

the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are private data on individuals or nonpublic data but are accessible to the charging party and the respondent.

(b) After making a finding of probable cause, the commissioner may make human rights investigative data contained in an open case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process. After a charge has been filed, the commissioner may disclose information to persons as the commissioner deems necessary (1) to facilitate investigation or disposition of the charge, or (2) to promote public health or safety. The commissioner may also disclose data about an open case file to another governmental entity to assist that entity or the department in processing a complaint or to eliminate duplication of efforts in the investigation of the same or similar facts as alleged in the charge. To the extent that data are disclosed to other governmental entities, it must be stipulated that section 13.03, subdivision 4, applies to the classification of the data.

(c) After making a finding of probable cause, the commissioner may make human rights investigative data contained in an open case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process.

Presented to the governor May 23, 2001

Signed by the governor May 24, 2001, 2:01 p.m.

CHAPTER 195—S.F.No. 1561

An act relating to commerce; revised Article 9 of the Uniform Commercial Code; making corrective and conforming amendments; appropriating money; amending Minnesota Statutes 2000, sections 27.138, subdivisions 2 and 3; 86B.820, subdivisions 10 and 11; 86B.880, subdivision 2; 168A.01, subdivisions 18 and 19; 168A.05, subdivision 8; 168A.17, subdivision 2; 169A.63, subdivisions 7 and 11; 268.058, subdivision 1; 270.69, subdivisions 2, 9, and 13; 270.7001, subdivision 4; 272.483; 272.484; 272.488, subdivision 3; 277.20, subdivision 8; 300.112, subdivision 1; 325L.16; 336.2-210; 336.9-102; 336.9-201; 336.9-203; 336.9-311; 336.9-317; 336.9-334; 336.9-407; 336.9-509; 336.9-521; 336.9-601; 336.9-607; 336.9-617; 336.9-619; 336A.01, subdivision 4; 507.24, subdivision 2; 514.18, subdivision 2; 514.221, subdivisions 2 and 3; 514.661, subdivisions 3, 4, 5, and 6; 514.945, subdivisions 2, 4, and 6; 515B.3-116; 515B.3-117; 550.13; 557.12, subdivision 5; 583.26, subdivisions 1 and 2; and 583.284; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 336; 507; 508; and 508A; repealing Minnesota Statutes 2000, sections 168A.17, subdivision 3; 336.11-101; 336.11-102; 336.11-103; 336.11-104; 336.11-105; 336.11-106; 336.11-107; and 336.11-108; Minnesota Rules, parts 8260.0600; 8260.0700; 8260.0800; 8260.0900; 8260.1000; 8260.1100; 8270.0010; 8270.0050; 8270.0100; 8270.0105; 8270.0110; 8270.0115; 8270.0200; 8270.0205; 8270.0210; 8270.0215; 8270.0220; 8270.0225; 8270.0230; 8270.0235; 8270.0240; 8270.0245; 8270.0255; 8270.0260; 8270.0265; and 8270.0270.

New language is indicated by underline, deletions by ~~strikeout~~.

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

ARTICLE 1

CORRECTIVE AMENDMENTS

Section 1. Minnesota Statutes 2000, section 86B.880, subdivision 2, is amended to read:

Subd. 2. **PERFECTION.** A security interest is perfected by the delivery to the commissioner of the existing certificate of title, if any, or an application for a certificate of title, containing the name and address of the secured party, the date of the security agreement, and the required fee. ~~It is perfected as of the time of its creation if the delivery is completed within the following ten days. In other instances it~~ A security interest is perfected as of the time of the delivery. The method provided in this chapter is exclusive.

Sec. 2. Minnesota Statutes 2000, section 168A.17, subdivision 2, is amended to read:

Subd. 2. **PERFECTION.** A security interest is perfected by the delivery to the department of the existing certificate of title, if any, an application for a certificate of title containing the name and address of the secured party, the date of the secured party's security agreement and the required fee. ~~It~~ A security interest is perfected as of the time of its creation if the delivery is completed within ten days thereafter; otherwise as of the time of the delivery.

Sec. 3. **[336.1-110] UNIFORM COMMERCIAL CODE ACCOUNT.**

The uniform commercial code account is established as an account in the state treasury. Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under this chapter must be deposited in the state treasury and credited to the uniform commercial code account.

Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the uniform commercial code account.

Money in the uniform commercial code account is continuously appropriated to the secretary of state to implement and maintain the central filing system under this chapter and to provide electronic access to other computerized records maintained by the secretary of state.

Sec. 4. Minnesota Statutes 2000, section 336.2-210, is amended to read:

336.2-210 **DELEGATION OF PERFORMANCE; ASSIGNMENT OF RIGHTS.**

(1) A party may perform a duty through a delegate unless otherwise agreed or unless the other party has a substantial interest in having the original promisor perform or control the acts required by the contract. No delegation of performance relieves the party delegating of any duty to perform or any liability for breach.

New language is indicated by underline, deletions by ~~strikeout~~.

(2) Except as otherwise provided in section 336.9-406, unless otherwise agreed all rights of either seller or buyer can be assigned except where the assignment would materially change the duty of the other party, or increase materially the burden or risk imposed on the other party by the contract, or impair materially the other party's chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the assignor's due performance of the assignor's entire obligation can be assigned despite agreement otherwise.

(3) The creation, attachment, perfection, or enforcement of a security interest in the seller's interest under a contract is not a transfer that materially changes the duty of or increases materially the burden or risk imposed on the buyer or impairs materially the buyer's chance of obtaining return performance within the purview of subsection (2) unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the seller. Even in that event, the creation, attachment, perfection, and enforcement of the security interest remain effective, but (i) the seller is liable to the buyer for damages caused by the delegation to the extent that the damages could not reasonably be prevented by the buyer, and (ii) a court having jurisdiction may grant other appropriate relief, including cancellation of the contract for sale or an injunction against enforcement of the security interest or consummation of the enforcement.

(4) Unless the circumstances indicate the contrary a prohibition of assignment of "the contract" is to be construed as barring only the delegation to the assignee of the assignor's performance.

(5) An assignment of "the contract" or of "all my rights under the contract" or an assignment in similar general terms is an assignment of rights and unless the language or the circumstances (as in an assignment for security) indicate the contrary, it is a delegation of performance of the duties of the assignor and its acceptance by the assignee constitutes a promise by the assignee to perform those duties. This promise is enforceable by either the assignor or the other party to the original contract.

(6) The other party may treat any assignment which delegates performance as creating reasonable grounds for insecurity and may without prejudice to the rights of the other party against the assignor demand assurances from the assignee (section 336.2-609).

Sec. 5. Minnesota Statutes 2000, section 336.9-102, is amended to read:

336.9-102 DEFINITIONS AND INDEX OF DEFINITIONS.

(a) **DEFINITIONS.** In this article:

(1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

(2) "Account", except as used in "account for", means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued,

New language is indicated by underline, deletions by ~~strikeout~~.

(iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter of credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

(3) "Account debtor" means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

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

(A) authenticated by a secured party;

(B) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

(C) identifying the components of the obligations in reasonable detail.

(5) "Agricultural lien" means an interest, other than a security interest, in farm products:

(A) which secures payment or performance of an obligation for:

(i) goods or services furnished in connection with a debtor's farming operation; or

(ii) rent on real property leased by a debtor in connection with its farming operation;

(B) which is created by statute in favor of a person that:

(i) in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(ii) leased real property to a debtor in connection with the debtor's farming operation; and

(C) whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(A) oil, gas, or other minerals that are subject to a security interest that:

(i) is created by a debtor having an interest in the minerals before extraction; and

(ii) attaches to the minerals as extracted; or

New language is indicated by underline, deletions by ~~strikeout~~.

(B) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.

(7) "Authenticate" means:

(A) to sign; or

(B) to execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record.

(8) "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

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

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

(A) proceeds to which a security interest attaches;

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

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

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

(A) the claimant is an organization; or

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

(i) arose in the course of the claimant's business or profession; and

New language is indicated by underline, deletions by ~~strikeout~~.

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

(14) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

(15) "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

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

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

(16) "Commodity customer" means a person for which a commodity intermediary carries a commodity contract on its books.

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

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

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

(18) "Communicate" means:

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

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

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

(19) "Consignee" means a merchant to which goods are delivered in a consignment.

(20) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) the merchant:

(i) deals in goods of that kind under a name other than the name of the person making delivery;

(ii) is not an auctioneer; and

(iii) is not generally known by its creditors to be substantially engaged in selling the goods of others;

(B) with respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of delivery;

New language is indicated by underline, deletions by ~~strikeout~~.

(C) the goods are not consumer goods immediately before delivery; and

(D) the transaction does not create a security interest that secures an obligation.

(21) "Consignor" means a person that delivers goods to a consignee in a consignment.

(22) "Consumer debtor" means a debtor in a consumer transaction.

(23) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) "Consumer goods transaction" means a consumer transaction in which:

(A) an individual incurs an obligation primarily for personal, family, or household purposes; and

(B) a security interest in consumer goods secures the obligation.

(25) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

(26) "Consumer transaction" means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer goods transactions.

(27) "Continuation statement" means an amendment of a financing statement which:

(A) identifies, by its file number, the initial financing statement to which it relates; and

(B) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(28) "Debtor" means:

(A) a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) a consignee.

(29) "Deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

(30) "Document" means a document of title or a receipt of the type described in section 336.7-201(2).

New language is indicated by underline, deletions by ~~strikeout~~.

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

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

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

(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

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

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

(ii) aquatic goods produced in aquacultural operations;

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

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

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

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement pursuant to section 336.9-519(a).

(37) "Filing office" means an office designated in section 336.9-501 as the place to file a financing statement.

(38) "Filing office rule" means a rule adopted pursuant to Laws 2000, chapter 399, article 1, section 139.

(39) "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

(40) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying section 336.9-502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

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

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

New language is indicated by underline, deletions by ~~strikeout~~.

