 (54) "Manufactured home transaction" means a secured transaction:

28 (A) that creates a purchase-money security interest in a manufac-
29 tured home, other than a manufactured home held as inventory; or

30 (B) in which a manufactured home, other than a manufactured home
31 held as inventory, is the primary collateral.

32 (55) "Mortgage" means a consensual interest in real property, including
33 fixtures, which secures payment or performance of an obligation.

34 (56) "New debtor" means a person that becomes bound as debtor under sec-
35 tion 28-9-203(d), Idaho Code, by a security agreement previously en-
36 tered into by another person.

37 (57) "New value" means: (i) money; (ii) money's worth in property, ser-
38 vices or new credit; or (iii) release by a transferee of an interest in
39 property previously transferred to the transferee. The term does not
40 include an obligation substituted for another obligation.

41 (58) "Noncash proceeds" means proceeds other than cash proceeds.

42 (59) "Obligor" means a person that, with respect to an obligation
43 secured by a security interest in or an agricultural lien on the col-
44 lateral: (i) owes payment or other performance of the obligation; (ii)
45 has provided property other than the collateral to secure payment or
46 other performance of the obligation; or (iii) is otherwise accountable
47 in whole or in part for payment or other performance of the obligation.
48 The term does not include issuers or nominated persons under a letter of
49 credit.

1 (60) "Original debtor," except as used in section 28-9-310(c), Idaho
2 Code, means a person that, as debtor, entered into a security agreement
3 to which a new debtor has become bound under section 28-9-203(d), Idaho
4 Code.

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

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

8 (A) the spouse of the individual;

9 (B) a brother, brother-in-law, sister, or sister-in-law of the
10 individual;

11 (C) an ancestor or lineal descendant of the individual or the in-
12 dividual's spouse; or

13 (D) any other relative, by blood or marriage, of the individual or
14 the individual's spouse who shares the same home with the individ-
15 ual.

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

17 (A) a person directly or indirectly controlling, controlled by,
18 or under common control with the organization;

19 (B) an officer or director of, or a person performing similar
20 functions with respect to, the organization;

21 (C) an officer or director of, or a person performing similar
22 functions with respect to, a person described in subparagraph (A)
23 of this paragraph;

24 (D) the spouse of an individual described in subparagraph (A), (B)
25 or (C) of this paragraph; or

26 (E) an individual who is related by blood or marriage to an indi-
27 vidual described in subparagraph (A), (B), (C) or (D) of this para-
28 graph and shares the same home with the individual.

29 (64) "Proceeds" means the following property:

30 (A) whatever is acquired upon the sale, lease, license, exchange
31 or other disposition of collateral;

32 (B) whatever is collected on, or distributed on account of, col-
33 lateral;

34 (C) rights arising out of collateral;

35 (D) to the extent of the value of collateral, claims arising out of
36 the loss, nonconformity, or interference with the use of, defects
37 or infringement of rights in, or damage to, the collateral; or

38 (E) to the extent of the value of collateral and to the extent
39 payable to the debtor or the secured party, insurance payable by
40 reason of the loss or nonconformity of, defects or infringement of
41 rights in, or damage to, the collateral.

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

46 (66) "Proposal" means a record authenticated by a secured party which
47 includes the terms on which the secured party is willing to accept col-
48 lateral in full or partial satisfaction of the obligation it secures
49 pursuant to sections 28-9-620, 28-9-621 and 28-9-622, Idaho Code.

1 (67) "Public-finance transaction" means a secured transaction in con-
2 nection with which:

3 (A) debt securities are issued;

4 (B) all or a portion of the securities issued have an initial
5 stated maturity of at least twenty (20) years; and

6 (C) the debtor, obligor, secured party, account debtor or other
7 person obligated on collateral, assignor or assignee of a secured
8 obligation, or assignor or assignee of a security interest is a
9 state or a governmental unit of a state.

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

12 (A) a record consisting of the record initially filed with or is-
13 issued by a state or the United States to form or organize an organ-
14 ization and any record filed with or issued by the state or the
15 United States which amends or restates the initial record;

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

21 (C) a record consisting of legislation enacted by the legislature
22 of a state or the congress of the United States which forms or or-
23 ganizes an organization, any record amending the legislation, and
24 any record filed with or issued by the state or United States which
25 amends or restates the name of the organization.

26 (69) "Pursuant to commitment," with respect to an advance made or other
27 value given by a secured party, means pursuant to the secured party's
28 obligation, whether or not a subsequent event of default or other event
29 not within the secured party's control has relieved or may relieve the
30 secured party from its obligation.

31 (6970) "Record," except as used in "for record," "of record," "record or
32 legal title," and "record owner," means information that is inscribed
33 on a tangible medium or which is stored in an electronic or other medium
34 and is retrievable in perceivable form.

35 (701) "Registered organization" means an organization formed or orga-
36 nized solely under the law of a single state or the United States and as
37 to which the state or the United States must maintain a public record
38 showing the organization to have been organized by the filing of a pub-
39 lic organic record with, the issuance of a public organic record by, or
40 the enactment of legislation by the state or United States. The term
41 includes a business trust that is formed or organized under the law of
42 a single state if a statute of the state governing business trusts re-
43 quires that the business trust's organic record be filed with the state.

44 (712) "Secondary obligor" means an obligor to the extent that:

45 (A) the obligor's obligation is secondary; or

46 (B) the obligor has a right of recourse with respect to an obliga-
47 tion secured by collateral against the debtor, another obligor, or
48 property of either.

49 (723) "Secured party" means:

1 (A) a person in whose favor a security interest is created or pro-
2 vided for under a security agreement, whether or not any obliga-
3 tion to be secured is outstanding;

4 (B) a person that holds an agricultural lien;

5 (C) a consignor;

6 (D) a person to which accounts, chattel paper, payment intangi-
7 bles or promissory notes have been sold;

8 (E) a trustee, indenture trustee, agent, collateral agent, or
9 other representative in whose favor a security interest or agri-
10 cultural lien is created or provided for; or

11 (F) a person that holds a security interest arising under sec-
12 tion 28-2-401, 28-2-505, 28-2-711(3), 28-4-210, 28-5-120 or
13 28-12-508(5), Idaho Code.

14 (734) "Security agreement" means an agreement that creates or provides
15 for a security interest.

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

17 (A) to deposit in the mail, deliver for transmission, or trans-
18 mit by any other usual means of communication, with postage or cost
19 of transmission provided for, addressed to any address reasonable
20 under the 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 sub-
23 paragraph (A) of this paragraph.

24 (756) "Software" means a computer program and any supporting informa-
25 tion provided in connection with a transaction relating to the program.
26 The term does not include a computer program that is included in the def-
27 inition of goods.

28 (767) "State" means a state of the United States, the District of Colum-
29 bia, Puerto Rico, the United States Virgin Islands, or any territory or
30 insular possession subject to the jurisdiction of the United States.

31 (778) "Supporting obligation" means a letter of credit right or sec-
32 ondary obligation that supports the payment or performance of an ac-
33 count, chattel paper, a document, a general intangible, an instrument
34 or investment property.

35 (789) "Tangible chattel paper" means chattel paper evidenced by a
36 record or records consisting of information that is inscribed on a tan-
37 gible medium.

38 (7980) "Termination statement" means an amendment of a financing state-
39 ment which:

40 (A) identifies, by its file number, the initial financing state-
41 ment to which it relates; and

42 (B) indicates either that it is a termination statement or that
43 the identified financing statement is no longer effective.

44 (801) "Transmitting utility" means a person primarily engaged in the
45 business of:

46 (A) operating a railroad, subway, street railway, or trolley bus;

47 (B) transmitting communications electrically, electromagneti-
48 cally or by light;

49 (C) transmitting goods by pipeline or sewer; or

1 (D) transmitting or producing and transmitting electricity,
2 steam, gas or water.

3 (b) "Control" as provided in section 28-7-106, Idaho Code, and the fol-
4 lowing definitions in other chapters apply to this chapter:

5 "Applicant" section 28-5-102, Idaho Code.
6 "Beneficiary" section 28-5-102, Idaho Code.
7 "Broker" section 28-8-102, Idaho Code.
8 "Certificated security" section 28-8-102, Idaho Code.
9 "Check" section 28-3-104, Idaho Code.
10 "Clearing corporation" section 28-8-102, Idaho Code.
11 "Contract for sale" section 28-2-106, Idaho Code.
12 "Customer" section 28-4-104, Idaho Code.
13 "Entitlement holder" section 28-8-102, Idaho Code.
14 "Financial asset" section 28-8-102, Idaho Code.
15 "Holder in due course" section 28-3-302, Idaho Code.
16 "Issuer" (with respect to a letter of credit
17 or letter of credit right) section 28-5-102, Idaho Code.
18 "Issuer" (with respect to a security) section 28-8-201, Idaho Code.
19 "Issuer" (with respect to documents
20 of title) section 28-7-102, Idaho Code.
21 "Lease" section 28-12-103, Idaho Code.
22 "Lease agreement" section 28-12-103, Idaho Code.
23 "Lease contract" section 28-12-103, Idaho Code.
24 "Leasehold interest" section 28-12-103, Idaho Code.
25 "Lessee" section 28-12-103, Idaho Code.
26 "Lessee in ordinary course of business" section 28-12-103, Idaho Code.
27 "Lessor" section 28-12-103, Idaho Code.
28 "Lessor's residual interest" section 28-12-103, Idaho Code.
29 "Letter of credit" section 28-5-102, Idaho Code.
30 "Merchant" section 28-2-104, Idaho Code.
31 "Negotiable instrument" section 28-3-104, Idaho Code.
32 "Nominated person" section 28-5-102, Idaho Code.
33 "Note" section 28-3-104, Idaho Code.
34 "Proceeds of a letter of credit" section 28-5-114, Idaho Code.
35 "Prove" section 28-3-103, Idaho Code.
36 "Sale" section 28-2-106, Idaho Code.
37 "Securities account" section 28-8-501, Idaho Code.
38 "Securities intermediary" section 28-8-102, Idaho Code.
39 "Security" section 28-8-102, Idaho Code.
40 "Security certificate" section 28-8-102, Idaho Code.
41 "Security entitlement" section 28-8-102, Idaho Code.
42 "Uncertificated security" section 28-8-102, Idaho Code.

