

AN ACT

1 Amending Titles 13 (Commercial Code), 30 (Fish) and 75
2 (Vehicles) of the Pennsylvania Consolidated Statutes,
3 revising secured transaction provisions relating to
4 definitions, to control of electronic chattel paper, to
5 location of debtor, to perfection of security interests in
6 property subject to certain statutes, regulations and
7 treaties, to continued perfection of security interest
8 following change in governing law, to interests which take
9 priority over or take free of security interest or
10 agricultural lien, to priority of security interests created
11 by new debtor, to discharge of account debtor, notification
12 of assignment, identification and proof of assignment,
13 restrictions on assignment of accounts, chattel paper,
14 payment intangibles and promissory notes ineffective, to
15 restrictions on assignment of promissory notes, health-care-
16 insurance receivables and certain general intangibles
17 ineffective, to contents of financing statement, record of
18 mortgage as financing statement, time of filing financing
19 statement, to name of debtor and secured party, to effect of
20 certain events on effectiveness of financing statement, to
21 duration and effectiveness of financing statement, effect of
22 lapsed financing statement, to what constitutes filing,
23 effectiveness of filing, to claim concerning inaccurate or
24 wrongfully filed record and to collection and enforcement by
25 secured party; providing for transition provisions for 2013
26 amendments; imposing duties upon the Department of State and
27 the Department of Transportation; and making editorial
28 changes.

29 The General Assembly of the Commonwealth of Pennsylvania
30 hereby enacts as follows:

1 Section 1. The definitions of "authenticate," "certificate
2 of title," "jurisdiction of organization" and "registered
3 organization" in section 9102(a) of Title 13 of the Pennsylvania
4 Consolidated Statutes are amended and the subsection is amended
5 by adding a definition to read:

6 § 9102. Definitions and index of definitions.

7 (a) Division 9 definitions.--The following words and phrases
8 when used in this division shall have the meanings given to them
9 in this subsection:

10 * * *

11 "Authenticate." To:

12 (i) sign; or

13 (ii) [execute or otherwise adopt a symbol, or
14 encrypt or similarly process a record in whole or in
15 part,] with [the] present intent [of the authenticating
16 person to identify the person and] to adopt or accept a
17 record, attach to or logically associate with the record
18 an electrical sound, symbol or process.

19 * * *

20 "Certificate of title." A certificate of title with respect
21 to which a statute provides for the security interest in
22 question to be indicated on the certificate as a condition or
23 result of the security interest's obtaining priority over the
24 rights of a lien creditor with respect to the collateral. The
25 term includes another record maintained as an alternative to a
26 certificate of title by the governmental unit that issues
27 certificates of title if a statute permits the security interest
28 in question to be indicated on the record as a condition or
29 result of the security interest's obtaining priority over the
30 rights of a lien creditor with respect to the collateral.

1 * * *

2 "Jurisdiction of organization." With respect to a registered
3 organization, the jurisdiction under whose law the organization
4 is formed or organized.

5 * * *

6 "Public organic record." A record that is available to the
7 public for inspection and is:

8 (1) a record consisting of the record initially filed
9 with or issued by a state or the United States to form or
10 organize an organization and any record filed with or issued
11 by the state or the United States which amends or restates
12 the initial record;

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

18 (3) a record consisting of legislation enacted by the
19 legislature of a state or the Congress of the United States
20 which forms or organizes an organization, any record amending
21 the legislation, and any record filed with or issued by the
22 state or the United States which amends or restates the name
23 of the organization.

24 * * *

25 "Registered organization." An organization formed or
26 organized solely under the law of a single state or the United
27 States [and as to which the state or the United States must
28 maintain a public record showing the organization to have been
29 organized.] by the filing of a public organic record, with the
30 issuance of a public organic record by, or the enactment of

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

6 * * *

7 Section 2. Sections 9105, 9307(f)(2), 9308(a), 9310(b)(10),
8 9311(a)(2) and (3) and (b) and 9313(b) of Title 13 are amended
9 to read:

10 § 9105. Control of electronic chattel paper.

11 (a) General rule; control of electronic chattel paper.--A
12 secured party has control of electronic chattel paper if a
13 system employed for evidencing the transfer of interests in the
14 chattel paper reliably establishes the secured party as the
15 person to which the chattel paper was assigned.