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

(44) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if the program is associated with the goods in such a manner that it customarily is considered part of the goods, or by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter of credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

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

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

(47) "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary endorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

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

(A) are leased by a person as lessor;

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

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

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

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

New language is indicated by underline, deletions by ~~strikeout~~.

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

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

(52) "Lien creditor" means:

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

(B) an assignee for benefit of creditors from the time of assignment;

(C) a trustee in bankruptcy from the date of the filing of the petition; or

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

(53) Unless a certificate has been issued, "manufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under United States Code, title 42.

A manufactured home within the meaning of this section does not include a manufactured home for which a certificate of title as defined in section 336.9-102(a)(10) has been issued.

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

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

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

(55) "Mortgage" means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation. Mortgage includes an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the real property.

(56) "New debtor" means a person that becomes bound as debtor under section 336.9-203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously

New language is indicated by underline, deletions by ~~strikeout~~.

transferred to the transferee. The term does not include an obligation substituted for another obligation.

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

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

(60) "Original debtor", except as used in section 336.9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under section 336.9-203(d).

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

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

(A) the spouse of the individual;

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

(C) an ancestor or lineal descendant of the individual or the individual's spouse;
or

(D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

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

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

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

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

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

(E) an individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C), or (D), and shares the same home with the individual.

(64) "Proceeds", except as used in section 336.9-609(b), means the following property:

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

(B) whatever is collected on, or distributed on account of, collateral;

(C) rights arising out of collateral;

New language is indicated by underline, deletions by ~~strikeout~~.

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

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

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

(66) "Proposal" means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to sections 336.9-620, 336.9-621, and 336.9-622.

(67) "Public-finance transaction" means a secured transaction in connection with which:

(A) debt securities are issued;

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

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

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

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

(70) "Registered organization" means an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized.

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

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

(B) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

(72) "Secured party" means:

New language is indicated by underline, deletions by ~~strikeout~~.

(A) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that holds an agricultural lien;

(C) a consignor;

(D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) a person that holds a security interest arising under section 336.2-401, 336.2-505, 336.2-711(3), 336.2A-508(5), 336.4-210, or 336.5-118.

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

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

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

(B) to cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A).

(75) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

(76) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(77) "Supporting obligation" means a letter of credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

(78) "Tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

(79) "Termination statement" means an amendment of a financing statement which:

(A) identifies, by its file number, the initial financing statement to which it relates; and

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

(80) "Transmitting utility" means a person primarily engaged in the business of:

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

New language is indicated by underline, deletions by ~~strikeout~~.

(B) transmitting communications electrically, electromagnetically, or by light;

(C) transmitting goods by pipeline or sewer; or

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

A person filing a financing statement under this article and under the authority of sections 300.111 to 300.115 is a transmitting utility for purposes of this article.

(b) **DEFINITIONS IN OTHER ARTICLES.** The following definitions in other articles apply to this article:

“Applicant”	Section 336.5-102
“Beneficiary”	Section 336.5-102
“Broker”	Section 336.8-102
“Certificated security”	Section 336.8-102
“Check”	Section 336.3-104
“Clearing corporation”	Section 336.8-102
“Contract for sale”	Section 336.2-106
“Customer”	Section 336.4-104
“Entitlement holder”	Section 336.8-102
“Financial asset”	Section 336.8-102
“Holder in due course”	Section 336.3-302
“Issuer” (with respect to a letter of credit or letter of credit right)	Section 336.5-102
“Issuer” (with respect to a security)	Section 336.8-201
“Lease”	Section 336.2A-103
“Lease agreement”	Section 336.2A-103
“Lease contract”	Section 336.2A-103
“Leasehold interest”	Section 336.2A-103
“Lessee”	Section 336.2A-103
“Lessee in ordinary course of business”	Section 336.2A-103
“Lessor”	Section 336.2A-103
“Lessor’s residual interest”	Section 336.2A-103
“Letter of credit”	Section 336.5-102
“Merchant”	Section 336.2-104
“Negotiable instrument”	Section 336.3-104
“Nominated person”	Section 336.5-102
“Note”	Section 336.3-104
“Proceeds of a letter of credit”	Section 336.5-114
“Prove”	Section 336.3-103
“Sale”	Section 336.2-106
“Securities account”	Section 336.8-501
“Securities intermediary”	Section 336.8-102

New language is indicated by underline, deletions by ~~strikeout~~.

“Security”	Section 336.8-102
“Security certificate”	Section 336.8-102
“Security entitlement”	Section 336.8-102
“Uncertificated security”	Section 336.8-102

(c) **ARTICLE 1 DEFINITIONS AND PRINCIPLES.** Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 6. Minnesota Statutes 2000, section 336.9-201, is amended to read:

336.9-201 GENERAL EFFECTIVENESS OF SECURITY AGREEMENT.

(a) **GENERAL EFFECTIVENESS.** Except as otherwise provided in the Uniform Commercial Code, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

(b) **APPLICABLE CONSUMER LAWS AND OTHER LAW.** A transaction subject to this article is subject to any applicable rule of law which establishes a different rule for consumers and (i) any other statute or regulation that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit and including but not limited to sections 48.153 to 48.157; 168.66 to 168.77; 222.13 to 222.16; 334.01 to 334.06; and chapters 52, 53, and 56, (ii) any consumer protection statute or rule, and (iii) the Manufactured Home Repossession Security Act, sections 327.61 to 327.67.

(c) **OTHER APPLICABLE LAW CONTROLS.** In case of conflict between this article and a rule of law, statute, or regulation described in subsection (b), the rule of law, statute, or regulation controls. Failure to comply with a statute or regulation described in subsection (b) has only the effect the statute or regulation specifies.

(d) **FURTHER DEFERENCE TO OTHER APPLICABLE LAW.** This article does not:

- (1) validate any rate, charge, agreement, or practice that violates a rule of law, statute, or regulation described in subsection (b); or
- (2) extend the application of the rule of law, statute, or regulation to a transaction not otherwise subject to it.

Sec. 7. Minnesota Statutes 2000, section 336.9-203, is amended to read:

336.9-203 ATTACHMENT AND ENFORCEABILITY OF SECURITY INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS; FORMAL REQUIREMENTS.

(a) **ATTACHMENT.** A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

(b) **ENFORCEABILITY.** Except as otherwise provided in subsections (c) through (i), a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) value has been given;

(2) the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) one of the following conditions is met:

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

(B) the collateral is not a certificated security and is in the possession of the secured party under section 336.9-313 pursuant to the debtor's security agreement;

(C) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 336.8-301 pursuant to the debtor's security agreement; or

(D) the collateral is deposit accounts, electronic chattel paper, investment property, or letter of credit rights, and the secured party has control under section 336.9-104, 336.9-105, 336.9-106, or 336.9-107 pursuant to the debtor's security agreement.

(c) **OTHER UCC PROVISIONS.** Subsection (b) is subject to section 336.4-210 on the security interest of a collecting bank, section 336.5-118 on the security interest of a letter of credit issuer or nominated person, section 336.9-110 on a security interest arising under article 2 or 2A, and section 336.9-206 on security interests in investment property.

(d) **WHEN PERSON BECOMES BOUND BY ANOTHER PERSON'S SECURITY AGREEMENT.** A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this article or by contract:

(1) the security agreement becomes effective to create a security interest in the person's property; or

(2) the person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

(e) **EFFECT OF NEW DEBTOR BECOMING BOUND.** If a new debtor becomes bound as debtor by a security agreement entered into by another person:

(1) the agreement satisfies subsection (b)(3) with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

(2) another agreement is not necessary to make a security interest in the property enforceable.

(f) **PROCEEDS AND SUPPORTING OBLIGATIONS.** The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by

New language is indicated by underline, deletions by ~~strikeout~~.

section 336.9-315 and is also attachment of a security interest in a supporting obligation for the collateral.

(g) **LIEN SECURING RIGHT TO PAYMENT.** The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien. The attachment of a security interest in the mortgage or lien on real property does not create an interest in real property.

(h) **SECURITY ENTITLEMENT CARRIED IN SECURITIES ACCOUNT.** The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

(i) **COMMODITY CONTRACTS CARRIED IN COMMODITY ACCOUNT.** The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

Sec. 8. Minnesota Statutes 2000, section 336.9-311, is amended to read:

336.9-311 PERFECTION OF SECURITY INTERESTS IN PROPERTY SUBJECT TO CERTAIN STATUTES, REGULATIONS, AND TREATIES.

(a) **SECURITY INTEREST SUBJECT TO OTHER LAW.** Except as otherwise provided in subsection (d), the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt section 336.9-310(a);

(2) sections 86B.820 to 86B.920 and 168A.01 to 168A.31; ~~but during any period which collateral is inventory held for sale by a person who is in the business of selling goods of that kind, the filing provisions of this article (part 5) apply to a security interest in the collateral created by the person as a debtor; or sections 300.11 to 300.115; or~~

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

(b) **COMPLIANCE WITH OTHER LAW.** Compliance with the requirements of a statute, regulation, or treaty described in subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this article. Except as otherwise provided in subsection (d) and sections 336.9-313 and 336.9-316(d) and (e) for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in subsection (a) may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

New language is indicated by underline, deletions by ~~strikeout~~.

(c) **DURATION AND RENEWAL OF PERFECTION.** Except as otherwise provided in subsection (d) and section 336.9-316(d) and (e), duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this article.

(d) **INAPPLICABILITY TO CERTAIN INVENTORY.** During any period in which collateral subject to a statute specified in subsection (a)(2) is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

Sec. 9. Minnesota Statutes 2000, section 336.9-317, is amended to read:

336.9-317 INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF SECURITY INTEREST OR AGRICULTURAL LIEN.

(a) **CONFLICTING SECURITY INTERESTS AND RIGHTS OF LIEN CREDITORS.** A security interest or agricultural lien is subordinate to the rights of:

- (1) a person entitled to priority under section 336.9-322; and
- (2) except as otherwise provided in subsection (e), a person that becomes a lien creditor before the earlier of the time:
 - (A) the security interest or agricultural lien is perfected; or
 - (B) ~~one of the conditions specified in section 336.9-203(b)(3) is met~~

and a financing statement covering the collateral is filed ~~one of the conditions specified in section 336.9-203(b)(3) is met~~ and a financing statement covering the collateral is filed.

