

# Contents

About the Authors . . . . .	vii
Preface . . . . .	ix
A Note to the User . . . . .	xi
Software Instructions . . . . .	xiii
<b>CHAPTER 1 TRANSITION AND APPLICABLE LAW . . . . .</b>	<b>1-1</b>
1.1 Transition Rules . . . . .	1-1
1.1.1 General Rule: New 9 Applies to Pre- and Post-July 1, 2001, Transactions . . . . .	1-1
1.1.2 Exceptions to the General Rule . . . . .	1-2
1.1.2.1 Law Suits . . . . .	1-2
1.1.2.2 Five-Year Safe Harbor for Financing Statements . . . . .	1-2
1.1.2.3 One Year for (Almost) Everything Else . . . . .	1-4
1.2 How to Continue Financing Statements Filed Properly under Old 9, but in the Wrong Place under New 9 . . . . .	1-5
1.3 How to Continue Financing Statements Filed in the Right New 9 State and Filing Office ( <i>i.e.</i> , the Old 9 and New 9 Filing Locations are the Same) . . . . .	1-6
1.3.1 How to Continue Financing Statements Filed Both in the Right New 9 State and Filing Office and the Wrong New 9 State and Filing Office . . . . .	1-7
1.4 Amendments to and Terminations of Financing Statements Filed Before July 1, 2001 . . . . .	1-8
1.5 Transition Priorities . . . . .	1-9
1.6 What Law Governs? . . . . .	1-10
1.6.1 Governing Law for Perfection and Priority . . . . .	1-10
1.6.1.1 Location of Debtor . . . . .	1-10
1.6.1.2 Other Governing Principles . . . . .	1-12
1.6.2 Governing Law for Other Issues . . . . .	1-14
<b>CHAPTER 2 OVERVIEW AND DEFINITIONS . . . . .</b>	<b>2-1</b>
2.1 Security Interest . . . . .	2-1
2.1.1 Purchase-Money Security Interests . . . . .	2-1
2.1.1.1 Application of Payments . . . . .	2-2
2.1.2 Agricultural Liens . . . . .	2-3
2.1.3 Consignments . . . . .	2-3
2.2 Parties . . . . .	2-4
2.3 Exclusions from New 9 . . . . .	2-6

CONTENTS

2.4 New 9 Collateral Categories . . . . . 2-8

2.4.1 Intangible and “Semi-Tangible” Property . . . . . 2-8

2.4.2 Tangible Personal Property—Goods . . . . . 2-14

2.4.3 Investment Property-Related Definitions. . . . . 2-15

2.4.4 Supporting Obligation . . . . . 2-15

2.4.5 Proceeds . . . . . 2-15

2.5 Medium Neutral Terms . . . . . 2-16

2.6 Good Faith. . . . . 2-17

2.7 Special Consumer Rules . . . . . 2-17

**CHAPTER 3 CREATING A SECURITY INTEREST-  
ATTACHMENT—MAKING THE SECURED  
PARTY’S RIGHTS ENFORCEABLE AGAINST  
THE DEBTOR. . . . . 3-1**

3.1 Elements of Attachment . . . . . 3-1

3.2 Security Agreement. . . . . 3-3

3.3 Possession . . . . . 3-5

3.4 Control . . . . . 3-6

3.5 Attachment to Proceeds and Supporting Obligations . . . . . 3-6

3.6 Attachment to Securities and Commodity Accounts . . . . . 3-6

3.7 After-Acquired Property . . . . . 3-6

3.8 Future Advances and Dragnet Clauses . . . . . 3-7

3.9 Leases of Goods . . . . . 3-8

**CHAPTER 4 PERFECTION. . . . . 4-1**

4.1 General Rule: All Security Interests Must Be Perfected by  
Filing a Financing Statement . . . . . 4-1

4.2 Exception 1: Filing a Financing Statement Doesn’t Work at All . . . . . 4-2

4.3 Exception 2: Filing a Financing Statement Is an Optional Method  
of Perfection . . . . . 4-2

4.4 Exception 3: Automatic Perfection. . . . . 4-2

4.5 Exception 4: Filing a Financing Statement Is Not Required  
for Security Interests in Property Subject to a Certificate  
of Title or Other Statute . . . . . 4-4