43 (c) Chapter 1, title 28, contains general definitions and principles of
44 construction and interpretation applicable throughout this chapter.

45 SECTION 2. That Section 28-9-105, Idaho Code, be, and the same is hereby
46 amended to read as follows:

47 28-9-105. CONTROL OF ELECTRONIC CHATTEL PAPER. (a) A secured party has
48 control of electronic chattel paper if a system employed for evidencing the

1 transfer of interests in the chattel paper reliably establishes the secured
 2 party as the person to which the chattel paper was assigned.

3 (b) A system satisfies subsection (a) of this section, and a secured
 4 party has control of electronic chattel paper, if the record or records com-
 5 prising the chattel paper are created, stored and assigned in such a manner
 6 that:

7 (1) A single authoritative copy of the record or records exists which is
 8 unique, identifiable and, except as otherwise provided in ~~subsections~~
 9 paragraphs (4), (5) and (6) of this subsection, unalterable;

10 (2) The authoritative copy identifies the secured party as the assignee
 11 of the record or records;

12 (3) The authoritative copy is communicated to and maintained by the se-
 13 cured party or its designated custodian;

14 (4) Copies or ~~revisions~~ amendments that add or change an identified as-
 15 signee of the authoritative copy can be made only with the ~~participation~~
 16 consent of the secured party;

17 (5) Each copy of the authoritative copy and any copy of a copy is readily
 18 identifiable as a copy that is not the authoritative copy; and

19 (6) Any ~~revision~~ amendment of the authoritative copy is readily identi-
 20 fiable as ~~an~~ authorized or unauthorized ~~revision~~.

21 SECTION 3. That Section 28-9-307, Idaho Code, be, and the same is hereby
 22 amended to read as follows:

23 28-9-307. LOCATION OF DEBTOR. (a) In this section, "place of business"
 24 means a place where a debtor conducts its affairs.

25 (b) Except as otherwise provided in this section, the following rules
 26 determine a debtor's location:

27 (1) A debtor who is an individual is located at the individual's princi-
 28 pal residence.

29 (2) A debtor that is an organization and has only one (1) place of busi-
 30 ness is located at its place of business.

31 (3) A debtor that is an organization and has more than one (1) place of
 32 business is located at its chief executive office.

33 (c) Subsection (b) of this section applies only if a debtor's res-
 34 idence, place of business, or chief executive office, as applicable, is
 35 located in a jurisdiction whose law generally requires information concern-
 36 ing the existence of a nonpossessory security interest to be made generally
 37 available in a filing, recording or registration system as a condition or re-
 38 sult of the security interest's obtaining priority over the rights of a lien
 39 creditor with respect to the collateral. If subsection (b) of this section
 40 does not apply, the debtor is located in the District of Columbia.

41 (d) A person that ceases to exist, have a residence, or have a place of
 42 business continues to be located in the jurisdiction specified by subsec-
 43 tions (b) and (c) of this section.

44 (e) A registered organization that is organized under the law of a state
 45 is located in that state.

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

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

3 (2) In the state that the registered organization, branch or agency
4 designates, if the law of the United States authorizes the registered
5 organization, branch or agency to designate its state of location, in-
6 cluding by designating its main office, home office or other comparable
7 office; or

8 (3) In the District of Columbia, if neither paragraph (1) nor paragraph
9 (2) of this subsection applies.

10 (g) A registered organization continues to be located in the jurisdic-
11 tion specified by subsection (e) or (f) of this section notwithstanding:

12 (1) The suspension, revocation, forfeiture or lapse of the registered
13 organization's status as such in its jurisdiction of organization; or

14 (2) The dissolution, winding up, or cancellation of the existence of
15 the registered organization.

16 (h) The United States is located in the District of Columbia.

17 (i) A branch or agency of a bank that is not organized under the law of
18 the United States or a state is located in the state in which the branch or
19 agency is licensed, if all branches and agencies of the bank are licensed in
20 only one (1) state.

21 (j) A foreign air carrier under the federal aviation act of 1958, as
22 amended, is located at the designated office of the agent upon which service
23 of process may be made on behalf of the carrier.

24 (k) This section applies only for purposes of this part.

25 SECTION 4. That Section 28-9-311, Idaho Code, be, and the same is hereby
26 amended to read as follows:

27 28-9-311. PERFECTION OF SECURITY INTERESTS IN PROPERTY SUBJECT TO
28 CERTAIN STATUTES, REGULATIONS AND TREATIES. (a) Except as otherwise pro-
29 vided in subsection (d) of this section, the filing of a financing statement
30 is not necessary or effective to perfect a security interest in property
31 subject to:

32 (1) A statute, regulation or treaty of the United States whose require-
33 ments for a security interest's obtaining priority over the rights of a
34 lien creditor with respect to the property preempt section 28-9-310 (a),
35 Idaho Code;

36 (2) Section 49-510, Idaho Code; or

37 (3) ~~A certificate of title~~ statute of another jurisdiction which pro-
38 vides for a security interest to be indicated on ~~the~~ a certificate of ti-
39 tle as a condition or result of the security interest's obtaining prior-
40 ity over the rights of a lien creditor with respect to the property.

41 (b) Compliance with the requirements of a statute, regulation or treaty
42 described in subsection (a) of this section for obtaining priority over the
43 rights of a lien creditor is equivalent to the filing of a financing state-
44 ment under this chapter. Except as otherwise provided in subsection (d) of
45 this section and sections 28-9-313 and 28-9-316(d) and (e), Idaho Code, for
46 goods covered by a certificate of title, a security interest in property sub-
47 ject to a statute, regulation or treaty described in subsection (a) of this
48 section may be perfected only by compliance with those requirements, and a

1 security interest so perfected remains perfected notwithstanding a change
2 in the use or transfer of possession of the collateral.

3 (c) Except as otherwise provided in subsection (d) of this section and
4 section 28-9-316(d) and (e), Idaho Code, duration and renewal of perfection
5 of a security interest perfected by compliance with the requirements pre-
6 scribed by a statute, regulation or treaty described in subsection (a) of
7 this section are governed by the statute, regulation or treaty. In other re-
8 spects, the security interest is subject to this chapter.

9 (d) During any period in which collateral subject to a statute speci-
10 fied in subsection (a) (2) of this section is inventory held for sale or lease
11 by a person or leased by that person as lessor and that person is in the busi-
12 ness of selling or leasing goods of that kind, this section does not apply to
13 a security interest in that collateral created by that person as debtor.

14 SECTION 5. That Section 28-9-316, Idaho Code, be, and the same is hereby
15 amended to read as follows:

16 28-9-316. ~~CONTINUED PERFECTION OF SECURITY INTEREST FOLLOWING EFFECT~~
17 ~~OF CHANGE IN GOVERNING LAW.~~ (a) A security interest perfected pursuant to the
18 law of the jurisdiction designated in section 28-9-301(1) or 28-9-305(c), l
19 Idaho Code, remains perfected until the earliest of:

20 (1) The time perfection would have ceased under the law of that juris-
21 diction;

22 (2) The expiration of four (4) months after a change of the debtor's lo-
23 cation to another jurisdiction; or

24 (3) The expiration of one (1) year after a transfer of collateral to a
25 person that thereby becomes a debtor and is located in another jurisdic-
26 tion.

27 (b) If a security interest described in subsection (a) of this section
28 becomes perfected under the law of the other jurisdiction before the earli-
29 est time or event described in that subsection, it remains perfected there-
30 after. If the security interest does not become perfected under the law of
31 the other jurisdiction before the earliest time or event, it becomes unper-
32 fected and is deemed never to have been perfected as against a purchaser of
33 the collateral for value.

34 (c) A possessory security interest in collateral, other than goods
35 covered by a certificate of title and as-extracted collateral consisting of
36 goods, remains continuously perfected if:

37 (1) The collateral is located in one (1) jurisdiction and subject to a
38 security interest perfected under the law of that jurisdiction;

39 (2) Thereafter the collateral is brought into another jurisdiction;
40 and

41 (3) Upon entry into the other jurisdiction, the security interest is
42 perfected under the law of the other jurisdiction.

43 (d) Except as otherwise provided in subsection (e) of this section, a
44 security interest in goods covered by a certificate of title which is per-
45 fected by any method under the law of another jurisdiction when the goods be-
46 come covered by a certificate of title from this state remains perfected un-
47 til the security interest would have become unperfected under the law of the
48 other jurisdiction had the goods not become so covered.