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

(c) **LESSEES THAT RECEIVE DELIVERY.** Except as otherwise provided in subsection (e), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) **LICENSEES AND BUYERS OF CERTAIN COLLATERAL.** A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

New language is indicated by underline, deletions by ~~strikeout~~.

(e) **PURCHASE-MONEY SECURITY INTEREST.** Except as otherwise provided in sections 336.9-320 and 336.9-321, if a person files a financing statement with respect to a purchase-money security interest before or within 20 days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise between the time the security interest attaches and the time of filing.

Sec. 10. Minnesota Statutes 2000, section 336.9-334, is amended to read:

336.9-334 PRIORITY OF SECURITY INTERESTS IN FIXTURES AND CROPS.

(a) **SECURITY INTEREST IN FIXTURES UNDER THIS ARTICLE.** A security interest under this article may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this article in ordinary building materials incorporated into an improvement on land.

(b) **SECURITY INTEREST IN FIXTURES UNDER REAL PROPERTY LAW.** This article does not prevent creation of an encumbrance upon fixtures under real property law.

(c) **GENERAL RULE: SUBORDINATION OF SECURITY INTEREST IN FIXTURES.** In cases not governed by subsections (d) through (h), a security interest in fixtures is subordinate to a conflicting interest of an encumbrancer or owner of the related real property other than the debtor.

(d) **FIXTURES PURCHASE-MONEY PRIORITY.** Except as otherwise provided in subsection (h), a perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property and:

- (1) the security interest is a purchase-money security interest;
- (2) the interest of the encumbrancer or owner arises before the goods become fixtures; and
- (3) the security interest is perfected by a fixture filing before the goods become fixtures or within 20 days thereafter.

(e) **PRIORITY OF SECURITY INTEREST IN FIXTURES OVER INTERESTS IN REAL PROPERTY.** A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:

- (1) the debtor has an interest of record in the real property or is in possession of the real property and the security interest:
 - (A) is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and
 - (B) has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) before the goods become fixtures, the security interest is perfected by any method permitted by this article and the fixtures are readily removable:

(A) factory or office machines;

(B) equipment that is not primarily used or leased for use in the operation of the real property; or

(C) replacements of domestic appliances that are consumer goods;

(3) the conflicting interest is a lien on the real property obtained by legal or equitable proceedings after the security interest was perfected by any method permitted by this article; or

(4) the security interest is:

(A) created in a manufactured home in a manufactured home transaction; and

(B) perfected pursuant to a statute described in section 336.9-311(a)(2).

(f) PRIORITY BASED ON CONSENT, DISCLAIMER, OR RIGHT TO REMOVE. A security interest in fixtures, whether or not perfected, has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(1) the encumbrancer or owner has, in an authenticated record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

(2) the debtor has a right to remove the goods as against the encumbrancer or owner.

(g) CONTINUATION OF PARAGRAPH (F)(2) PRIORITY. The priority of the security interest under paragraph (f)(2) continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

(h) PRIORITY OF CONSTRUCTION MORTGAGE. A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if a recorded record of the mortgage so indicates. Except as otherwise provided in subsections (e) and (f), a security interest in fixtures is subordinate to a construction mortgage if a record of the mortgage is recorded before the goods become fixtures and the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.

(i) PRIORITY OF SECURITY INTEREST IN CROPS. A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property except a perfected landlord's lien if the debtor has an interest of record in or is in possession of the real property.

(j) SUBSECTION (I) PREVAILS. Subsection (i) prevails over any inconsistent provisions of the following statutes:

(1) section 557.12; and

New language is indicated by underline, deletions by ~~strikeout~~.

(2) section 559.2091.

Sec. 11. Minnesota Statutes 2000, section 336.9-407, is amended to read:

336.9-407 RESTRICTIONS ON CREATION OR ENFORCEMENT OF SECURITY INTEREST IN LEASEHOLD INTEREST OR IN LESSOR'S RESIDUAL INTEREST.

(a) **TERM RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE.** Except as otherwise provided in subsection (b), a term in a lease agreement is ineffective to the extent that it:

(1) prohibits, restricts, or requires the consent of a party to the lease to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, an interest of a party under the lease contract or in the lessor's residual interest in the goods; or

(2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.

(b) **EFFECTIVENESS OF CERTAIN TERMS.** Except as otherwise provided in section 336.2A-303(7), a term described in subsection (a)(2) is effective to the extent that there is:

(1) a transfer by the lessee of the lessee's right of possession or use of the goods in violation of the term; or

(2) a delegation of a material performance of either party to the lease contract in violation of the term.

(c) **SECURITY INTEREST NOT MATERIAL IMPAIRMENT.** The creation, attachment, perfection, or enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is not a transfer that materially impairs the lessee's prospect of obtaining return performance or materially changes the duty of or materially increases the burden or risk imposed on the lessee within the purview of section 336.2A-303(4) unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the lessor. ~~Even in that event, the creation, attachment, perfection, and enforcement of the security interest remain effective.~~

Sec. 12. Minnesota Statutes 2000, section 336.9-509, is amended to read:

336.9-509 PERSONS ENTITLED TO FILE A RECORD.

(a) **PERSON ENTITLED TO FILE RECORD.** A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) the debtor authorizes the filing in an authenticated record or pursuant to subsection (b) or (c); or

New language is indicated by underline, deletions by ~~strikeout~~.

(2) the person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien.

(b) **SECURITY AGREEMENT AS AUTHORIZATION.** By authenticating or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

(1) the collateral described in the security agreement; and

(2) property that becomes collateral under section 336.9-315(a)(2), whether or not the security agreement expressly covers proceeds.

(c) **ACQUISITION OF COLLATERAL AS AUTHORIZATION.** By acquiring collateral in which a security interest or agricultural lien continues under section 336.9-315(a)(1), a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under section 336.9-315(a)(2).

(e) (d) **PERSON ENTITLED TO FILE CERTAIN AMENDMENTS.** A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

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

(2) the amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by section 336.9-513(a) or (c), the debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

(e) (e) **MULTIPLE SECURED PARTIES OF RECORD.** If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under subsection (e) (d).

Sec. 13. Minnesota Statutes 2000, section 336.9-521, is amended to read:

336.9-521 UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND AMENDMENT.

(a) **INITIAL FINANCING STATEMENT FORM.** A filing office that accepts written records may not refuse to accept a written initial financing statement in the form and format adopted by the National Conference of Commissioners on Uniform State Laws, except for a reason set forth in section 336.9-516(b).

(b) **AMENDMENT FORM.** A filing office that accepts written records may not refuse to accept a written amendment of an initial financing statement record in the form and format adopted by the National Conference of Commissioners on Uniform State Laws, except for a reason set forth in section 336.9-516(b).

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 14. **[336.9-5291] ELECTRONIC ACCESS; LIABILITY; RETENTION.**

(a) ELECTRONIC ACCESS. The secretary of state may allow private parties to have electronic access to the central filing system and to other computerized records maintained by the secretary of state on a fee basis, except that: (1) visual access to electronic display terminals at the public counters at the secretary of state's office must be without charge and must be available during public counter hours; and (2) access by law enforcement personnel, acting in an official capacity, must be without charge. If the central filing system allows a form of electronic access to information regarding the obligations of debtors, the access must be available 24 hours a day, every day of the year. Notwithstanding section 13.49, private parties who have electronic access to computerized records may view the social security number information about a debtor that is of record.

Notwithstanding section 13.49, a filing office may include social security number information in an information request response under section 336.9-523 or a search of other liens in the central filing system. A filing office may also include social security number information on a photocopy or electronic copy of a record whether provided in an information request response or in response to a request made under section 13.03.

(b) LIABILITY. The secretary of state, county recorders, and their employees and agents are not liable for any loss or damages arising from errors in or omissions from information entered into the central filing system as a result of the electronic transmission of tax lien notices under sections 268.058, subdivision 1, paragraph (c); 270.69, subdivision 2, paragraph (b), clause (2); 272.483; and 272.488, subdivisions 1 and 3.

The state, the secretary of state, counties, county recorders, and their employees and agents are immune from liability that occurs as a result of errors in or omissions from information provided from the central filing system.

(c) RETENTION. Once the image of a paper record has been captured by the central filing system, the secretary of state may remove or direct the removal from the files and destroy the paper record.

Sec. 15. Minnesota Statutes 2000, section 336.9-601, is amended to read:

336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

(a) RIGHTS OF SECURED PARTY AFTER DEFAULT. After default, a secured party has the rights provided in this part and, except as otherwise provided in section 336.9-602, those provided by agreement of the parties. A secured party:

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

New language is indicated by underline, deletions by strikeout.

(b) **RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR CONTROL.** A secured party in possession of collateral or control of collateral under section 336.9-104, 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

(c) **RIGHTS CUMULATIVE; SIMULTANEOUS EXERCISE.** The rights under subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) **RIGHTS OF DEBTOR AND OBLIGOR.** Except as otherwise provided in subsection (g) and section 336.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **LIEN OF LEVY AFTER JUDGMENT.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) the date of perfection of the security interest or agricultural lien in the collateral;

(2) the date of filing a financing statement covering the collateral; or

(3) any date specified in a statute under which the agricultural lien was created.

(f) **EXECUTION SALE.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) **CONSIGNOR OR BUYER OF CERTAIN RIGHTS TO PAYMENT.** Except as otherwise provided in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

(h) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (i) is served on the debtor after a condition of default has occurred in the security agreement and a copy served on the director of the agricultural extension service; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(i) A mediation notice under subsection (h) must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Debtor)..."

YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural Property Collateral)..."

AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROP-

New language is indicated by underline, deletions by ~~strikeout~~.

ERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Secured Party)...