4.6 Exception 5: Filing a Financing Statement Is Not Required  
for Security Interests Perfected by Possession . . . . . 4-5

4.7 Exception 6: Filing a Financing Statement Is Not Required  
for Security Interests Perfected by Control. . . . . 4-6

4.8 Exception 7: Temporary Perfection . . . . . 4-6

4.9 Perfection Chart . . . . . 4-7

**CHAPTER 5 FINANCING STATEMENT MECHANICS . . . . . 5-1**

5.1 What Kinds of Records Are Filed? . . . . . 5-1

5.2 Where to File? . . . . . 5-1

5.3	Contents of a “Sufficient” Financing Statement . . . . .	5-2
5.4	Debtor’s Name Rules . . . . .	5-4
5.5	How to Describe Collateral. . . . .	5-6.1
5.6	When Filing Office Can Reject Filings. . . . .	5-7
5.7	Mistakes . . . . .	5-9
5.8	Who Can File? . . . . .	5-9
	5.8.1 Initial Financing Statements. . . . .	5-10
	5.8.2 Amendments . . . . .	5-11
5.9	Duration of Financing Statements. . . . .	5-13
5.10	Continuation Statements . . . . .	5-14
5.11	Termination Statements. . . . .	5-15
5.12	Assignments . . . . .	5-15
5.13	The Filing Office. . . . .	5-15
5.14	Inaccurate or Wrongfully Filed Records. . . . .	5-16
5.15	Filing Office Indexing Errors . . . . .	5-17
5.16	Maintenance and Destruction of Records . . . . .	5-17
5.17	Information from Filing Office . . . . .	5-17
5.18	Fee . . . . .	5-18
5.19	Filing Office Rules . . . . .	5-18
5.20	New 9 Searching and Filing Practices . . . . .	5-19
<b>CHAPTER 6 PREVAILING AGAINST OTHERS. . . . .</b>		<b>6-1</b>
6.1	General Rules of Priority among Creditors. . . . .	6-1
6.2	Exceptions to the “First to File or Perfect” Rule . . . . .	6-2
	6.2.1 Control Prevails over Filing. . . . .	6-2
	6.2.2 Some Security Interests Perfected by Possession or Control Prevail over Earlier Security Interests in Chattel Paper and Instruments Perfected by Filing. . . . .	6-2
	6.2.3 The Purchase-Money Security Interest Priority. . . . .	6-4
	6.2.4 Future Advances . . . . .	6-6
6.3	Transferees of Collateral. . . . .	6-6
6.4	Buyers . . . . .	6-7
6.5	Licensees and Lessees in Ordinary Course of Business . . . . .	6-8
6.6	Rights under Articles 2, 3, 7 and 8 . . . . .	6-9
6.7	Possessory Statutory Liens . . . . .	6-10
6.8	Priority of Security Interest in Fixtures. . . . .	6-10
	6.8.1 Secured Party versus Secured Party. . . . .	6-10
	6.8.1.1 Exception 1: Purchase-Money Priority . . . . .	6-10
	6.8.1.2 Exception 2: First to Record . . . . .	6-11
	6.8.1.3 Exception 3: Removable Goods and	