1 (e) A security interest described in subsection (d) of this section be-
2 comes unperfected as against a purchaser of the goods for value and is deemed
3 never to have been perfected as against a purchaser of the goods for value
4 if the applicable requirements for perfection under section 28-9-311(b) or
5 28-9-313, Idaho Code, are not satisfied before the earlier of:

6 (1) The time the security interest would have become unperfected under
7 the law of the other jurisdiction had the goods not become covered by a
8 certificate of title from this state; or

9 (2) The expiration of four (4) months after the goods had become so cov-
10 ered.

11 (f) A security interest in deposit accounts, letter of credit rights,
12 or investment property which is perfected under the law of the bank's juris-
13 diction, the issuer's jurisdiction, a nominated person's jurisdiction, the
14 securities intermediary's jurisdiction, or the commodity intermediary's
15 jurisdiction, as applicable, remains perfected until the earlier of:

16 (1) The time the security interest would have become unperfected under
17 the law of that jurisdiction; or

18 (2) The expiration of four (4) months after a change of the applicable
19 jurisdiction to another jurisdiction.

20 (g) If a security interest described in subsection (f) of this section
21 becomes perfected under the law of the other jurisdiction before the earlier
22 of the time or the end of the period described in that subsection, it remains
23 perfected thereafter. If the security interest does not become perfected
24 under the law of the other jurisdiction before the earlier of that time or the
25 end of that period, it becomes unperfected and is deemed never to have been
26 perfected as against a purchaser of the collateral for value.

27 (h) The following rules apply to collateral to which a security inter-
28 est attaches within four (4) months after the debtor changes its location to
29 another jurisdiction:

30 (1) A financing statement filed before the change pursuant to the law
31 of the jurisdiction designated in section 28-9-301(1) or 28-9-305(c),
32 Idaho Code, is effective to perfect a security interest in the collat-
33 eral if the financing statement would have been effective to perfect a
34 security interest in the collateral if the debtor had not changed its
35 location.

36 (2) If a security interest that is perfected by a financing state-
37 ment that is effective under paragraph (1) of this subsection becomes
38 perfected under the law of the other jurisdiction before the earlier
39 of the time the financing statement would have become ineffective un-
40 der the law of the jurisdiction designated in section 28-9-301(1) or
41 28-9-305(c), Idaho Code, or the expiration of the four (4) month period,
42 it remains perfected thereafter. If the security interest does not
43 become perfected under the law of the other jurisdiction before the ear-
44 lier time or event, it becomes unperfected and is deemed never to have
45 been perfected as against a purchaser of the collateral for value.

46 (i) If a financing statement naming an original debtor is filed pur-
47 suant to the law of the jurisdiction designated in section 28-9-301(1) or
48 28-9-305(c), Idaho Code, and the new debtor is located in another jurisdic-
49 tion, the following rules apply:

1 (1) The financing statement is effective to perfect a security interest
 2 in collateral in which the new debtor has or acquires rights before or
 3 within four (4) months after the new debtor becomes bound under section
 4 28-9-203(d), Idaho Code, if the financing statement would have been ef-
 5 fective to perfect a security interest in the collateral if the collat-
 6 eral had been acquired by the original debtor.

7 (2) A security interest that is perfected by the financing statement
 8 and that becomes perfected under the law of the other jurisdiction
 9 before the earlier of the expiration of the four (4) month period or
 10 the time the financing statement would have become ineffective un-
 11 der the law of the jurisdiction designated in section 28-9-301(1) or
 12 28-9-305(c), Idaho Code, remains perfected thereafter. A security in-
 13 terest that is perfected by the financing statement but that does not
 14 become perfected under the law of the other jurisdiction before the ear-
 15 lier time or event becomes unperfected and is deemed never to have been
 16 perfected as against a purchaser of the collateral for value.

17 SECTION 6. That Section 28-9-317, Idaho Code, be, and the same is hereby
 18 amended to read as follows:

19 28-9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF SECURITY
 20 INTEREST OR AGRICULTURAL LIEN. (a) A security interest or agricultural lien
 21 is subordinate to the rights of:

22 (1) A person entitled to priority under section 28-9-322, Idaho Code;
 23 and

24 (2) Except as otherwise provided in subsection (e) of this section, a
 25 person that becomes a lien creditor before the earlier of the time:

26 (A) the security interest or agricultural lien is perfected; or

27 (B) one (1) of the conditions specified in section 28-9-
 28 203(b) (3), Idaho Code, is met and a financing statement covering
 29 the collateral is filed.

30 (b) Except as otherwise provided in subsection (e) of this section, a
 31 buyer, other than a secured party, of tangible chattel paper, tangible docu-
 32 ments, goods, instruments or a certificated security certificate takes free
 33 of a security interest or agricultural lien if the buyer gives value and re-
 34 ceives delivery of the collateral without knowledge of the security interest
 35 or agricultural lien and before it is perfected.

36 (c) Except as otherwise provided in subsection (e) of this section, a
 37 lessee of goods takes free of a security interest or agricultural lien if the
 38 lessee gives value and receives delivery of the collateral without knowledge
 39 of the security interest or agricultural lien and before it is perfected.

40 (d) A licensee of a general intangible or a buyer, other than a secured
 41 party, of ~~accounts, electronic chattel paper, electronic documents, general~~
 42 ~~intangibles, or investment property collateral~~ other than tangible chattel
 43 paper, tangible documents, goods, instruments or a certificated security
 44 takes free of a security interest if the licensee or buyer gives value with-
 45 out knowledge of the security interest and before it is perfected.

46 (e) Except as otherwise provided in sections 28-9-320 and 28-9-321,
 47 Idaho Code, if a person files a financing statement with respect to a pur-
 48 chase-money security interest before or within twenty (20) days after the
 49 debtor receives delivery of the collateral, the security interest takes

1 priority over the rights of a buyer, lessee, or lien creditor which arise
2 between the time the security interest attaches and the time of filing.

3 SECTION 7. That Section 28-9-326, Idaho Code, be, and the same is hereby
4 amended to read as follows:

5 28-9-326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW DEBTOR. (a)
6 Subject to subsection (b) of this section, a security interest that is cre-
7 ated by a new debtor which is in collateral in which the new debtor has or
8 acquires rights and perfected by a filed financing statement that is effec-
9 tive solely under section 28-9-508 in collateral in which a new debtor has
10 or acquires rights would be ineffective to perfect the security interest but
11 for the application of sections 28-9-316(i) (1) and 28-9-508, Idaho Code, is
12 subordinate to a security interest in the same collateral which is perfected
13 other than by such a filed financing statement that is effective solely under
14 section 28-9-508.

15 (b) The other provisions of this part determine the priority among
16 conflicting security interests in the same collateral perfected by filed
17 financing statements that are effective solely under section 28-9-508
18 described in subsection (a) of this section. However, if the security agree-
19 ments to which a new debtor became bound as debtor were not entered into by
20 the same original debtor, the conflicting security interests rank according
21 to priority in time of the new debtor's having become bound.

22 SECTION 8. That Section 28-9-406, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 28-9-406. DISCHARGE OF ACCOUNT DEBTOR -- NOTIFICATION OF ASSIGNMENT
25 -- IDENTIFICATION AND PROOF OF ASSIGNMENT -- RESTRICTIONS ON ASSIGNMENT OF
26 ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES AND PROMISSORY NOTES INEFFECTIVE. (a) Subject to subsections (b) through (i) of this section, an account
27 debtor on an account, chattel paper or a payment intangible may discharge its
28 obligation by paying the assignor until, but not after, the account debtor
29 receives a notification, authenticated by the assignor or the assignee, that
30 the amount due or to become due has been assigned and that payment is to be
31 made to the assignee. After receipt of the notification, the account debtor
32 may discharge its obligation by paying the assignee and may not discharge the
33 obligation by paying the assignor.

34 (b) Subject to subsection (h) of this section, notification is ineffec-
35 tive under subsection (a) of this section:

36 (1) If it does not reasonably identify the rights assigned;

37 (2) To the extent that an agreement between an account debtor and a
38 seller of a payment intangible limits the account debtor's duty to pay a
39 person other than the seller and the limitation is effective under law
40 other than this chapter; or

41 (3) At the option of an account debtor, if the notification notifies the
42 account debtor to make less than the full amount of any installment or
43 other periodic payment to the assignee, even if:

44 (A) only a portion of the account, chattel paper or payment intan-
45 gible has been assigned to that assignee;

46 (B) a portion has been assigned to another assignee; or
47

1 (C) the account debtor knows that the assignment to that assignee
2 is limited.

3 (c) Subject to subsection (h) of this section, if requested by the ac-
4 count debtor, an assignee shall seasonably furnish reasonable proof that the
5 assignment has been made. Unless the assignee complies, the account debtor
6 may discharge its obligation by paying the assignor, even if the account
7 debtor has received a notification under subsection (a) of this section.

8 (d) Except as otherwise provided in subsection (e) of this section and
9 sections 28-9-407 and 28-12-303, Idaho Code, and subject to subsection (h)
10 of this section, a term in an agreement between an account debtor and an as-
11 signor or in a promissory note is ineffective to the extent that it:

12 (1) Prohibits, restricts or requires the consent of the account debtor
13 or person obligated on the promissory note to the assignment or trans-
14 fer of, or the creation, attachment, perfection or enforcement of a se-
15 curity interest in, the account, chattel paper, payment intangible or
16 promissory note; or

17 (2) Provides that the assignment or transfer or the creation, attach-
18 ment, perfection, or enforcement of the security interest may give rise
19 to a default, breach, right of recoupment, claim, defense, termination,
20 right of termination, or remedy under the account, chattel paper, pay-
21 ment intangible or promissory note.