Sec. 16. Minnesota Statutes 2000, section 336.9-607, is amended to read:

336.9-607 COLLECTION AND ENFORCEMENT BY SECURED PARTY.

(a) **COLLECTION AND ENFORCEMENT GENERALLY.** (1) If so agreed, and in any event after default, a secured party:

(4) (A) may notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;

(2) (B) may take any proceeds to which the secured party is entitled under section 336.9-315;

(3) (C) may enforce the obligations of an account debtor or other person obligated on collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;

(4) (D) if it holds a security interest in a deposit account perfected by control under section 336.9-104(a)(1), may apply the balance of the deposit account to the obligation secured by the deposit account; and

(5) (E) if it holds a security interest in a deposit account perfected by control under section ~~336.9-104(a)(2)~~ or (3), may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party; and.

New language is indicated by underline, deletions by ~~strikeout~~.

(2) If a secured party exercises its rights under subsection (a)(1), the following rules apply:

(6) (A) Except as otherwise provided in subsection (B), if the obligation of the account debtor or other person obligated on collateral is secured by an interest in real property and the account debtor or other person obligated on collateral satisfies its obligation, the secured party must furnish the account debtor or the other person obligated on collateral with a release or satisfaction of the interest in real property sufficient for recording in the real property records applicable to that real property.

(B) This subsection applies in the case of an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the real property. If the purchaser satisfies its obligations under that contract, the secured party shall deliver to the purchaser a deed to the real property in accordance with the terms of the contract.

(b) NONJUDICIAL ENFORCEMENT OF MORTGAGE. (1) In the case of a mortgage that is not an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the real property, to exercise under subsection (a)(3)(1)(C) the right of a debtor to enforce a mortgage nonjudicially, the secured party must record in the office in which a record of the mortgage is recorded:

(A) an assignment of the mortgage to the secured party; or

(B) the secured party's sworn affidavit of assignment in recordable form stating:

(i) a default has occurred under a security agreement that creates or provides for a security interest in the obligation secured by the mortgage;

(ii) a true and correct copy of the security agreement is attached to the affidavit;

(iii) the secured party is entitled to enforce the mortgage nonjudicially;

(iv) the legal description of the real property encumbered by the mortgage;

(v) the parties to the mortgage, the date of the mortgage, the date of recording of the mortgage, the place of recording of the mortgage, and the identifying number or other indexing information that identifies the mortgage in the office of the county recorder or registrar of titles where the mortgage is recorded;

(vi) the secured party has succeeded to the interest of the debtor under the mortgage; and

(vii) the affidavit of assignment shall be an assignment to the secured party of the interest of the debtor under the mortgage.

(2) The affidavit of assignment is entitled to be recorded with the county recorder or the registrar of titles and upon recording, the affidavit of assignment shall be deemed an assignment to the secured party of the interest of the debtor under the mortgage.

(3) This subsection applies in the case of an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the

New language is indicated by underline, deletions by ~~strikeout~~.

real property. To exercise under subsection (a)(1)(C) the right of a debtor to terminate the contract nonjudicially, the secured party shall record a transfer statement, as provided in section 336.9-619, with the county recorder or the registrar of titles in the county where the real property is located. The transferee is entitled to have the statement recorded with the county recorder or the registrar of titles. When recorded, the transfer statement is a conveyance of the interest of the debtor under the contract.

(c) **COMMERCIALLY REASONABLE COLLECTION AND ENFORCEMENT.** A secured party shall proceed in a commercially reasonable manner if the secured party:

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

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

(d) **EXPENSES OF COLLECTION AND ENFORCEMENT.** A secured party may deduct from the collections made pursuant to subsection (c) reasonable expenses of collection and enforcement, including reasonable attorneys fees and legal expenses incurred by the secured party.

(e) **DUTIES TO SECURED PARTY NOT AFFECTED.** This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

(f) **SECURED PARTY TO OBTAIN ASSIGNMENT OF DEBTOR'S INTEREST UNDER THE MORTGAGE.** (1) This subsection applies if the obligation of an account debtor or other person obligated on collateral is secured by an interest in real property, the secured party promptly after commencing exercise of any of its rights.

(2) If the interest is under an executory contract for the sale of real property or of an interest in real property that entitles the account debtor to possession of the real property, then promptly after beginning to exercise a right under this section, the secured party shall record a transfer statement as provided in section 336.9-619. The statement must be recorded with the county recorder or registrar of titles in the county where the real property is located.

(3) If the interest is not under a record described in paragraph (2), then promptly after beginning to exercise a right under this section, the secured party shall:

(1) (A) file an assignment of the mortgage to the secured party;

(2) (B) ~~proceed under section 336.9-619 and record a transfer statement in the office of, as provided in section 336.9-619, with the county recorder or registrar of titles where the mortgage is recorded in the county where the real property is located;~~ or

(3) (C) file an affidavit of assignment as provided under subsection (b).

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 17. Minnesota Statutes 2000, section 336.9-617, is amended to read:

336.9-617 RIGHTS OF TRANSFEREE OF COLLATERAL.

(a) **EFFECTS OF DISPOSITION.** A secured party's disposition of collateral after default:

- (1) transfers to a transferee for value all of the debtor's rights in the collateral;
- (2) discharges the security interest under which the disposition is made; and
- (3) discharges any subordinate security interest or other subordinate lien ~~other than liens created under (cite acts or statutes providing for liens, if any, that are not to be discharged).~~

(b) **RIGHTS OF GOOD FAITH TRANSFEREE.** A transferee that acts in good faith takes free of the rights and interests described in subsection (a), even if the secured party fails to comply with this article or the requirements of any judicial proceeding.

(c) **RIGHTS OF OTHER TRANSFEREE.** If a transferee does not take free of the rights and interests described in subsection (a), the transferee takes the collateral subject to:

- (1) the debtor's rights in the collateral;
- (2) the security interest or agricultural lien under which the disposition is made; and
- (3) any other security interest or other lien.

Sec. 18. Minnesota Statutes 2000, section 336.9-619, is amended to read:

336.9-619 TRANSFER OF RECORD OR LEGAL TITLE.

(a) **TRANSFER STATEMENT.** (1) In this section, "transfer statement" means a record authenticated by a secured party stating:

(A) that the debtor has defaulted in connection with an obligation secured by specified collateral;

(B) that the secured party has exercised its postdefault remedies with respect to the collateral;

(C) that, by reason of the exercise, a transferee has acquired the rights of the debtor in the collateral;

(D) the name and mailing address of the secured party, debtor, and transferee; and

(E) in addition, if the statement is to be filed in the real property records concerning a mortgage or other record evidencing an interest in real property, the statement must state the following information concerning the mortgage or other record evidencing an interest in real property:

- (i) the name and title on the record;
- (ii) the date on the record;

New language is indicated by underline, deletions by ~~strikeout~~.

(iii) the names of the parties on the record;

(iv) the identity of the office of the county recorder or registrar of titles where the record is filed;

(v) the date the record was filed; and

(vi) the identifying number of the record in the office of the county recorder or registrar of titles; and

(vii) in the case of an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the real property, the legal description of the real property subject to the contract.

(2) A transfer statement that is to be filed in the real property records must contain an acknowledgment by the secured party in a form sufficient to satisfy the requirements of chapter 358.

(3) If an executory contract for the sale of real property or of an interest in real property that entitles the purchaser to possession of the real property is terminated, the secured party may not file a transfer statement concerning that contract after the termination. If a transfer statement is filed by the secured party after the debtor has terminated that contract, the transfer statement is not effective as a conveyance.

(b) EFFECT OF TRANSFER STATEMENT. A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate of title system covering the collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:

(1) accept the transfer statement;

(2) promptly amend its records to reflect the transfer; and

(3) if applicable,

(A) issue a new appropriate certificate of title in the name of transferee in the case of property not subject to chapter 508 or 508A; or

(B) in the case of property subject to chapter 508 or 508A, issue a new certificate of title upon satisfaction of the requirements of those chapters.

(c) TRANSFER NOT A DISPOSITION; NO RELIEF OF SECURED PARTY'S DUTIES. A transfer of the record or legal title to collateral to a secured party under subsection (b) or otherwise is not of itself a disposition of collateral under this article and does not of itself relieve the secured party of its duties under this article.

(d) TRANSFER OF CERTIFICATES OF TITLE. A secured party who complies with section 86B.840, subdivision 2, paragraph (b), or 168A.12, subdivision 2, is considered to have provided a transfer statement for purposes of this section.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 19. [507.236] TRANSFER STATEMENT FOR CONTRACT FOR DEED.

Subdivision 1. DEFINITION. In this section, "transfer statement for a contract for deed" means a document that:

- (1) is a transfer statement made in compliance with section 336.9-619(a); and
- (2) transfers a seller's interest in an executory contract for the sale of real estate or of an interest in real estate that entitles the purchaser to possession of the real estate.

Subd. 2. RECORDING OF STATEMENT. A transferee under a transfer statement for a contract for deed is entitled to have the statement recorded as provided in section 336.9-619(b). Recording must be with the county recorder or registrar of titles in the county where the affected real estate is located.

Subd. 3. EFFECTS OF RECORDING. Subject to compliance with any applicable provisions of section 508.491 or 508A.491, recording a transfer statement for a contract for deed has the following effects:

- (1) it transfers from the contract seller named as debtor in the statement to the transferee all title and interest of the contract seller in the real estate described in the statement;
- (2) it has the same effect as an assignment and a deed from the contract seller to the transferee; and
- (3) it is a conveyance within the meaning of section 507.34.

Sec. 20. Minnesota Statutes 2000, section 507.24, subdivision 2, is amended to read:

Subd. 2. ORIGINAL SIGNATURES REQUIRED. Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment.

Sec. 21. [508.491] TRANSFER STATEMENT FOR CONTRACT FOR DEED.

Subdivision 1. DEFINITION. In this section, "transfer statement for a contract for deed" means a document that:

- (1) is a transfer statement made in compliance with section 336.9-619(a); and
- (2) transfers a seller's interest in an executory contract for the sale of land or of an interest in land that entitles the purchaser to possession of the land.