CONTENTS

	Domestic Appliances . . . . .	6-11
6.8.1.4	Exception 4: Judicial Liens . . . . .	6-11
6.8.1.5	Exception 5: Manufactured Homes . . . . .	6-12
6.8.1.6	Exception 6: Priority Based on Consent . . . . .	6-12
6.8.1.7	Subordination of Purchase-Money Security Interest in Fixtures to Construction Mortgage . . . . .	6-12
6.8.1.8	Crops . . . . .	6-12
6.9	As-Extracted Collateral . . . . .	6-12
6.10	Accessions . . . . .	6-13
6.11	Commingled Goods . . . . .	6-13
6.12	Contractual Subordination . . . . .	6-14
<b>CHAPTER 7 PARTICULAR TYPES OF COLLATERAL . . . . .</b>		<b>7-1</b>
7.1	Investment Property . . . . .	7-1
7.1.1	Stock Options and Warrants . . . . .	7-5
7.1.2	Partnership and LLC Interests . . . . .	7-5
7.2	Deposit Accounts . . . . .	7-6
7.3	Letter-of-Credit Rights . . . . .	7-8.1
7.4	Commercial Tort Claims . . . . .	7-9
7.5	Agricultural Liens . . . . .	7-10
7.6	Software . . . . .	7-12
7.7	Motor Vehicles . . . . .	7-13
7.8	Electronic Chattel Paper . . . . .	7-14.2
7.9	Agricultural Collateral . . . . .	7-15
7.9.1	Types of Agricultural Collateral . . . . .	7-16
7.9.2	Priority Issues for Agricultural Collateral . . . . .	7-17
7.10	Intellectual Property . . . . .	7-20
7.11	Native American Tribes . . . . .	7-20.1
7.11.1	Self Governance by Native American Tribes . . . . .	7-21
7.11.2	Contracts with Native American Tribes . . . . .	7-22
<b>CHAPTER 8 PROCEEDS . . . . .</b>		<b>8-1</b>
8.1	General Rule—Continuation of Security Interest in Original Collateral and Proceeds . . . . .	8-1
8.2	Twenty-Day Automatic Perfection for Proceeds . . . . .	8-2
8.3	How a Security Interest in Proceeds Remains Perfected for More than 20 Days . . . . .	8-2
8.4	Priority in Proceeds . . . . .	8-3
<b>CHAPTER 9 CHANGES AFTER CLOSING . . . . .</b>		<b>9-1</b>
9.1	Secured Party Changes . . . . .	9-1
9.2	Debtor’s Location Changes and Conversion . . . . .	9-2

9.3	Collateral Location Changes . . . . .	9-3
9.4	Location of Bank, Issuer, Nominated Person, Securities Intermediary, or Commodity Intermediary Changes . . . . .	9-4
9.5	Financing Statements and Changes. . . . .	9-4
9.5.1	Debtor’s Name Changes . . . . .	9-4
9.5.2	New Debtors . . . . .	9-6
9.6	“Double Debtors” . . . . .	9-7
9.7	Goods Covered by Certificates of Title . . . . .	9-7
<b>CHAPTER 10 THIRD PARTIES—ACCOUNT DEBTORS . . . . .</b>		<b>10-1</b>
10.1	Account Debtors . . . . .	10-1
10.2	Terms Restricting Assignment . . . . .	10-3
10.2.1	Accounts, Chattel Paper and Security Assignments of Payment Intangibles and Promissory Notes . . . . .	10-3
10.2.2	Health-Care-Insurance Receivables, Certain General Intangibles, Including Contracts, Permits, Licenses and Franchises, and Sales of Payment Intangibles and Promissory Notes. . . . .	10-4
10.2.3	Assignment of Letter-of-Credit Rights . . . . .	10-6
<b>CHAPTER 11 ENFORCEMENT . . . . .</b>		<b>11-1</b>
11.1	Options . . . . .	11-1
11.2	Waiver and Variance of Debtor’s and Obligor’s Rights and Secured Party’s Duties . . . . .	11-2
11.3	Unknown Debtor or Secondary Obligor . . . . .	11-3
11.4	“Commercially Reasonable” . . . . .	11-3
11.5	Fixtures . . . . .	11-4
11.6	Collection and Enforcement of Collateral Consisting of Rights to Payment. . . . .	11-4
11.7	Application of Proceeds of Collection and Enforcement of Collateral Consisting of Rights to Payment . . . . .	11-6
11.8	Repossession . . . . .	11-6.1
11.9	Disposition of Collateral . . . . .	11-7
11.10	Notices before Disposition . . . . .	11-9
11.11	Forms of Notice . . . . .	11-10.1
11.11.1	Non-Consumer-Goods Transactions . . . . .	11-10.1
11.11.2	Consumer-Goods Transactions . . . . .	11-10.1
11.12	Application of Proceeds . . . . .	11-11
11.13	Accounting . . . . .	11-12
11.14	Transferees of Collateral . . . . .	11-13
11.15	Transfers to Secondary Obligors. . . . .	11-13
11.16	Transfer Statement . . . . .	11-14
11.17	Acceptance of Collateral in Full or Partial Satisfaction of Obligation—Strict Foreclosure. . . . .	11-14