22 (e) Subsection (d) of this section does not apply to the sale of a pay-
23 ment intangible or promissory note, other than a sale pursuant to a disposi-
24 tion under section 28-9-610, Idaho Code, or an acceptance of collateral un-
25 der section 28-9-620, Idaho Code.

26 (f) Except as otherwise provided in sections 28-9-407 and 28-12-303,
27 Idaho Code, and subject to subsections (h) and (i) of this section, a rule of
28 law, statute, rule or regulation that prohibits, restricts, or requires the
29 consent of a government, governmental body or official, or account debtor
30 to the assignment or transfer of, or creation of a security interest in, an
31 account or chattel paper is ineffective to the extent that the rule of law,
32 statute, rule or regulation:

33 (1) Prohibits, restricts or requires the consent of the government,
34 governmental body or official, or account debtor to the assignment or
35 transfer of, or the creation, attachment, perfection, or enforcement of
36 a security interest in the account or chattel paper; or

37 (2) Provides that the assignment or transfer or the creation, attach-
38 ment, perfection or enforcement of the security interest may give rise
39 to a default, breach, right of recoupment, claim, defense, termination,
40 right of termination or remedy under the account or chattel paper.

41 (g) Subject to subsection (h) of this section, an account debtor may not
42 waive or vary its option under subsection (b) (3) of this section.

43 (h) This section is subject to law other than this chapter which estab-
44 lishes a different rule for an account debtor who is an individual and who in-
45 curred the obligation primarily for personal, family or household purposes.

46 (i) This section does not apply to an assignment of a health care insur-
47 ance receivable, an award of compensation made pursuant to the crime victims
48 compensation act, chapter 10, title 72, Idaho Code, or a lottery prize sub-
49 ject to the provisions of chapter 74, title 67, Idaho Code.

1 SECTION 9. That Section 28-9-408, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 28-9-408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY NOTES, HEALTH CARE
4 INSURANCE RECEIVABLES, AND CERTAIN GENERAL INTANGIBLES INEFFECTIVE. (a)
5 Except as otherwise provided in subsection (b) of this section, a term in a
6 promissory note or in an agreement between an account debtor and a debtor
7 which relates to a health care insurance receivable or a general intangi-
8 ble, including a contract, permit, license, or franchise, and which term
9 prohibits, restricts, or requires the consent of the person obligated on
10 the promissory note or the account debtor to, the assignment or transfer
11 of, or creation, attachment, or perfection of a security interest in, the
12 promissory note, health care insurance receivable, or general intangible,
13 is ineffective to the extent that the term:

14 (1) Would impair the creation, attachment or perfection of a security
15 interest; or

16 (2) Provides that the assignment or transfer or the creation, attach-
17 ment, or perfection of the security interest may give rise to a default,
18 breach, right of recoupment, claim, defense, termination, right of ter-
19 mination, or remedy under the promissory note, health care insurance
20 receivable, or general intangible.

21 (b) Subsection (a) of this section applies to a security interest in a
22 payment intangible or promissory note only if the security interest arises
23 out of a sale of the payment intangible or promissory note, other than a sale
24 pursuant to a disposition under section 28-9-610, Idaho Code, or an accep-
25 tance of collateral under section 28-9-620, Idaho Code.

26 (c) A rule of law, statute, rule or regulation that prohibits, re-
27 stricts, or requires the consent of a government, governmental body or
28 official, person obligated on a promissory note, or account debtor to the as-
29 signment or transfer of, or creation of a security interest in, a promissory
30 note, health care insurance receivable, or general intangible, including
31 a contract, permit, license, or franchise between an account debtor and a
32 debtor, is ineffective to the extent that the rule of law, statute or regu-
33 lation:

34 (1) Would impair the creation, attachment or perfection of a security
35 interest; or

36 (2) Provides that the assignment or transfer or the creation, attach-
37 ment, or perfection of the security interest may give rise to a default,
38 breach, right of recoupment, claim, defense, termination, right of ter-
39 mination, or remedy under the promissory note, health care insurance
40 receivable, or general intangible.

41 (d) To the extent that a term in a promissory note or in an agreement be-
42 tween an account debtor and a debtor which relates to a health care insurance
43 receivable or general intangible or a rule of law, statute or regulation de-
44 scribed in subsection (c) of this section would be effective under law other
45 than this chapter but is ineffective under subsection (a) or (c) of this sec-
46 tion, the creation, attachment, or perfection of a security interest in the
47 promissory note, health care insurance receivable, or general intangible:

48 (1) Is not enforceable against the person obligated on the promissory
49 note or the account debtor;

1 (2) Does not impose a duty or obligation on the person obligated on the
2 promissory note or the account debtor;

3 (3) Does not require the person obligated on the promissory note or the
4 account debtor to recognize the security interest, pay or render per-
5 formance to the secured party, or accept payment or performance from the
6 secured party;

7 (4) Does not entitle the secured party to use or assign the debtor's
8 rights under the promissory note, health care insurance receivable,
9 or general intangible, including any related information or materials
10 furnished to the debtor in the transaction giving rise to the promissory
11 note, health care insurance receivable, or general intangible;

12 (5) Does not entitle the secured party to use, assign, possess, or have
13 access to any trade secrets or confidential information of the person
14 obligated on the promissory note or the account debtor; and

15 (6) Does not entitle the secured party to enforce the security inter-
16 est in the promissory note, health care insurance receivable, or gen-
17 eral intangible.

18 SECTION 10. That Section 28-9-502, Idaho Code, be, and the same is
19 hereby amended to read as follows:

20 28-9-502. CONTENTS OF FINANCING STATEMENT -- RECORD OF MORTGAGE AS
21 FINANCING STATEMENT -- TIME OF FILING FINANCING STATEMENT -- FARM PROD-
22 UCTS. (a) Subject to subsection (b) of this section, a financing statement
23 is sufficient only if it:

24 (1) Provides the name of the debtor;

25 (2) Provides the name of the secured party or a representative of the
26 secured party; and

27 (3) Indicates the collateral covered by the financing statement.

28 (b) Except as otherwise provided in section 28-9-501(b), Idaho Code, to
29 be sufficient, a financing statement that covers as-extracted collateral or
30 timber to be cut, or which is filed as a fixture filing and covers goods that
31 are or are to become fixtures, must satisfy subsection (a) of this section
32 and also:

33 (1) Indicate that it covers this type of collateral;

34 (2) Indicate that it is to be filed in the real property records;

35 (3) Provide a description of the real property to which the collateral
36 is related sufficient to give constructive notice of a mortgage under
37 the law of this state if the description were contained in a record of
38 the mortgage of the real property; and

39 (4) If the debtor does not have an interest of record in the real prop-
40 erty, provide the name of a record owner.

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

44 (1) The record indicates the goods or accounts that it covers;

45 (2) The goods are or are to become fixtures related to the real property
46 described in the record or the collateral is related to the real prop-
47 erty described in the record and is as-extracted collateral or timber to
48 be cut;

1 (3) The record satisfies the requirements for a financing statement in
2 this section ~~other than an indication~~, but:

3 (A) the record need not indicate that it is to be filed in the real
4 property records; and

5 (B) the record sufficiently provides the name of a debtor who is an
6 individual if it provides the individual name of the debtor or the
7 surname and first personal name of the debtor, even if the debtor
8 is an individual to whom section 28-9-503(a) (4), Idaho Code, ap-
9 plies; and

10 (4) The record is recorded.

11 (d) A financing statement may be filed before a security agreement is
12 made or a security interest otherwise attaches.

13 (e) A financing statement covering farm products is sufficient if it:

14 (1) Contains the names and addresses of both the debtor and the secured
15 party;

16 (2) Is signed, authorized or otherwise authenticated by the debtor;

17 (3) Contains the debtor's social security number or other unique num-
18 ber, combination of numbers and letters, or other identifier selected
19 by the secretary of state using a selection system or method approved by
20 the secretary of agriculture, or in the case of a debtor doing business
21 other than as an individual, the debtor's internal revenue service tax-
22 payer identification number or other approved unique identifier;

23 (4) Contains a description by category of the farm products subject to
24 the security interest and the amount of such products, where applica-
25 ble;

26 (5) Indicates the county or counties in which the farm products are pro-
27 duced or located.

28 (f) A financing statement covering farm products must be amended in
29 writing and similarly signed, authorized or authenticated, and filed, to
30 reflect any material changes. In the event such form is not incorporated
31 within the financing statement, the effectiveness and continuation of that
32 form is to be treated as if it were a part of the financing statement with
33 which it is filed.

34 (g) If the financing statement covering farm products, or an amendment
35 to such statement, is filed electronically, neither the debtor's nor the se-
36 cured party's signature shall be required.

37 (h) In order to terminate a financing statement covering farm products,
38 the amendment must be terminated in writing and signed or authenticated by
39 the secured party.