Subd. 2. REGISTRATION OF STATEMENT. A transferee under a transfer statement for a contract for deed is entitled to have the statement recorded as provided

New language is indicated by underline, deletions by ~~strikeout~~.

in section 336.9-619(b). The registrar shall enter a memorial of the statement on the certificate of title for the land in which the debtor has a registered interest.

Subd. 3. NEW CERTIFICATE OF TITLE. If a transferee under a transfer statement for a contract for deed has become the owner in fee of the land, or any part of it, the transferee may have the title registered. To do so, the transferee must petition the court for a new certificate of title to the land. On receiving the petition, the court shall notify the parties in interest and order a new certificate issued to the petitioner. The registrar shall issue a new certificate of title to the land, or the part of the land, the petitioner owns, as in the case of a voluntary conveyance.

Subd. 4. FINANCING STATEMENTS. A financing statement that is filed pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment, and must be filed with the registrar, and shown as a memorial on the certificate of title.

Sec. 22. [508A.491] TRANSFER STATEMENT FOR CONTRACT FOR DEED.

Subdivision 1. DEFINITION. In this section, "transfer statement for a contract for deed" means a document that:

- (1) is a transfer statement made in compliance with section 336.9-619(a); and
- (2) transfers a seller's interest in an executory contract for the sale of land or of an interest in land that entitles the purchaser to possession of the land.

Subd. 2. REGISTRATION OF STATEMENT. A transferee under a transfer statement for a contract for deed is entitled to have the statement recorded as provided in section 336.9-619(b). The registrar shall enter a memorial of the statement on the certificate of title for the land in which the debtor has a registered interest.

Subd. 3. NEW CERTIFICATE OF TITLE. If a transferee under a transfer statement for a contract for deed has become the owner in fee of the land, or any part of it, the transferee may have the title registered. To do so, the transferee must petition the court for a new certificate of title to the land. On receiving the petition, the court shall notify the parties in interest and order a new certificate issued to the petitioner. The registrar shall issue a new certificate of title to the land, or the part of the land, the petitioner owns, as in the case of a voluntary conveyance.

Subd. 4. FINANCING STATEMENTS. A financing statement that is filed pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment, and must be filed with the registrar, and shown as a memorial on the certificate of title.

Sec. 23. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; Laws 1993, First Special Session chapter 2, article 6, section 2; Laws 1995, chapter 212, article 2, section 11; Laws 1997, chapter 183, article 3, section 29; Laws 1998, chapter 395, section 7; Laws

New language is indicated by underline, deletions by ~~strikeout~~.

1998, chapter 402, section 6; and Laws 1999, chapter 214, article 2, section 19, is amended to read:

Sec. 18. REPEALER.

Sections 1 to 17 and Minnesota Statutes, section ~~336.9-501~~, subsections (6) and (7) ~~336.9-601~~, subsections (h) and (i), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, 2001.

Sec. 24. USER MANUAL FOR DIRECT ACCESS SUBSCRIBERS.

The secretary of state shall prepare a user manual for persons who are direct access subscribers to the central filing system. The user manual must provide information on revised Article 9 of the Uniform Commercial Code, including information on effective searching, filing, and practices under revised Article 9. Copies of the user manual must be available to the public by August 1, 2001.

Sec. 25. REPEALER.

(a) Minnesota Statutes 2000, section 168A.17, subdivision 3, is repealed.

(b) Minnesota Rules, parts 8260.0600; 8260.0700; 8260.0800; 8260.0900; 8260.1000; 8260.1100; 8270.0010; 8270.0050; 8270.0100; 8270.0105; 8270.0110; 8270.0115; 8270.0200; 8270.0205; 8270.0210; 8270.0215; 8270.0220; 8270.0225; 8270.0230; 8270.0235; 8270.0240; 8270.0245; 8270.0255; 8270.0260; 8270.0265; and 8270.0270, are repealed.

ARTICLE 2

CONFORMING AMENDMENTS TO MINNESOTA STATUTES

Section 1. Minnesota Statutes 2000, section 27.138, subdivision 2, is amended to read:

Subd. 2. **SELLERS' RIGHTS TO TRUST ASSETS.** (a) An unpaid seller may recover trust assets for the net amount unpaid after the due date after allowing deductions of contemplated expenses or advances made in connection with the transaction. An amount is considered unpaid if a seller receives a payment instrument that is dishonored.

(b) An unpaid seller may recover trust assets after filing a beneficiaries notice with the wholesale produce dealer to whom the produce was transferred, and the commissioner, and ~~the appropriate filing office after filing in the central filing system~~ under section ~~336.9-401~~ 336.9-501 as if the trust were a security interest in the trust assets by 40 days after the due date for the payment to the seller or 40 days after a payment instrument to the seller for the produce is dishonored, whichever is later.

Sec. 2. Minnesota Statutes 2000, section 27.138, subdivision 3, is amended to read:

Subd. 3. **BENEFICIARIES NOTICE.** (a) A beneficiaries notice must be in writing and in a form prescribed by the commissioner ~~after consultation with the secretary of state.~~

New language is indicated by underline, deletions by ~~strikeout~~.

(b) The beneficiaries notice must contain:

- (1) the name and address of the seller;
- (2) the name and address of the wholesale produce dealer maintaining the trust assets;
- (3) the produce, amount of produce, amount to be paid the seller, and the due date of transactions that are unpaid or, if appropriate, the date a payment instrument was dishonored; and
- (4) a description of the trust assets.

(c) The filing officer shall enter on the ~~beneficiaries notice~~ initial financing statement filed pursuant to this section the time of day and date of filing. The filing officer shall accept filings, amendments, and terminations of a beneficiaries notice an initial financing statement filed pursuant to this section and charge the same filing fees as provided in section 336.9-403 for a financing statement 336.9-525. ~~A beneficiaries notice~~ An initial financing statement filed pursuant to this section is void and may be removed from the filing system 18 months after the date of filing. The beneficiaries notice may be physically destroyed 30 months after the date of filing.

Sec. 3. Minnesota Statutes 2000, section 86B.820, subdivision 10, is amended to read:

Subd. 10. **SECURED PARTY.** "Secured party" means a secured party as defined in section ~~336.9-105, subsection (1)(m)~~ 336.9-102(a)(72), having a security interest in a watercraft and includes a lienholder.

Sec. 4. Minnesota Statutes 2000, section 86B.820, subdivision 11, is amended to read:

Subd. 11. **SECURITY AGREEMENT.** "Security agreement" has the meaning given it in section ~~336.9-105, subsection (1)(l)~~ 336.9-102(a)(73).

Sec. 5. Minnesota Statutes 2000, section 168A.01, subdivision 18, is amended to read:

Subd. 18. **SECURED PARTY.** "Secured party" means a secured party as defined in section ~~336.9-105 (1)(m)~~ 336.9-102(a)(72) having a security interest in a vehicle.

Sec. 6. Minnesota Statutes 2000, section 168A.01, subdivision 19, is amended to read:

Subd. 19. **SECURITY AGREEMENT.** "Security agreement" means a security agreement as defined in section ~~336.9-105 (1) (l)~~ 336.9-102(a)(73).

Sec. 7. Minnesota Statutes 2000, section 168A.05, subdivision 8, is amended to read:

Subd. 8. **LIENS FILED FOR ENFORCEMENT OF CHILD SUPPORT.** This subdivision applies if the court or a public authority responsible for child support enforcement orders or directs the commissioner to enter a lien, as provided in section

New language is indicated by underline, deletions by ~~strikeout~~.

518.551, subdivision 14. If a certificate of title is applied for by the owner, the department shall enter a lien on the title in the name of the state of Minnesota or in the name of the obligee in accordance with the notice if the value of the motor vehicle determined in accordance with either the definitions of section 297B.01, subdivision 8, or the retail value described in the N.A.D.A. Official Used Car Guide, Midwest Edition, for the current year exceeds the exemption allowed in section 550.37. The lien on the title is subordinate to any bona fide purchase money security interest as defined in under section 336.9-107 336.9-103 regardless of when the purchase money security interest is perfected. With respect to all other security interests, the lien is perfected as of the date entered on the title.

Sec. 8. Minnesota Statutes 2000, section 169A.63, subdivision 7, is amended to read:

Subd. 7. **LIMITATIONS ON VEHICLE FORFEITURE.** (a) A vehicle is subject to forfeiture under this section only if:

(1) the driver is convicted of the designated offense upon which the forfeiture is based;

(2) the driver fails to appear with respect to the designated offense charge in violation of section 609.49 (release; failure to appear); or

(3) the driver's conduct results in a designated license revocation and the driver either fails to seek administrative or judicial review of the revocation in a timely manner as required by section 169A.53 (administrative and judicial review of license revocation), or the license revocation is sustained under section 169A.53.

(b) A vehicle encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based. However, when the proceeds of the sale of a seized vehicle do not equal or exceed the outstanding loan balance, the appropriate agency shall remit all proceeds of the sale to the secured party. If the sale of the vehicle is conducted in a commercially reasonable manner consistent with the provisions of section ~~336.9-504, clause (3)~~ 336.9-610, the agency is not liable to the secured party for any amount owed on the loan in excess of the sale proceeds if the secured party received notification of the time and place of the sale at least three days prior to the sale.

(c) Notwithstanding paragraphs (b) and (d), the secured party's, lessor's, or owner's interest in a vehicle is not subject to forfeiture based solely on the secured party's, lessor's, or owner's knowledge of the act or omission upon which the forfeiture is based if the secured party, lessor, or owner took reasonable steps to terminate use of the vehicle by the offender.

(d) A motor vehicle is subject to forfeiture under this section only if its owner knew or should have known of the unlawful use or intended use.