CONTENTS

11.18 Mandatory Disposition of Consumer Goods ..... 11-17

11.19 Right of Redemption..... 11-17

**CHAPTER 12 SECURED PARTY’S OBLIGATIONS ..... 12-1**

12.1 Care of Collateral ..... 12-1

12.2 Release of Account Debtors ..... 12-2

12.3 Duty to Provide Information..... 12-2

12.4 Obligation to Terminate ..... 12-3

12.5 Penalties for Failure to Comply with These Obligations ..... 12-5

**CHAPTER 13 REMEDIES ..... 13-1**

13.1 Damages and Civil Penalties..... 13-1

13.2 Rebuttable Presumption Rule ..... 13-3

13.3 Insider Dispositions..... 13-3

**CHAPTER 14 FORMS ..... 14-1**

FORM 14-1 New 9 Collateral List for Security Agreement  
(Commercial Credit)—9-108..... 14-1

FORM 14-2 New 9 Collateral List (Consumer Credit)—  
9-108(e) and (f) ..... 14-3

FORM 14-3 Secured Party’s Release of Control over Deposit  
Account—9-208(b)(1)..... 14-4

FORM 14-4 Secured Party’s Release of Control over Security  
Entitlement or Commodity Contract—9-208(b)(4)..... 14-5

FORM 14-5 Secured Party’s Release of Control over  
Letter-of-Credit Right—9-208(b)(5) ..... 14-6

FORM 14-6 Debtor’s Request for an Accounting—9-210(a)(2)..... 14-7

FORM 14-7 Debtor’s Request Regarding a List of  
Collateral—9-210(a)(3)..... 14-8

FORM 14-8 Debtor’s Request Regarding a Statement of  
Account—9-210(a)(4) ..... 14-9

FORM 14-9 Secured Party’s Accounting—9-210(b)(1) ..... 14-10

FORM 14-10 Secured Party’s Response to Debtor’s Request  
Regarding a List of Collateral—9-210(b)(2)..... 14-11

FORM 14-11 Secured Party’s Response to Debtor’s Request  
Regarding a Statement of Account—9-210(b)(2)..... 14-12

FORM 14-12 Secured Party’s Response to Debtor’s Request  
Regarding a List of Collateral when Secured Party  
Claims an Interest in All of a Particular Type  
of Collateral Owned by the Debtor—9-210(c) ..... 4-13

FORM 14-13 Notice of Exclusive Control of Securities  
Account—9-106 and 9-314 ..... 14-14

FORM 14-14 Notice of Disposition of Consumer-Goods—9-614 ..... 14-15

FORM 14-15 Notice of Disposition of Non-Consumer-Goods—9-613 ..... 14-17

FORM 14-16 Secured Party’s Request for Consent of Issuer or Nominated Person to Assignment of Letter-of-Credit Proceeds and Issuer or Nominated Person’s Consent—9-107 . . . . . 14-18

FORM 14-17 Exclusion of Warranties by Secured Party Selling Collateral—9-610(f) . . . . . 14-18.1

FORM 14-18 Notice of Purchase-Money Security Interest in Inventory—9-324(b) . . . . . 14-18.2

FORM 14-18A Notice of Purchase-Money Security Interest in Livestock—9-324(d) . . . . . 14-18.3

FORM 14-19 Notice to Bailee in Possession of Goods Who Has Issued a Non-Negotiable Document Covering the Goods—9-312(d) . . . . . 14-18.4

FORM 14-20 Consent of Owner of Real Property to Creation of Security Interest in Fixtures—9-334(f) . . . . . 14-18.5