40 SECTION 11. That Section 28-9-503, Idaho Code, be, and the same is
41 hereby amended to read as follows:

42 28-9-503. NAME OF DEBTOR AND SECURED PARTY. (a) A financing statement
43 sufficiently provides the name of the debtor:

44 (1) Except as otherwise provided in paragraph (3) of this subsection,
45 if the debtor is a registered organization or the collateral is held
46 in a trust that is a registered organization, only if the financing
47 statement provides the name of the debtor indicated that is stated to be
48 the registered organization's name on the public organic record of the
49 debtor's most recently filed with or issued or enacted by the registered

1 organization's jurisdiction of organization which ~~shows the debtor to~~
2 ~~have been organized~~ purports to state, amend or restate the registered
3 organization's name;

4 (2) Subject to subsection (f) of this section, if the debtor is a
5 decedent's estate collateral is being administered by the personal rep-
6 resentative of a decedent, only if the financing statement provides,
7 as the name of the debtor, the name of the decedent and, in a separate
8 part of the financing statement, indicates that the debtor is an estate
9 collateral is being administered by a personal representative;

10 (3) If the debtor is a trust or a trustee acting with respect to property
11 held in trust, only if the financing statement:

12 (A) ~~provides the name specified for the trust in its organic docu-~~
13 ~~ments or, if no name is specified, provides the name of the settlor~~
14 ~~and additional information sufficient to distinguish the debtor~~
15 ~~from other trusts having one (1) or more of the same settlors; and~~

16 (B) ~~indicates, in the debtor's name or otherwise, that the debtor~~
17 ~~is a trust or is a trustee acting with respect to property held in~~
18 ~~trust; and~~

19 collateral is held in a trust that is not a registered organization,
20 only if the financing statement:

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

22 (i) if the organic record of the trust specifies a name for
23 the trust, the name so specified; or

24 (ii) if the organic record of the trust does not specify a
25 name for the trust, the name of the settlor or testator; and

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

27 (i) if the name is provided in accordance with subparagraph
28 (A) (i) of this paragraph, indicates that the collateral is
29 held in a trust; or

30 (ii) if the name is provided in accordance with subparagraph
31 (A) (ii) of this paragraph, provides additional information
32 sufficient to distinguish the trust from other trusts having
33 one (1) or more of the same settlors or the same testator and
34 indicates that the collateral is held in a trust, unless the
35 additional information so indicates;

36 (4) Subject to subsection (g) of this section, if the debtor is an indi-
37 vidual to whom this state has issued a driver's license or an Idaho iden-
38 tification card that has not expired, only if it provides the name of the
39 individual which is indicated on the driver's license or the Idaho iden-
40 tification card;

41 (5) If the debtor is an individual to whom paragraph (4) of this sub-
42 section does not apply, only if it provides the individual name of the
43 debtor or the surname and first personal name of the debtor; and

44 (46) In other cases:

45 (A) if the debtor has a name, only if it provides the individual or
46 organizational name of the debtor; and

47 (B) if the debtor does not have a name, only if it provides the
48 names of the partners, members, associates or other persons com-
49 prising the debtor, in a manner that each name provided would be
50 sufficient if the person named were the debtor.

1 (b) A financing statement that provides the name of the debtor in accor-
2 dance with subsection (a) of this section is not rendered ineffective by the
3 absence of:

4 (1) A trade name or other name of the debtor; or

5 (2) Unless required under subsection (a) (46) (B) of this section,
6 names of partners, members, associates or other persons comprising the
7 debtor.

8 (c) A financing statement that provides only the debtor's trade name
9 does not sufficiently provide the name of the debtor.

10 (d) Failure to indicate the representative capacity of a secured party
11 or representative of a secured party does not affect the sufficiency of a fi-
12 nancing statement.

13 (e) A financing statement may provide the name of more than one (1)
14 debtor and the name of more than one (1) secured party.

15 (f) The name of the decedent indicated on the order appointing the per-
16 sonal representative of the decedent issued by the court having jurisdiction
17 over the collateral is sufficient as the "name of the decedent" under subsec-
18 tion (a) (2) of this section.

19 (g) If this state has issued to an individual more than one (1) driver's
20 license or Idaho identification card of a kind described in subsection
21 (a) (4) of this section, the one that was issued most recently is the one to
22 which subsection (a) (4) of this section refers.

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

24 (1) If the settlor is a registered organization, the name of the regis-
25 tered organization indicated on the public organic record filed with or
26 issued or enacted by the registered organization's jurisdiction of or-
27 ganization; or

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

30 SECTION 12. That Section 28-9-507, Idaho Code, be, and the same is
31 hereby amended to read as follows:

32 28-9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF FINANCING
33 STATEMENT. (a) A filed financing statement remains effective with respect to
34 collateral that is sold, exchanged, leased, licensed, or otherwise disposed
35 of and in which a security interest or agricultural lien continues, even if
36 the secured party knows of or consents to the disposition.

37 (b) Except as otherwise provided in subsection (c) of this section and
38 section 28-9-508, Idaho Code, a financing statement is not rendered inef-
39 fective if, after the financing statement is filed, the information provided
40 in the financing statement becomes seriously misleading under section 28-9-
41 506, Idaho Code.

42 (c) If a debtor so changes its the name that a filed financing statement
43 provides for a debtor becomes insufficient as the name of the debtor under
44 section 28-9-503(a), Idaho Code, so that the financing statement becomes se-
45 riously misleading under section 28-9-506, Idaho Code:

46 (1) The financing statement is effective to perfect a security interest
47 in collateral acquired by the debtor before, or within four (4) months
48 after, the ~~change~~ change filed financing statement becomes seriously mislead-
49 ing; and

1 (2) The financing statement is not effective to perfect a security in-
2 terest in collateral acquired by the debtor more than four (4) months
3 after the ~~change~~ filed financing statement becomes seriously mislead-
4 ing, unless an amendment to the financing statement which renders the
5 financing statement not seriously misleading is filed within four (4)
6 months after ~~the change~~ that event.

7 SECTION 13. That Section 28-9-515, Idaho Code, be, and the same is
8 hereby amended to read as follows:

9 28-9-515. DURATION AND EFFECTIVENESS OF FINANCING STATEMENT -- EFFECT
10 OF LAPSED FINANCING STATEMENT. (a) Except as otherwise provided in section
11 28-9-705(g), Idaho Code, and subsections (b), (e), (f) and (g) of this sec-
12 tion, a filed financing statement is effective for a period of five (5) years
13 after the date of filing.

14 (b) Except as otherwise provided in subsections (e), (f) and (g) of this
15 section, an initial financing statement filed in connection with a public
16 finance transaction or manufactured home transaction is effective for a pe-
17 riod of thirty (30) years after the date of filing if it indicates that it is
18 filed in connection with a public finance transaction or manufactured home
19 transaction.

20 (c) The effectiveness of a filed financing statement lapses on the ex-
21 piration of the period of its effectiveness unless before the lapse a contin-
22 uation statement is filed pursuant to subsection (d) of this section. Upon
23 lapse, a financing statement ceases to be effective and any security inter-
24 est or agricultural lien that was perfected by the financing statement be-
25 comes unperfected, unless the security interest is perfected otherwise. If
26 the security interest or agricultural lien becomes unperfected upon lapse,
27 it is deemed never to have been perfected as against a purchaser of the col-
28 lateral for value.

29 (d) Except as otherwise provided in section 28-9-705(g), Idaho Code,
30 a continuation statement may be filed only within six (6) months before the
31 expiration of the five (5) year period specified in subsection (a) of this
32 section or the thirty (30) year period specified in subsection (b) of this
33 section, whichever is applicable.

34 (e) Except as otherwise provided in sections 28-9-510 and 28-9-705(g),
35 Idaho Code, upon timely filing of a continuation statement, the effective-
36 ness of the initial financing statement continues for a period of five (5)
37 years commencing on the day on which the financing statement would have be-
38 come ineffective in the absence of the filing. Upon the expiration of the
39 five (5) year period, the financing statement lapses in the same manner as
40 provided in subsection (c) of this section, unless, before the lapse, an-
41 other continuation statement is filed pursuant to subsection (d) of this
42 section. Succeeding continuation statements may be filed in the same manner
43 to continue the effectiveness of the initial financing statement.

44 (f) If a debtor is a transmitting utility and a filed initial financing
45 statement so indicates, the financing statement is effective until a termi-
46 nation statement is filed.

47 (g) A record of a mortgage that is effective as a financing statement
48 filed as a fixture filing under section 28-9-502(c), Idaho Code, remains ef-
49 fective as a financing statement filed as a fixture filing until the mortgage

1 is released or satisfied of record or its effectiveness otherwise terminates
2 as to the real property.

3 SECTION 14. That Section 28-9-516, Idaho Code, be, and the same is
4 hereby amended to read as follows:

5 28-9-516. WHAT CONSTITUTES FILING -- EFFECTIVENESS OF FILING. (a) Ex-
6 cept as otherwise provided in subsection (b) of this section, communication
7 of a record to a filing office and tender of the filing fee or acceptance of
8 the record by the filing office constitutes filing.