(e) A vehicle subject to a security interest, based upon a loan or other financing arranged by a financial institution, is subject to the interest of the financial institution.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 9. Minnesota Statutes 2000, section 169A.63, subdivision 11, is amended to read:

Subd. 11. **SALE OF FORFEITED VEHICLE BY SECURED PARTY.** (a) A financial institution with a valid security interest in or a valid lease covering a forfeited vehicle may choose to dispose of the vehicle under this subdivision, in lieu of the appropriate agency disposing of the vehicle under subdivision 9. A financial institution wishing to dispose of a vehicle under this subdivision shall notify the appropriate agency of its intent, in writing, within 30 days after receiving notice of the seizure and forfeiture. The appropriate agency shall release the vehicle to the financial institution or its agent after the financial institution presents proof of its valid security agreement or of its lease agreement and the financial institution agrees not to sell the vehicle to a member of the violator's household, unless the violator is not convicted of the offense on which the forfeiture is based. The financial institution shall dispose of the vehicle in a commercially reasonable manner as defined in section ~~336.9-504~~ 336.9-610.

(b) After disposing of the forfeited vehicle, the financial institution shall reimburse the appropriate agency for its seizure, storage, and forfeiture costs. The financial institution may then apply the proceeds of the sale to its storage costs, to its sale expenses, and to satisfy the lien or the lease on the vehicle. If any proceeds remain, the financial institution shall forward the proceeds to the state treasury, which shall credit the appropriate fund as specified in subdivision 9.

Sec. 10. Minnesota Statutes 2000, section 268.058, subdivision 1, is amended to read:

Subdivision 1. **LIEN.** (a) Any taxes, unemployment benefit overpayments, or payments in lieu of taxes due including interest, penalties, and costs shall become a lien upon all the property, within this state, both real and personal, of the person liable, from the date of assessment. The term "date of assessment" means the date the obligation was due.

(b) The lien is not enforceable against any purchaser, mortgagee, pledgee, holder of a Uniform Commercial Code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed with the county recorder of the county where the property is situated, or in the case of personal property belonging to a nonresident person in the office of the secretary of state. When the notice of lien is filed with the county recorder, the fee for filing and indexing shall be as provided in sections 272.483 and 272.484.

(c) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission into the computerized filing system of the secretary of state ~~under section 336.9-411~~. The secretary of state shall, on any notice filed with that office, transmit the notice electronically to the appropriate county recorder. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice as if the notice had been mailed or delivered.

(d) County recorders and the secretary of state shall enter information on lien notices, renewals, and releases into the central database of the secretary of state. For

New language is indicated by underline, deletions by ~~strikeout~~.

notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered into the central database before the close of the working day following the day of the original data entry by the commissioner.

(e) The lien imposed on personal property, even though properly filed, is not enforceable against a purchaser of tangible personal property purchased at retail or personal property listed as exempt in sections 550.37, 550.38, and 550.39.

(f) A notice of lien filed has priority over any security interest arising under chapter 336, article 9, that is perfected prior in time to the lien imposed by this subdivision, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of lien is filed; and

(2) the property comes into existence after the 45th calendar day following the day the notice of lien is filed, or after the secured party has actual notice or knowledge of the lien filing, whichever is earlier.

(g) The lien shall be enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed before expiration for an additional ten years.

(h) The lien shall be enforceable by levy under subdivision 2 or by judgment lien foreclosure under chapter 550.

(i) The lien may be imposed upon property defined as homestead property in chapter 510 but may be enforced only upon the sale, transfer, or conveyance of the homestead property.

(j) The commissioner may sell and assign to a third party the commissioner's right of redemption in specific real property for liens filed under this subdivision. The assignee shall be limited to the same rights of redemption as the commissioner, except that in a bankruptcy proceeding, the assignee does not obtain the commissioner's priority. Any proceeds from the sale of the right of redemption shall be credited to the contingent account. Any sale shall be by written agreement signed by an attorney who is a classified employee of the department designated by the commissioner for that purpose.

Sec. 11. Minnesota Statutes 2000, section 270.69, subdivision 2, is amended to read:

Subd. 2. **FILING OF LIENS NECESSARY FOR ENFORCEABILITY AGAINST CERTAIN PERSONS; METHODS OF FILING; FEES.** (a) The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a Uniform Commercial Code security interest, mechanic's lienor, or judgment lien creditor whose interest has been duly perfected or is entitled to protection under applicable provisions of state law, until a notice of lien has been filed by the commissioner of revenue in the office of the county recorder of the county in

New language is indicated by underline, deletions by ~~strikeout~~.

which real property is situated, or in the case of personal property belonging to an individual who is not a resident of this state or to a corporation, partnership, or other organization, in the office of the secretary of state, or in the case of personal property belonging to a resident individual, in the office of the county recorder of the county of residence of the individual.

(b)(1) Notices of liens, and lien releases, transcriptions, and renewals, in a form prescribed by the commissioner of revenue, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the commissioner or a delegate into the computerized filing system of the secretary of state ~~authorized under section 336.9-411~~. The secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

(2) County recorders and the secretary of state shall enter information relative to lien notices, transcriptions, renewals, and releases filed in their offices into the central database of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central database before the close of the working day following the day of the original data entry by the department of revenue.

The filing and indexing of all notices must be in accordance with the filing and indexing of notices of federal liens, certificates of release, and refiled notices under section 272.483.

(c) Notwithstanding any other law to the contrary, the department of revenue is exempt from payment of fees when a lien, lien renewal, or lien transcription is offered for recording. The recording fees must be paid along with the release fee at the end of the month in which the release of lien is recorded, after receipt of a monthly statement from a county recorder or the secretary of state. The department of revenue shall add the recording fees to the delinquent tax liability of the taxpayer. Notwithstanding any other law to the contrary, the fee for filing or recording a notice of lien, or lien release, transcription, or renewal is \$15.

(d) There is appropriated to the commissioner of revenue an amount representing the cost of payment of recording fees to the county recorders and the secretary of state. The commissioner shall keep a separate accounting of the costs and of payments for recording fees remitted by taxpayers, and make the records available to the legislature upon request.

Sec. 12. Minnesota Statutes 2000, section 270.69, subdivision 9, is amended to read:

Subd. 9. **LIEN SEARCH FEES.** Upon request of any person, the filing officer shall issue a certificate showing whether there is recorded in that filing office, on the

New language is indicated by underline, deletions by ~~strikeout~~.

date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed on or after ten years before the date of the search certificate, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate shall be as provided by section ~~336.9-407~~ 336.9-525 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of state lien, or notice or certificate affecting a state lien, for a fee of 50 cents per page.

Sec. 13. Minnesota Statutes 2000, section 270.69, subdivision 13, is amended to read:

Subd. 13. **FORTY-FIVE DAY RULE.** A notice of tax lien filed under this section has priority over a security interest arising under article 9 of the Uniform Commercial Code, ~~codified as sections 336.9-101 to 336.9-508~~, that is perfected before the date of filing of the lien imposed by this section, but only if:

(1) the perfected security interest secures property acquired by the taxpayer or advances made by the secured party after the notice of tax lien is filed; and

(2) the property is acquired or the advance is made after the 45th day following the day on which the notice of tax lien is filed, or after the secured party has actual notice or knowledge of the tax lien filing, whichever is earlier.

Sec. 14. Minnesota Statutes 2000, section 270.7001, subdivision 4, is amended to read:

Subd. 4. **PAYMENTS COVERED.** For purposes of this section, the term payments does not include wages as defined in section 290.92 or funds in a deposit account as defined in section ~~336.9-105~~ 336.9-102(a)(29). The term payments does include the following:

(1) payments due for services of independent contractors, dividends, rents, royalties, residuals, patent rights, and mineral or other natural resource rights;

(2) payments or credits under written or oral contracts for services or sales whether denominated as wages, salary, commission, bonus, or otherwise, if the payments are not covered by section 290.92, subdivision 23; and

(3) any other periodic payments or credits resulting from an enforceable obligation to the taxpayer, employer, or person.

Sec. 15. Minnesota Statutes 2000, section 272.483, is amended to read:

272.483 DUTIES OF FILING OFFICER.

(a) If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in clause (b) is presented to a filing officer who is:

(1) the secretary of state; the secretary shall cause the notice to be marked and indexed alphabetically and numerically in the computerized filing system maintained by the secretary of state under ~~section 336.9-411~~;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) the county recorder; the county recorder shall endorse identification and the date and time of filing and file and enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of filing, the file number of the lien, and the total amount appearing on the notice of lien.

Each county recorder shall enter the date and time of filing and the file number and shall index the names of the persons shown on the notice into the computerized database system maintained by the secretary of state.

For notices of federal tax liens on real property, the information in the computerized filing and database systems does not create, release, discharge, or recreate a notice of federal tax lien on real property in this state.

(b) If a certificate of release, nonattachment, or subordination of any lien is presented to the secretary of state for filing, the secretary shall:

(1) enter the information into the computerized filing system ~~maintained under section 336.9-411;~~

(2) cause a certificate of release or nonattachment to be marked and indexed as if the certificate were a termination statement within the meaning of the Uniform Commercial Code, but the notice of lien to which the certificate relates may not be removed from the files until ten years and 30 days after the filing date of the lien; and

(3) cause a certificate of subordination to be marked and indexed as if the certificate were a release of collateral within the meaning of the Uniform Commercial Code.

(c) If a refiled notice of federal lien referred to in clause (a) or any of the certificates or notices referred to in clause (b) is presented for filing to any other filing officer specified in section 272.481, the officer shall enter the refiled notice or the certificate with the date and time of filing in any alphabetical lien index where the original notice of lien is entered and ~~into the computerized database system.~~

(d) When a filing officer receives a request to search the records for the name of a particular person, the filing officer must issue a search certificate showing whether there is any notice of lien or certificate or notice of lien filed on or after ten years and 30 days before the date of the search. If a notice or certificate is on file, the search certificate must state the file or document number of the notice and the date and time of filing of each notice or certificate and the date and time the search certificate was issued. The fee for a certificate shall be that provided by section ~~336.9-407~~ 336.9-525 or 357.18, subdivision 1, clause (3).