FORM 14-20A Form of Landlord Waiver . . . . . 14-18.6

FORM 14-21 Notice from Consignor to Secured Party—9-103(d) 9-324(b) . . . . . 14-18.8

FORM 14-22 Waiver of Disposition Notification—9-103(d) and 9-602(7), 9-611, 9-624(a) . . . . . 14-18.9

FORM 14-23 Mandatory Disposition of Consumer-Goods - Agreement of Debtor and Secondary Obligor to Longer Period of Time—9-620(e) and (f) . . . . . 14-18.10

FORM 14-24 Description of Commercial Tort Claim for Purposes of Security Agreement and Financing Statement—9-108, 9-504, 9-203(b)(3)(A) . . . . . 14-18.11

FORM 14-25 Grant of Security Interest in Deposit Account to Depository Bank to Include in Deposit Account Signature Card—9-203(b)(3)(D) . . . . . 14-18.12

FORM 14-26 Secured Party’s Proposal to Accept Collateral in Full Satisfaction of Debt—9-620, 9-621 . . . . . 14-18.13

FORM 14-27 Secured Party’s Proposal to Accept Collateral in Partial Satisfaction of Debt—9-620, 9-621 . . . . . 14-19

FORM 14-28 Secured Party’s Notice That Strict Foreclosure Has Occurred . . . . . 14-21

FORM 14-29 Secured Party’s Notice That Partial Strict Foreclosure Has Occurred . . . . . 14-21

FORM 14-30 Governing Law Choices . . . . . 14-22

FORM 14-31 Application of Payments . . . . . 14-23

FORM 14-32 Bailee Acknowledgment That It Holds Possession of Collateral for Secured Party’s Benefit—9-313(c) . . . . . 14-24

FORM 14-33 Notice of Assignment to Include on Chattel Paper or an Instrument—9-330(a)(2) . . . . . 14-24.1

FORM 14-34 Notice to Include on Chattel Paper Financing Statement That Purchase of Chattel Paper

CONTENTS

	from Debtor Would Violate the Rights of the Secured Party—9-330(b) . . . . .	14-24.2
FORM 14-35	Notice to Account Debtor of Assignment of Account—9-406 . . . . .	14-21
FORM 14-35A	Notice to Government Account Debtor of Assignment of Account . . . . .	14-25
FORM 14-36	Agreement of Account Debtor Not to Assert Claims and Defenses Against Assignee of Account—9-403(b) . . . . .	14-26
FORM 14-36A	No Offset Agreement—9-404 . . . . .	14-26
FORM 14-37	Secured Party’s Release of Account Debtor—9-209(b) . . . . .	14-28.1
FORM 14-38	Proof Offered by Assignee That Account Has Been Assigned—9-406(c) . . . . .	14-28.2
FORM 14-39	Secured Party Affidavit in Recordable Form Regarding Default—9-607(b) . . . . .	14-28.2
FORM 14-40	Instruction by Secured Party to Bank to Pay out Deposit Account Collateral after Default—9-607(a)(5) . . . . .	14-28.3
FORM 14-41	Transfer Statement—9-619 . . . . .	14-28.4
FORM 14-42	Notice to Secured Party of a Claim or Interest in the Collateral—9-611(c)(3)(A) . . . . .	14-29
FORM 14-43	Demand by Subordinate Secured Party for Proceeds—9-608(a)(1)(C), 9-615(a)(3)(A) . . . . .	14-29
FORM 14-44	Demand by Secured Party of Proof of Subordinate Interest—9-608(a)(2), 9-615(b) . . . . .	14-30
FORM 14-45	Federal Trade Commission Holder-in-Due-Course Notice . . . . .	14-31
FORM 14-46	Deficiency/Surplus Explanation—9-616 . . . . .	14-32
FORM 14-47	Security Agreement (Consumer) . . . . .	14-34
FORM 14-48	Security Agreement (Corporate Debtor) . . . . .	14-44
FORM 14-49	Pledge Agreement . . . . .	14-74
FORM 14-50	Guaranty Security Agreement (Corporate Guarantor) . . . . .	14-82.15
FORM 14-51	Investment Property Control Agreement (Joint Control, No Withdrawals or Distributions of Dividends) . . . . .	14-111
FORM 14-52	Investment Property Control Agreement (Exclusive Creditor Control) . . . . .	14-114
FORM 14-53	Investment Property Security Agreement (Joint Control) . . . . .	14-118
FORM 14-54	Investment Property Security Agreement (Exclusive Creditor Control) . . . . .	14-126
FORM 14-55	Deposit Account Control Agreement (Joint Control) . . . . .	14-134
FORM 14-56	Deposit Account Control Agreement (Exclusive Creditor Control) . . . . .	14-137