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

11 (1) The record is not communicated by a method or medium of communica-
12 tion authorized by the filing office;

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

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

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

18 (B) in the case of an amendment or ~~correction~~ information state-
19 ment, the record:

20 (i) does not identify the initial financing statement as
21 required by section 28-9-512 or 28-9-518, Idaho Code, as ap-
22 plicable; or

23 (ii) identifies an initial financing statement whose effec-
24 tiveness has lapsed under section 28-9-515, Idaho Code;

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

31 (D) in the case of a record filed, or recorded, in the filing of-
32 fice described in section 28-9-501(a)(1), Idaho Code, the record
33 does not provide a sufficient description of the real property to
34 which it relates;

35 (4) In the case of an initial financing statement or an amendment that
36 adds a secured party of record, the record does not provide a name and
37 mailing address for the secured party of record;

38 (5) In the case of an initial financing statement or an amendment that
39 provides a name of a debtor which was not previously provided in the fi-
40 nancing statement to which the amendment relates, except for financ-
41 ing statements covering farm products and amendments of such financing
42 statements, the record does not:

43 (A) provide a mailing address for the debtor; or

44 (B) indicate whether the name provided as the name of the debtor is
45 the name of an individual or an organization; ~~or~~

46 ~~(C) if the financing statement indicates that the debtor is an or-~~
47 ~~ganization, provide:~~

48 ~~(i) a type of organization for the debtor;~~

49 ~~(ii) a jurisdiction of organization for the debtor; or~~

1 ~~(iii) an organizational identification number for the~~
2 ~~debtor or indicate that the debtor has none;~~

3 (6) In the case of an assignment reflected in an initial financing
4 statement under section 28-9-514(a), Idaho Code, or an amendment filed
5 under section 28-9-514(b), Idaho Code, the record does not provide a
6 name and mailing address for the assignee;

7 (7) In the case of a continuation statement, the record is not filed
8 within the six (6) month period prescribed by section 28-9-515(d),
9 Idaho Code;

10 (8) In the case of a financing statement covering farm products, the fi-
11 nancing statement does not contain all of the information specified in
12 section 28-9-502(e), Idaho Code, and does not conform to the official
13 form for farm products financing statements published by the secretary
14 of state; or

15 (9) In the case of an amendment or correction statement relating to a
16 financing statement covering farm products, the amendment or correc-
17 tion statement does not conform to the official form for amendment or
18 correction statements relating to financing statements covering farm
19 products published by the secretary of state.

20 (10) The filing office is prohibited from accepting the filing pursuant
21 to the provisions of section 28-9-516A, Idaho Code.

22 (c) For purposes of subsection (b) of this section:

23 (1) A record does not provide information if the filing office is unable
24 to read or decipher the information; and

25 (2) A record that does not indicate that it is an amendment or identify
26 an initial financing statement to which it relates, as required by sec-
27 tion 28-9-512, 28-9-514 or 28-9-518, Idaho Code, is an initial financ-
28 ing statement.

29 (d) A record that is communicated to the filing office with tender of
30 the filing fee, but which the filing office refuses to accept for a reason
31 other than one set forth in subsection (b) of this section, is effective as
32 a filed record except as against a purchaser of the collateral which gives
33 value in reasonable reliance upon the absence of the record from the files.

34 SECTION 15. That Section 28-9-516A, Idaho Code, be, and the same is
35 hereby amended to read as follows:

36 28-9-516A. FILING OFFICER DUTIES. (1) The filing officer shall not
37 file an initial financing statement or financing statement amendment:

38 (a) Which contains an assumed business name for either an individual or
39 a business entity other than a general partnership if the assumed busi-
40 ness name is designated as an assumed business name and the true name of
41 the person using the assumed business name is not included.

42 (b) When an individual debtor and an individual secured party would, as
43 a result of the filing, appear to be the same individual on the financing
44 statement.

45 (2) The filing officer may require, prior to filing, reasonable proof
46 from the secured party that an individual debtor is in fact a "transmitting
47 utility" as defined in section 28-9-102, Idaho Code, if a filing indicates
48 that the debtor is a transmitting utility.

1 (3) The filing officer may, prior to filing, cause to be unreadable any
2 signatures, social security account numbers, taxpayer identification num-
3 bers, and employer identification numbers that appear on financing state-
4 ments or financing statement amendments.

5 (4) The secretary of state may petition the district court in Ada county
6 for an order to show cause why filings not in compliance with subsections (1)
7 and (2) of this section should not be deleted from the files and records of
8 the secretary of state.

9 SECTION 16. That Section 28-9-518, Idaho Code, be, and the same is
10 hereby amended to read as follows:

11 28-9-518. CLAIM CONCERNING INACCURATE OR WRONGFULLY FILED RECORD. (a)
12 A person may file in the filing office ~~a correction~~ an information statement
13 with respect to a record indexed there under the person's name if the person
14 believes that the record is inaccurate or was wrongfully filed.

15 (b) ~~A correction~~ An information statement under subsection (a) of this
16 section must:

17 (1) Identify the record to which it relates by the file number assigned
18 to the initial financing statement to which the record relates;

19 (2) Indicate that it is ~~a correction~~ an information statement; and

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

24 (c) A person may file in the filing office an information statement with
25 respect to a record filed there if the person is a secured party of record
26 with respect to the financing statement to which the record relates and be-
27 lieves that the person that filed the record was not entitled to do so under
28 section 28-9-509(d), Idaho Code.

29 (d) An information statement under subsection (c) of this section must:

30 (1) Identify the record to which it relates by the file number assigned
31 to the initial financing statement to which the record relates;

32 (2) Indicate that it is an information statement; and

33 (3) Provide the basis for the person's belief that the person that filed
34 the record was not entitled to do so under section 28-9-509(d), Idaho
35 Code.

36 (ee) The filing of ~~a correction~~ an information statement does not af-
37 fect the effectiveness of an initial financing statement or other filed
38 record.

39 (df) ~~A correction~~ An information statement may be filed in connection
40 with the previous filing of a financing statement covering farm products un-
41 der section 28-9-502, Idaho Code.

42 SECTION 17. That Section 28-9-521, Idaho Code, be, and the same is
43 hereby repealed.

44 SECTION 18. That Chapter 9, Title 28, Idaho Code, be, and the same is
45 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
46 ignated as Section 28-9-521, Idaho Code, and to read as follows:

1 28-9-521. UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND AMEND-
2 MENT. (a) A filing office that accepts written records may not refuse to
3 accept a written initial financing statement in the following form and for-
4 mat except for a reason set forth in section 28-9-516 (b), Idaho Code:



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> ┌ ┐ └ ┘ </div>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME OF ASSIGNEE OF ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

1 (b) A filing office that accepts written records may not refuse to ac-
2 cept a written record in the following form and format except for a reason set
3 forth in section 28-9-516(b), Idaho Code:



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9. For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
 Check one of these two boxes: Debtor or Secured Party of record **AND** Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME	INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA:

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form	
12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form	
12a. ORGANIZATION'S NAME	
OR	
12b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see instruction item 13): Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see instructions if name does not fit

13a. ORGANIZATION'S NAME			
OR			
13b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral):

<p>15. This FINANCING STATEMENT AMENDMENT:</p> <p><input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input type="checkbox"/> is filed as a fixture filing</p> <p>16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest):</p>	<p>17. Description of real estate:</p>
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18. MISCELLANEOUS:

1 SECTION 19. That Section 28-9-607, Idaho Code, be, and the same is
2 hereby amended to read as follows:

3 28-9-607. COLLECTION AND ENFORCEMENT BY SECURED PARTY. (a) If so
4 agreed, and in any event after default, a secured party:

5 (1) May notify an account debtor or other person obligated on collat-
6 eral to make payment or otherwise render performance to or for the bene-
7 fit of the secured party;

8 (2) May take any proceeds to which the secured party is entitled under
9 section 28-9-315, Idaho Code;

10 (3) May enforce the obligations of an account debtor or other person
11 obligated on collateral and exercise the rights of the debtor with re-
12 spect to the obligation of the account debtor or other person obligated
13 on collateral to make payment or otherwise render performance to the
14 debtor, and with respect to any property that secures the obligations of
15 the account debtor or other person obligated on the collateral;

16 (4) If it holds a security interest in a deposit account perfected by
17 control under section 28-9-104(a) (1), Idaho Code, may apply the balance
18 of the deposit account to the obligation secured by the deposit account;
19 and

20 (5) If it holds a security interest in a deposit account perfected by
21 control under section 28-9-104(a) (2) or (3), Idaho Code, may instruct
22 the bank to pay the balance of the deposit account to or for the benefit
23 of the secured party.

24 (b) If necessary to enable a secured party to exercise, under subsec-
25 tion (a) (3) of this section, the right of a debtor to enforce a mortgage non-
26 judicially, the secured party may record in the office in which a record of
27 the mortgage is recorded:

28 (1) A copy of the security agreement that creates or provides for a se-
29 curity interest in the obligation secured by the mortgage; and

30 (2) The secured party's sworn affidavit in recordable form stating
31 that:

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

34 (B) the secured party is entitled to enforce the mortgage nonjudi-
35 cially.

36 (c) A secured party shall proceed in a commercially reasonable manner
37 if the secured party:

38 (1) Undertakes to collect from or enforce an obligation of an account
39 debtor or other person obligated on collateral; and

40 (2) Is entitled to charge back uncollected collateral or otherwise to
41 full or limited recourse against the debtor or a secondary obligor.

42 (d) A secured party may deduct from the collections made pursuant to
43 subsection (c) of this section reasonable expenses of collection and en-
44 forcement, including reasonable attorney's fees and legal expenses incurred
45 by the secured party.