Sec. 16. Minnesota Statutes 2000, section 272.484, is amended to read:

272.484 **FEES.**

The fee for filing and indexing each notice of lien or certificate or notice affecting the lien is:

(1) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the secretary of state, the

New language is indicated by underline, deletions by ~~strikeout~~.

fee provided by section ~~336.9-405~~ 336.9-525, except that the filing fee charged to the district directors of internal revenue for filing a federal tax lien is \$15 for up to two debtor names and \$15 for each additional name;

(2) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the county recorder, the fee for filing a real estate mortgage in the county where filed.

The officer shall bill the district directors of internal revenue or other appropriate federal officials on a monthly basis for fees for documents filed by them.

Sec. 17. Minnesota Statutes 2000, section 272.488, subdivision 3, is amended to read:

Subd. 3. **FILING WITH SECRETARY OF STATE.** (a) Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, refiled notices of any of those items, and any other notices affecting federal tax liens that are required to be filed with the secretary of state, in a form prescribed by the Internal Revenue Service, may be filed with the secretary of state by mail, personal delivery, or electronic transmission by the Secretary of the Treasury of the United States or a delegate into the computerized filing system of the secretary of state ~~authorized under section 336.9-411~~. The electronic record must be endorsed and indexed within the computerized database system as required by section 272.483.

(b) For filings made pursuant to section 272.481, paragraph (c), clause (1), with the secretary of state, when data entry is complete as required by subdivision 2, the original document is contained in the computerized filing system and is the official copy from which all official copies will be made. Reproductions of documents described in section 272.483, paragraph (a) or (b), which are contained in the computerized filing system will be in the same format as if the document had been filed on paper by the Internal Revenue Service.

Sec. 18. Minnesota Statutes 2000, section 277.20, subdivision 8, is amended to read:

Subd. 8. **LIEN SEARCH FEES.** Upon request of a person, the filing officer shall issue a certificate showing whether there is on file, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed after December 31, 1991, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate is as provided by section ~~336.9-407~~ 336.9-525 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of lien, or notice or certificate affecting a lien, for a fee of \$1 per page.

Sec. 19. Minnesota Statutes 2000, section 300.112, subdivision 1, is amended to read:

Subdivision 1. **FILING WITH SECRETARY OF STATE.** Notwithstanding sections ~~336.9-302, subsections (3) and (4); 336.9-401, subsection (1); 336.9-402; and 336.9-403~~ 336.9-311, 336.9-501, 336.9-502, 336.9-515, and 336.9-519 of the Uniform

New language is indicated by underline, deletions by ~~strikeout~~.

Commercial Code, all filings required under the Uniform Commercial Code in order to perfect a security interest against the personal property or fixtures of a debtor public utility, or against the personal property or fixtures of a debtor taconite company or a debtor semitaconite company, must be made and maintained in the office of the secretary of state.

Sec. 20. Minnesota Statutes 2000, section 325L.16, is amended to read:

325L.16 TRANSFERABLE RECORD.

(a) In this section, "transferable record" means an electronic record that:

(1) would be a note under Article 3 of the Uniform Commercial Code or a document under Article 7 of the Uniform Commercial Code if the electronic record were in writing; and

(2) the issuer of the electronic record expressly has agreed is a transferable record.

(b) A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes that person as the person to which the transferable record was issued or transferred.

(c) A system satisfies paragraph (b), and a person is deemed to have control of a transferable record, if the transferable record is created, stored, and assigned in such a manner that:

(1) a single authoritative copy of the transferable record exists which is unique, identifiable, and, except as otherwise provided in clauses (4), (5), and (6), unalterable;

(2) the authoritative copy identifies the person asserting control as:

(i) the person to which the transferable record was issued; or

(ii) if the authoritative copy indicates that the transferable record has been transferred, the person to which the transferable record was most recently transferred;

(3) the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

(4) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

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

(6) any revision of the authoritative copy is readily identifiable as authorized or unauthorized.

(d) Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in section 336.1-201(20) of the Uniform Commercial Code, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under the Uniform Commercial Code, including, if the applicable statutory requirements under section 336.3-302(a), 336.7-501, or ~~336.9-308~~ 336.9-330 of the Uniform Commercial Code are satisfied, the rights and defenses of a

New language is indicated by underline, deletions by ~~strikeout~~.

holder in due course, a holder to which a negotiable document of title has been duly negotiated, or a purchaser, respectively. Delivery, possession, and endorsement are not required to obtain or exercise any of the rights under this paragraph.

(e) Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under the Uniform Commercial Code.

(f) If requested by a person against which enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that the person is in control of the transferable record. Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

Sec. 21. Minnesota Statutes 2000, section 336A.01, subdivision 4, is amended to read:

Subd. 4. **COMPUTERIZED FILING SYSTEM.** "Computerized filing system" means the system created ~~under section 336.9-411~~ by the secretary of state with separate programs for filing and giving notice of effective financing statements and farm products statutory liens.

Sec. 22. Minnesota Statutes 2000, section 514.18, subdivision 2, is amended to read:

Subd. 2. **NONPOSSESSORY LIEN; NOTICE.** Notwithstanding the voluntary surrender or other loss of possession of the property on which the lien is claimed, the person entitled thereto may preserve the lien upon giving notice of the lien at any time within 60 days after the surrender or loss of possession, by filing in the appropriate filing office under the Uniform Commercial Code, Minnesota Statutes, section ~~336.9-401~~ 336.9-501 a verified statement and notice of intention to claim a lien. The statement shall contain a description of the property upon which the lien is claimed, the work performed or materials furnished and the amount due.

Sec. 23. Minnesota Statutes 2000, section 514.221, subdivision 2, is amended to read:

Subd. 2. **PERFECTION OF LIEN.** A person claiming a lien created by this section shall, within 90 days after performing the work or furnishing the materials, file in the appropriate filing office under the Uniform Commercial Code, section ~~336.9-401~~ 336.9-501, a verified statement and description of the aircraft and the work done or material furnished. The lien shall be in force from and after the date on which it is filed.

Sec. 24. Minnesota Statutes 2000, section 514.221, subdivision 3, is amended to read:

Subd. 3. **PRIORITY, FORECLOSURE; LIMITATION.** A lien created by this section is prior and paramount to all other liens upon the aircraft except those previously filed in the appropriate filing office. The lien shall be treated in all respects as a secured transaction under the Uniform Commercial Code, sections ~~336.9-401~~

New language is indicated by underline, deletions by ~~strikeout~~.

336.9-501 to ~~336.9-508~~ 336.9-628, except that:

(a) any foreclosure proceedings must be instituted within one year of the date the lien was filed; and

(b) the lien is subject to the rights of a purchaser of the aircraft in cases where the purchaser acquired the aircraft prior to the filing of the lien without knowledge or notice of the rights of the person performing the work or furnishing the material.

Sec. 25. Minnesota Statutes 2000, section 514.661, subdivision 3, is amended to read:

Subd. 3. **PERFECTION.** To perfect a lien under this section, the lien must attach and a person or entity entitled to the lien must file a lien statement in the appropriate filing office under section ~~336.9-404~~ 336.9-501 during mediation or within 30 days after the conclusion of mediation.

Sec. 26. Minnesota Statutes 2000, section 514.661, subdivision 4, is amended to read:

Subd. 4. **DUTIES OF FILING OFFICER.** The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section ~~336.9-403~~ sections 336.9-501 to 336.9-527 for a financing statement, ~~except that the social security number of an individual debtor or the Internal Revenue Service taxpayer identification number for a debtor other than an individual is not required.~~ A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.

Sec. 27. Minnesota Statutes 2000, section 514.661, subdivision 5, is amended to read:

Subd. 5. **PRIORITY.** (a) A perfected lien has priority over all other liens and security interests in crops produced by the debtor during the calendar year in which the mediation occurs except for a perfected landlord's lien under section 514.960.

(b) An unperfected lien has the priority of an unperfected security interest under section ~~336.9-312~~ sections 336.9-317 and 336.9-322.

Sec. 28. Minnesota Statutes 2000, section 514.661, subdivision 6, is amended to read:

Subd. 6. **ENFORCEMENT OF LIEN.** (a) The holder of a lien under this section may enforce the lien in the manner provided in sections ~~336.9-504~~ 336.9-601 to ~~336.9-508~~ 336.9-628, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections ~~336.9-504~~ 336.9-601 to ~~336.9-508~~ 336.9-628. If a right or duty under sections ~~336.9-504~~ 336.9-601 to ~~336.9-508~~ 336.9-628 is contingent upon the existence of express language in a security agreement or may be waived by express language in a

New language is indicated by underline, deletions by ~~strikeout~~.

security agreement, the requisite language does not exist.

(b) The principal amount of debt secured by seasonal use machinery must be reduced by an amount equal to any amount paid in satisfaction of a lien created under this section, less interest accrued on the debt during mediation.

Sec. 29. Minnesota Statutes 2000, section 514.945, subdivision 2, is amended to read:

Subd. 2. **PERFECTION.** An agricultural producer's lien is perfected from the time the agricultural commodity is delivered until 20 days after the agricultural commodity is delivered without filing. An agricultural producer's lien may continue to be perfected if a lien statement under subdivision 3 is filed in the appropriate filing office under section ~~336.9-401~~ 336.9-501 by 20 days after the agricultural commodity is delivered.

Sec. 30. Minnesota Statutes 2000, section 514.945, subdivision 4, is amended to read:

Subd. 4. **PRIORITY.** (a) An agricultural producer's lien has priority over all other liens and encumbrances in:

- (1) the agricultural commodity;
- (2) proceeds from the agricultural commodity;
- (3) the proportionate share of the agricultural commodities or goods with which the agricultural commodity has been commingled; and
- (4) the products manufactured or processed with the agricultural commodity.

(b) An agricultural producer's lien that is continuously perfected from the time of delivery has priority over other liens and encumbrances whether they are filed before or after the agricultural producer's lien.

(c) An agricultural producer's lien that is filed after 20 days after delivery of the agricultural commodity has priority in the order it is filed.

(d) Priority among perfected agricultural producers' liens is according to the first lien filed.