FORM 14-57	Guaranty Agreement (Corporate Guarantor) . . . . .	14-140
FORM 14-58	Promissory Note (Commercial) . . . . .	14-156.1
FORM 14-59	Subordination Agreement . . . . .	14-166.1
FORM 14-60	Deposit Account Control Agreement [Demand Deposit] . . . . .	14-176
FORM 14-61	Loan and Security Agreement (Commercial Loan) . . . . .	14-178.7
FORM 14-62	Pledge Agreement (Certificates of Deposit That are “Instruments”) . . . . .	14-214
FORM 14-63	UCC-1 Financing Statement—Colorado . . . . .	14-220
FORM 14-64	UCC-1 Addendum—Colorado . . . . .	14-222
FORM 14-65	UCC-3 Addendum—Colorado . . . . .	14-224
FORM 14-66	UCC-3 Addendum—Colorado . . . . .	14-226
FORM 14-67	Assignment of Mortgages (Blanket) . . . . .	14-228
FORM 14-68	Assignment of Beneficial Interest in Deeds of Trust. . . . .	14-229
FORM 14-69	In Lieu Financing Statement . . . . .	14-231
FORM 14-70	Construction Deed of Trust and Security Agreement/Assignment of Rents—9-502(c) . . . . .	14-234
FORM 14-71	Financing Statement Legend-Disclosing Debtor Agreement Not to Grant Junior Security Interests in Collateral—9-331 . . . . .	14-266
FORM 14-72	Waiver of Right to Redeem—9-624(c) . . . . .	14-267
FORM 14-73	Secured Party’s Disclaimer of an Interest in Collateral or Obligations—9-210(d) and (e) . . . . .	14-268
FORM 14-74	New 9 Collateral List for Financing Statement (Commercial Credit)—9-504. . . . .	14-269
FORM 14-75	Debtor’s Correction Statement—9-518(b) . . . . .	14-271
FORM 14-76	Authorization to File Financing Statement or Amendment—9-509(a)(1) . . . . .	14-273
FORM 14-77	Intercreditor Agreement (Segregation of Collateral) . . . . .	14-274
FORM 14-78	Assignment of Life Insurance Policy as Collateral . . . . .	14-284
FORM 14-79	Response to Creditor’s Payoff Request . . . . .	14-288
FORM 14-80	Trademark Collateral Assignment and Security Agreement . . . . .	14-289
FORM 14-81	Copyright Collateral Assignment and Security Agreement . . . . .	14-298
FORM 14-82	Patent Collateral Assignment and Security Agreement. . . . .	14-306
FORM 14-83	Equipment Lease . . . . .	14-315
FORM 14-84	Perfection Certificate . . . . .	14-326
FORM 14-85	Collateral Assignment of Leases . . . . .	14-331
FORM 14-86	Agreement for Voluntary Surrender of Collateral . . . . .	14-337

**APPENDIX A: COLORADO SECRETARY OF STATE  
FILING RULES. . . . . APP A-1**

**APPENDIX B: UCC ARTICLE 9—2001 MODIFICATIONS  
TO COMMENTS . . . . . APP B-1**

CONTENTS

**INDICES**

<i>Table of Colorado Laws</i> .....	INDEX-1
<i>General Index</i> .....	INDEX-20
<i>Table of Cases</i> .....	INDEX-31
<i>Forms Index</i> .....	INDEX-36