46 (e) This section does not determine whether an account debtor, bank, or
47 other person obligated on collateral owes a duty to a secured party.

1 SECTION 20. That Chapter 9, Title 28, Idaho Code, be, and the same is
2 hereby amended by the addition thereto of a NEW PART, to be known and desig-
3 nated as Part 8, Chapter 9, Title 28, Idaho Code, and to read as follows:

4 PART 8

5 TRANSITION PROVISIONS FOR 2011 AMENDMENTS

6 28-9-801. [RESERVED.]

7 28-9-802. SAVINGS CLAUSE. (a) Except as otherwise provided in this
8 part, this act applies to a transaction or lien within its scope, even if the
9 transaction or lien was entered into or created before this act takes effect.

10 (b) This act does not affect an action, case, or proceeding commenced
11 before this act takes effect.

12 28-9-803. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE. (a) A
13 security interest that is a perfected security interest immediately before
14 this act takes effect is a perfected security interest under this chapter as
15 amended by this act if, when this act takes effect, the applicable require-
16 ments for attachment and perfection under this chapter as amended by this act
17 are satisfied without further action.

18 (b) Except as otherwise provided in section 28-9-805, Idaho Code, if,
19 immediately before this act takes effect, a security interest is a perfected
20 security interest, but the applicable requirements for perfection under
21 this chapter as amended by this act are not satisfied when this act takes
22 effect, the security interest remains perfected thereafter only if the ap-
23 plicable requirements for perfection under this chapter as amended by this
24 act are satisfied within one (1) year after this act takes effect.

25 28-9-804. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE. A se-
26 curity interest that is an unperfected security interest immediately before
27 this act takes effect becomes a perfected security interest:

28 (1) Without further action, when this act takes effect if the applica-
29 ble requirements for perfection under this chapter as amended by this
30 act are satisfied before or at that time; or

31 (2) When the applicable requirements for perfection are satisfied if
32 the requirements are satisfied after that time.

33 28-9-805. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE. (a)
34 The filing of a financing statement before this act takes effect is effective
35 to perfect a security interest to the extent the filing would satisfy the
36 applicable requirements for perfection under this chapter as amended by this
37 act.

38 (b) This act does not render ineffective an effective financing state-
39 ment that, before this act takes effect, is filed and satisfies the applica-
40 ble requirements for perfection under the law of the jurisdiction governing
41 perfection as provided in this chapter as it existed before amendment. How-
42 ever, except as otherwise provided in subsections (c) and (d) of this section
43 and section 28-9-806, Idaho Code, the financing statement ceases to be ef-
44 fective:

1 (1) If the financing statement is filed in this state, at the time the
2 financing statement would have ceased to be effective had this act not
3 taken effect; or

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

6 (A) the time the financing statement would have ceased to be ef-
7 fective under the law of that jurisdiction; or

8 (B) June 30, 2018.

9 (c) The filing of a continuation statement after this act takes effect
10 does not continue the effectiveness of the financing statement filed before
11 this act takes effect. However, upon the timely filing of a continuation
12 statement after this act takes effect and in accordance with the law of the
13 jurisdiction governing perfection as provided in this chapter as amended by
14 this act, the effectiveness of a financing statement filed in the same office
15 in that jurisdiction before this act takes effect continues for the period
16 provided by the law of that jurisdiction.

17 (d) Subsection (b) (2) (B) of this section applies to a financing state-
18 ment that, before this act takes effect, is filed against a transmitting
19 utility and satisfies the applicable requirements for perfection under the
20 law of the jurisdiction governing perfection as provided in this chapter as
21 it existed before amendment, only to the extent that this chapter as amended
22 by this act provides that the law of a jurisdiction other than the juris-
23 diction in which the financing statement is filed governs perfection of a
24 security interest in collateral covered by the financing statement.

25 (e) A financing statement that includes a financing statement filed be-
26 fore this act takes effect and a continuation statement filed after this act
27 takes effect is effective only to the extent that it satisfies the require-
28 ments of part 5 of this chapter as amended by this act for an initial financ-
29 ing statement. A financing statement that indicates that the debtor is a
30 decedent's estate indicates that the collateral is being administered by a
31 personal representative within the meaning of section 28-9-503(a) (2), Idaho
32 Code, as amended by this act. A financing statement that indicates that the
33 debtor is a trust or is a trustee acting with respect to property held in
34 trust indicates that the collateral is held in a trust within the meaning of
35 section 28-9-503(a) (3), Idaho Code, as amended by this act.

36 28-9-806. WHEN INITIAL FINANCING STATEMENT SUFFICES TO CONTINUE EF-
37 FECTIVENESS OF FINANCING STATEMENT. (a) The filing of an initial financing
38 statement in the office specified in section 28-9-501, Idaho Code, continues
39 the effectiveness of a financing statement filed before this act takes ef-
40 fect if:

41 (1) The filing of an initial financing statement in that office would be
42 effective to perfect a security interest under this chapter as amended
43 by this act;

44 (2) The pre-effective-date financing statement was filed in an office
45 in another state; and

46 (3) The initial financing statement satisfies subsection (c) of this
47 section.

1 (b) The filing of an initial financing statement under subsection (a)
2 of this section continues the effectiveness of the pre-effective-date fi-
3 nancing statement:

4 (1) If the initial financing statement is filed before this act takes
5 effect, for the period provided in unamended section 28-9-515, Idaho
6 Code, with respect to an initial financing statement; and

7 (2) If the initial financing statement is filed after this act takes
8 effect, for the period provided in section 28-9-515, Idaho Code, as
9 amended by this act with respect to an initial financing statement.

10 (c) To be effective for purposes of subsection (a) of this section, an
11 initial financing statement must:

12 (1) Satisfy the requirements of part 5 of this chapter as amended by
13 this act for an initial financing statement;

14 (2) Identify the pre-effective-date financing statement by indicating
15 the office in which the financing statement was filed and providing the
16 dates of filing and file numbers, if any, of the financing statement and
17 of the most recent continuation statement filed with respect to the fi-
18 nancing statement; and

19 (3) Indicate that the pre-effective-date financing statement remains
20 effective.

21 28-9-807. AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING STATEMENT. (a)
22 In this section, "pre-effective-date financing statement" means a financing
23 statement filed before this act takes effect.

24 (b) After this act takes effect, a person may add or delete collateral
25 covered by, continue or terminate the effectiveness of, or otherwise amend
26 the information provided in a pre-effective-date financing statement only
27 in accordance with the law of the jurisdiction governing perfection as pro-
28 vided in this chapter as amended by this act. However, the effectiveness of a
29 pre-effective-date financing statement also may be terminated in accordance
30 with the law of the jurisdiction in which the financing statement is filed.

31 (c) Except as otherwise provided in subsection (d) of this section, if
32 the law of this state governs perfection of a security interest, the infor-
33 mation in a pre-effective-date financing statement may be amended after this
34 act takes effect only if:

35 (1) The pre-effective-date financing statement and an amendment are
36 filed in the office specified in section 28-9-501, Idaho Code;

37 (2) An amendment is filed in the office specified in section 28-9-501,
38 Idaho Code, concurrently with, or after the filing in that office of, an
39 initial financing statement that satisfies section 28-9-806(c), Idaho
40 Code; or

41 (3) An initial financing statement that provides the information as
42 amended and satisfies section 28-9-806(c), Idaho Code, is filed in the
43 office specified in section 28-9-501, Idaho Code.

44 (d) If the law of this state governs perfection of a security interest,
45 the effectiveness of a pre-effective-date financing statement may be con-
46 tinued only under section 28-9-805(c) and (e) or 28-9-806, Idaho Code.

47 (e) Whether or not the law of this state governs perfection of a secu-
48 rity interest, the effectiveness of a pre-effective-date financing state-
49 ment filed in this state may be terminated after this act takes effect by

1 filing a termination statement in the office in which the pre-effective-date
 2 financing statement is filed, unless an initial financing statement that
 3 satisfies section 28-9-806(c), Idaho Code, has been filed in the office
 4 specified by the law of the jurisdiction governing perfection as provided in
 5 this chapter as amended by this act as the office in which to file a financing
 6 statement.

7 28-9-808. PERSON ENTITLED TO FILE INITIAL FINANCING STATEMENT OR CON-
 8 TINUATION STATEMENT. A person may file an initial financing statement or a
 9 continuation statement under this part if:

- 10 (1) The secured party of record authorizes the filing; and
 11 (2) The filing is necessary under this part:
 12 (A) to continue the effectiveness of a financing statement filed
 13 before this act takes effect; or
 14 (B) to perfect or continue the perfection of a security interest.

15 28-9-809. PRIORITY. This act determines the priority of conflicting
 16 claims to collateral. However, if the relative priorities of the claims were
 17 established before this act takes effect, this chapter as it existed before
 18 amendment determines priority.

19 SECTION 21. That Section 28-12-103, Idaho Code, be, and the same is
 20 hereby amended to read as follows:

21 28-12-103. DEFINITIONS AND INDEX OF DEFINITIONS. (1) In this chapter
 22 unless the context otherwise requires:

23 (a) "Buyer in ordinary course of business" means a person who in good
 24 faith and without knowledge that the sale to him is in violation of the
 25 ownership rights or security interest or leasehold interest of a third
 26 party in the goods, buys in ordinary course from a person in the business
 27 of selling goods of that kind but does not include a pawnbroker. "Buy-
 28 ing" may be for cash or by exchange of other property or on secured or un-
 29 secured credit and includes acquiring goods or documents of title under
 30 a preexisting contract for sale but does not include a transfer in bulk
 31 or as security for or in total or partial satisfaction of a money debt.