(e) An agricultural producer's lien that is not perfected has the priority of an unperfected security interest under ~~section 336.9-312~~ sections 336.9-317 and 336.9-322.

Sec. 31. Minnesota Statutes 2000, section 514.945, subdivision 6, is amended to read:

Subd. 6. **ENFORCEMENT.** The holder of an agricultural producer's lien may enforce the lien in the manner provided in sections ~~336.9-501~~ 336.9-601 to 336.9-508 336.9-628, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person receiving the agricultural commodity is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections

New language is indicated by underline, deletions by ~~strikeout~~.

~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628. If a right or duty under sections ~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.

Sec. 32. Minnesota Statutes 2000, section 515B.3-116, is amended to read:

515B.3-116 LIEN FOR ASSESSMENTS.

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, late charges, fines and interest charges pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable as assessments, under this section.

(b) A lien under this section is prior to all other liens and encumbrances on a unit except (i) liens and encumbrances recorded before the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes, or takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or, in a cooperative, any first security interest encumbering only the unit owner's interest in the unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the unit. If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June 1, 1994, and no owner redeems during the owner's period of redemption provided by chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the unit subject to a lien in favor of the association for unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following the end of the owner's period of redemption. If a first security interest encumbering a unit owner's interest in a cooperative unit which is personal property is foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following either the disposition date of sale pursuant to section ~~336.9-504~~ 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to section ~~336.9-505~~ 336.9-622. This subsection shall not affect the priority of mechanics' liens.

(c) Recording of the declaration constitutes record notice and perfection of any lien under this section, and no further recordation of any notice of or claim for the lien is required.

(d) Proceedings to enforce an assessment lien shall be instituted within three years after the last installment of the assessment becomes payable, or shall be barred.

(e) The unit owner of a unit at the time an assessment is due shall be personally liable to the association for payment of the assessment levied against the unit. If there are multiple owners of the unit, they shall be jointly and severally liable.

New language is indicated by underline, deletions by ~~strikeout~~.

(f) This section does not prohibit actions to recover sums for which subsection (a) creates a lien nor prohibit an association from taking a deed in lieu of foreclosure. The commencement of an action to recover the sums is not an election of remedies if it is dismissed before commencement of foreclosure of the lien provided for by this section.

(g) The association shall furnish to a unit owner or the owner's authorized agent upon written request of the unit owner or the authorized agent a statement setting forth the amount of unpaid assessments currently levied against the owner's unit. If the unit owner's interest is real estate, the statement shall be in recordable form. The statement shall be furnished within ten business days after receipt of the request and is binding on the association and every unit owner.

(h) The association's lien may be foreclosed as provided in this subsection.

(1) In a condominium or planned community, the association's lien may be foreclosed in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by action pursuant to chapter 581. The association shall have a power of sale to foreclose the lien pursuant to chapter 580.

(2) In a cooperative whose unit owners' interests are real estate, the association's lien shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph (1).

(3) In a cooperative whose unit owners' interests in the units are personal property, the association's lien shall be foreclosed in a like manner as a security interest under article 9 of chapter 336. In any disposition pursuant to section 336.9-504 ~~336.9-610~~ or retention pursuant to ~~section 336.9-505~~ sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its reasonable costs and attorney fees not exceeding the amount provided by section 582.01, subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to disposition or retention, notwithstanding the value of the unit, and (iv) the notice of sale, disposition, or retention shall contain the following statement in capital letters with the name of the association or secured party filled in:

"THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party) AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

New language is indicated by underline, deletions by ~~strikeout~~.

(3) \$500 TO APPLY TO ATTORNEYS FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

(b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorneys fees authorized by the declaration or bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorneys fees as the court shall determine, and (iv) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to foreclosure, notwithstanding the value of the unit.

(i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of redemption, pays any past due or current assessments, or any other charges lienable as assessments, with respect to the unit described in the sheriff's certificate, then the amount paid shall be a part of the sum required to be paid to redeem under section 582.03.

(j) In a cooperative, following foreclosure, the association may bring an action for unlawful detainer against the unit owner and any persons in possession of the unit, and in that case section 504B.291 shall not apply.

(k) An association may assign its lien rights in the same manner as any other secured party.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 33. Minnesota Statutes 2000, section 515B.3-117, is amended to read:
515B.3-117 OTHER LIENS.

(a) Except in a cooperative and except as otherwise provided in this chapter or in a security instrument, an individual unit owner may have the unit owner's unit released from a lien if the unit owner pays the lienholder the portion of the amount which the lien secures that is attributable to the unit. Upon the receipt of payment, the lienholder shall promptly deliver to the unit owner a recordable partial satisfaction and release of lien releasing the unit from the lien. The release shall be deemed to include a release of any rights in the common elements appurtenant to the unit. The portion of the amount which a lien secures that is attributable to the unit shall be equal to the total amount which the lien secures multiplied by a percentage calculated by dividing the common expense liability attributable to the unit by the common expense liability attributable to all units against which the lien has been recorded, or in the case of a lien under subsection (b), the units against which the lien is permitted or required to be recorded. At the request of a lien claimant or unit owners, the association shall provide a written statement of the percentage of common expense liability attributable to all units. After a unit owner's payment pursuant to this section, the association may not assess the unit for any common expense incurred thereafter in connection with the satisfaction or defense against the lien.

(b) Labor performed or materials furnished for the improvement of a unit shall be the basis for the recording of a lien against that unit pursuant to the provisions of chapter 514 but shall not be the basis for the recording of a lien against the common elements. Labor performed or materials furnished for the improvement of common elements, if duly authorized by the association, shall be deemed to be performed or furnished with the express consent of each unit owner, and shall be perfected by recording a lien against all the units in the common interest community pursuant to the provisions of chapter 514, but shall not be the basis for the recording of a lien against the common elements. Where a lien is recorded against the units for labor performed or material furnished for the improvement of common elements, the association shall be deemed to be the authorized agent of the unit owners for purposes of receiving the notices required under sections 514.011 and 514.08, subdivision 1, clause (2).

(c) A security interest in a cooperative whose unit owners' interests in the units are personal property shall be perfected by recording a financing statement in the UCC filing section of the office of the recording officer for the county in which the unit is located. In any disposition by a secured party pursuant to section ~~336.9-504~~ 336.9-610 or retention pursuant to section ~~336.9-505~~ sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, subject to the exceptions and requirements set forth in section 515B.3-116(h)(3), and except that the unit owner has the right to reinstate the debt owing to the secured party by paying to the secured party, prior to the effective date of the disposition or retention, the amount which would be required to reinstate the debt under section 580.30 if the unit were wholly real estate.

Sec. 34. Minnesota Statutes 2000, section 550.13, is amended to read:
550.13 LEVY ON BULKY ARTICLES.

When personal property, by reason of its bulk or other cause, cannot be immediately removed, it shall be a sufficient levy thereon if the officer, within three

New language is indicated by underline, deletions by ~~strikeout~~.

days thereafter, file in the appropriate filing office under the Uniform Commercial Code, section ~~336.9-401~~ 336.9-501, a certified copy of the execution, and of the officer's return and levy thereon. The officer shall pay the filing fee and include it in the charges.

Sec. 35. Minnesota Statutes 2000, section 557.12, subdivision 5, is amended to read:

Subd. 5. **FILING AND ENFORCEMENT OF LIENS.** (a) A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections ~~336.9-401~~ 336.9-501 to ~~336.9-410~~ 336.9-527 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections ~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628.

(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics' lien under sections 514.08 to 514.15 as if the planting crop owner was a contractor. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.

Sec. 36. Minnesota Statutes 2000, section 583.26, subdivision 1, is amended to read:

Subdivision 1. **MEDIATION NOTICE.** (a) A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections ~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections ~~336.9-501~~ 336.9-601, 550.365, 559.209, and 582.039 on the debtor and the director. The creditor must also file with the director proof of the date the mediation notice was served on the debtor. The creditor may not begin the proceeding until the stay of the creditor's remedies is lifted under subdivision 5, or as allowed under sections 583.20 to 583.32.

(b) For purposes of the Farmer-Lender Mediation Act, starting a proceeding to enforce a debt means initiating a proceeding under chapter 550, 580, or 581; sections ~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628; or section 559.21.

(c) The director shall combine all mediation notices for the same debtor that are received prior to the initial mediation meeting into one mediation proceeding.

Sec. 37. Minnesota Statutes 2000, section 583.26, subdivision 2, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **MEDIATION REQUEST.** (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The debtor must state all known creditors with debts secured for agricultural property. The mediation request form must include an instruction that the debtor must state all known creditors with debts secured by agricultural property and unsecured creditors that are necessary for the farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors are necessary for the farm operation. The mediation request must state the date that the notice was served on the debtor. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a debtor who fails to file a timely mediation request waives the right to mediation for that debt under the Farmer-Lender Mediation Act. The director shall notify the creditor who served the mediation notice stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections ~~336.9-501~~ 336.9-601 to ~~336.9-508~~ 336.9-628, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the director. The mediation request form must indicate that the debtor has not received a mediation notice.

Sec. 38. Minnesota Statutes 2000, section 583.284, is amended to read:

583.284 RETENTION OF PURCHASE MONEY SECURITY INTEREST.

If a creditor has a purchase money security interest as defined in under section ~~336.9-107~~ 336.9-103, and renegotiates the debt under the Farmer-Lender Mediation Act to reduce the principal balance or the interest rate or to extend the repayment period, the creditor retains the purchase money security interest for the renegotiated debt.

Sec. 39. REPEALER.

Minnesota Statutes 2000, sections 336.11-101; 336.11-102; 336.11-103; 336.11-104; 336.11-105; 336.11-106; 336.11-107; and 336.11-108, are repealed.

Sec. 40. EFFECTIVE DATE.

This act is effective July 1, 2001.

Presented to the governor May 23, 2001

Signed by the governor May 25, 2001, 12:05 p.m.

New language is indicated by underline, deletions by ~~strikeout~~.