32 (b) "Cancellation" occurs when either party puts an end to the lease
 33 contract for default by the other party.

34 (c) "Commercial unit" means such a unit of goods as by commercial us-
 35 age is a single whole for purposes of lease and division of which mate-
 36 rially impairs its character or value on the market or in use. A commer-
 37 cial unit may be a single article, as a machine, or a set of articles, as
 38 a suite of furniture or a line of machinery, or a quantity, as a gross or
 39 carload, or any other unit treated in use or in the relevant market as a
 40 single whole.

41 (d) "Conforming goods or performance under a lease contract" means
 42 goods or performance that is in accordance with the obligations under
 43 the lease contract.

44 (e) "Consumer lease" means a lease that a lessor regularly engaged in
 45 the business of leasing or selling makes to a lessee who is an individual
 46 and who takes under the lease primarily for a personal, family or house-
 47 hold purpose, if the total payments to be made under the lease contract,

1 excluding payments for options to renew or buy, do not exceed twenty-
2 five thousand dollars (\$25,000).

3 (f) "Fault" means wrongful act, omission, breach or default.

4 (g) "Finance lease" means a lease with respect to which:

5 (i) The lessor does not select, manufacture, or supply the goods;
6 (ii) The lessor acquires the goods or the right to possession and
7 use of the goods in connection with the lease; and

8 (iii) One (1) of the following occurs:

9 (A) The lessee receives a copy of the contract by which the
10 lessor acquired the goods or the right to possession and use
11 of the goods before signing the lease contract;

12 (B) The lessee's approval of the contract by which the
13 lessor acquired the goods or the right to possession and use
14 of the goods is a condition to effectiveness of the lease
15 contract;

16 (C) The lessee, before signing the lease contract, receives
17 an accurate and complete statement designating the promises
18 and warranties, and any disclaimers of warranties, limita-
19 tions or modifications of remedies, or liquidated damages,
20 including those of a third party, such as the manufacturer of
21 the goods, provided to the lessor by the person supplying the
22 goods in connection with or as part of the contract by which
23 the lessor acquired the goods or the right to possession and
24 use of the goods; or

25 (D) If the lease is not a consumer lease, the lessor, before
26 the lessee signs the lease contract, informs the lessee in
27 writing:

28 a. Of the identity of the person supplying the goods
29 to the lessor, unless the lessee has selected that per-
30 son and directed the lessor to acquire the goods or the
31 right to possession and use of the goods from that per-
32 son;

33 b. That the lessee is entitled under this chapter to
34 the promises and warranties, including those of any
35 third party, provided to the lessor by the person sup-
36 plying the goods in connection with or as part of the
37 contract by which the lessor acquired the goods or the
38 right to possession and use of the goods; and

39 c. That the lessee may communicate with the person
40 supplying the goods to the lessor and receive an ac-
41 curate and complete statement of those promises and
42 warranties, including any disclaimers and limitations
43 of them or of remedies.

44 (h) "Goods" means all things that are movable at the time of identifi-
45 cation to the lease contract, or are fixtures (section 28-12-309, Idaho
46 Code), but the term does not include money, documents, instruments, ac-
47 counts, chattel paper, general intangibles, or minerals or the like,
48 including oil and gas, before extraction. The term also includes the
49 unborn young of animals.

- 1 (i) "Installment lease contract" means a lease contract that autho-
2 rizes or requires the delivery of goods in separate lots to be sepa-
3 rately accepted, even though the lease contract contains a clause "each
4 delivery is a separate lease" or its equivalent.
- 5 (j) "Lease" means a transfer of the right to possession and use of goods
6 for a term in return for consideration, but a sale, including a sale on
7 approval or a sale or return, or retention or creation of a security in-
8 terest is not a lease. Unless the context clearly indicates otherwise,
9 the term includes a sublease.
- 10 (k) "Lease agreement" means the bargain, with respect to the lease, of
11 the lessor and the lessee in fact as found in their language or by im-
12 plication from other circumstances including course of dealing or usage
13 of trade or course of performance as provided in this chapter. Unless
14 the context clearly indicates otherwise, the term includes a sublease
15 agreement.
- 16 (l) "Lease contract" means the total legal obligation that results from
17 the lease agreement as affected by this chapter and any other applicable
18 rules of law. Unless the context clearly indicates otherwise, the term
19 includes a sublease contract.
- 20 (m) "Leasehold interest" means the interest of the lessor or the lessee
21 under a lease contract.
- 22 (n) "Lessee" means a person who acquires the right to possession and use
23 of goods under a lease. Unless the context clearly indicates otherwise,
24 the term includes a sublessee.
- 25 (o) "Lessee in ordinary course of business" means a person who in good
26 faith and without knowledge that the lease to him is in violation of
27 the ownership rights or security interest or leasehold interest of a
28 third party in the goods leases in ordinary course from a person in the
29 business of selling or leasing goods of that kind but does not include a
30 pawnbroker. "Leasing" may be for cash or by exchange of other property
31 or on secured or unsecured credit and includes acquiring goods or docu-
32 ments of title under a preexisting lease contract but does not include a
33 transfer in bulk or as security for or in total or partial satisfaction
34 of a money debt.
- 35 (p) "Lessor" means a person who transfers the right to possession and
36 use of goods under a lease. Unless the context clearly indicates other-
37 wise, the term includes a sublessor.
- 38 (q) "Lessor's residual interest" means the lessor's interest in the
39 goods after expiration, termination or cancellation of the lease con-
40 tract.
- 41 (r) "Lien" means a charge against or interest in goods to secure payment
42 of a debt or performance of an obligation, but the term does not include
43 a security interest.
- 44 (s) "Lot" means a parcel or a single article that is the subject matter
45 of a separate lease or delivery, whether or not it is sufficient to per-
46 form the lease contract.
- 47 (t) "Merchant lessee" means a lessee that is a merchant with respect to
48 goods of the kind subject to the lease.
- 49 (u) "Present value" means the amount as of a date certain of one (1) or
50 more sums payable in the future, discounted to the date certain. The

1 discount is determined by the interest rate specified by the parties if
 2 the rate was not manifestly unreasonable at the time the transaction was
 3 entered into; otherwise, the discount is determined by a commercially
 4 reasonable rate that takes into account the facts and circumstances of
 5 each case at the time the transaction was entered into.

6 (v) "Purchase" includes taking by sale, lease, mortgage, security in-
 7 terest, pledge, gift or any other voluntary transaction creating an in-
 8 terest in goods.

9 (w) "Sublease" means a lease of goods the right to possession and use of
 10 which was acquired by the lessor as a lessee under an existing lease.

11 (x) "Supplier" means a person from whom a lessor buys or leases goods to
 12 be leased under a finance lease.

13 (y) "Supply contract" means a contract under which a lessor buys or
 14 leases goods to be leased.

15 (z) "Termination" occurs when either party pursuant to a power created
 16 by agreement or law puts an end to the lease contract otherwise than for
 17 default.

18 (2) Other definitions applying to this chapter and the sections in
 19 which they appear are:

20 "Accessions." §section 28-12-310 (1), Idaho Code.

21 "Construction mortgage." §section 28-12-309 (1) (d), Idaho Code.

22 "Encumbrance." §section 28-12-309 (1) (e), Idaho Code.

23 "Fixtures." §section 28-12-309 (1) (a), Idaho Code.

24 "Fixture filing." §section 28-12-309 (1) (b), Idaho Code.

25 "Purchase money lease." §section 28-12-309 (1) (c), Idaho Code.

26 (3) The following definitions in other chapters apply to this chapter:

27 "Account." §section 28-9-102 (a) (2), Idaho Code.

28 "Between merchants." §section 28-2-104 (3), Idaho Code.

29 "Buyer." §section 28-2-103 (1) (a), Idaho Code.

30 "Chattel paper." §section 28-9-102 (a) (11), Idaho Code.

31 "Consumer goods." §section 28-9-102 (a) (23), Idaho Code.

32 "Document." §section 28-9-102 (a) (30), Idaho Code.

33 "Entrusting." §section 28-2-403 (3), Idaho Code.

34 "General intangible." §section 28-9-102 (a) (42), Idaho Code.

35 "Good faith." §section 28-1-201 (b) (20), Idaho Code.

36 "Instrument." §section 28-9-102 (a) (47), Idaho Code.

37 "Merchant." §section 28-2-104 (1), Idaho Code.

38 "Mortgage." §section 28-9-102 (a) (55), Idaho Code.

39 "Pursuant to commitment." §section 28-9-102 (a) (6~~8~~9), Idaho Code.

40 "Receipt." §section 28-2-103 (1) (c), Idaho Code.

41 "Sale." §section 28-2-106 (1), Idaho Code.

42 "Sale on approval." §section 28-2-326, Idaho Code.

43 "Sale or return." §section 28-2-326, Idaho Code.

44 "Seller." §section 28-2-103 (1) (d), Idaho Code.

45 (4) In addition, chapter 1, title 28, contains general definitions and
 46 principles of construction and interpretation applicable throughout this
 47 chapter.

48 SECTION 22. This act shall be in full force and effect on and after July
 49 1, 2013.