16 (b) Specific facts giving control.--A system satisfies
17 subsection (a) if the record or records comprising the chattel
18 paper are created, stored and assigned in such a manner that:

19 (1) a single authoritative copy of the record or records
20 exists which is unique, identifiable and, except as otherwise
21 provided in paragraphs (4), (5) and (6), unalterable;

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

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

26 (4) copies or [revisions] amendments which add or change
27 an identified assignee of the authoritative copy can be made
28 only with the [participation] consent of the secured party;

29 (5) each copy of the authoritative copy and any copy of
30 a copy is readily identifiable as a copy which is not the

1 authoritative copy; and

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

5 § 9307. Location of debtor.

6 * * *

7 (f) Location of registered organization organized under
8 Federal law; bank branches and agencies.--Except as otherwise
9 provided in subsection (i), a registered organization which is
10 organized under the law of the United States and a branch or
11 agency of a bank which is not organized under the law of the
12 United States or a state are located:

13 * * *

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

19 * * *

20 § 9308. When security interest or agricultural lien is
21 perfected; continuity of perfection.

22 (a) Perfection of security interest.--Except as otherwise
23 provided in this section and section 9309 (relating to security
24 interest perfected upon attachment), a security interest is
25 perfected if it has attached and all of the applicable
26 requirements for perfection in sections 9310 (relating to when
27 filing required to perfect security interest or agricultural
28 lien; security interests and agricultural liens to which filing
29 provisions do not apply) through 9316 (relating to [continued
30 perfection of security interest following] effect of change in

1 governing law) have been satisfied. A security interest is
2 perfected when it attaches if the applicable requirements are
3 satisfied before the security interest attaches.

4 * * *

5 § 9310. When filing required to perfect security interest or
6 agricultural lien; security interests and
7 agricultural liens to which filing provisions do not
8 apply.

9 * * *

10 (b) Exceptions: filing not necessary.--The filing of a
11 financing statement is not necessary to perfect a security
12 interest:

13 * * *

14 (10) which is perfected under section 9316 (relating to
15 [continued perfection of security interest following] effect
16 of change in governing law).

17 * * *

18 § 9311. Perfection of security interests in property subject to
19 certain statutes, regulations and treaties.

20 (a) Security interest subject to other law.--Except as
21 otherwise provided in subsection (d), the filing of a financing
22 statement is not necessary or effective to perfect a security
23 interest in property subject to:

24 * * *

25 (2) a [certificate-of-title] statute of this
26 Commonwealth or regulations promulgated thereunder, to the
27 extent such statute or regulations provide for a security
28 interest to be indicated on [the] certificate of title as a
29 condition or result of perfection; or

30 (3) a [certificate-of-title] statute of another

1 jurisdiction which provides for a security interest to be
2 indicated on [the] a certificate of title as a condition or
3 result of the security interest's obtaining priority over the
4 rights of a lien creditor with respect to the property.

5 (b) Compliance with other law.--Compliance with the
6 requirements of a statute, regulation or treaty described in
7 subsection (a) for obtaining priority over the rights of a lien
8 creditor is equivalent to the filing of a financing statement
9 under this division. Except as otherwise provided in subsection
10 (d) and sections 9313 (relating to when possession by or
11 delivery to secured party perfects security interest without
12 filing) and 9316(d) and (e) (relating to [continued perfection
13 of security interest following] effect of change in governing
14 law) for goods covered by a certificate of title, a security
15 interest in property subject to a statute, regulation or treaty
16 described in subsection (a) may be perfected only by compliance
17 with those requirements, and a security interest so perfected
18 remains perfected notwithstanding a change in the use or
19 transfer of possession of the collateral.

20 * * *

21 § 9313. When possession by or delivery to secured party
22 perfects security interest without filing.

23 * * *

24 (b) Goods covered by certificate of title.--With respect to
25 goods covered by a certificate of title issued by the
26 Commonwealth, a secured party may perfect a security interest in
27 the goods by taking possession of the goods only in the
28 circumstances described in section 9316(d) (relating to
29 [continued perfection of security interest following] effect of
30 change in governing law).

1 * * *

2 Section 3. Section 9316 heading of Title 13 is amended and
3 the section is amended by adding subsections to read:

4 § 9316. [Continued perfection of security interest following]

5 Effect of change in governing law.

6 * * *

7 (h) Effect on filed financing statement of change in
8 governing law.--The following rules apply to collateral to which
9 a security interest attaches within four months after the debtor
10 changes its location to another jurisdiction:

11 (1) A financing statement filed before the change
12 pursuant to the law of the jurisdiction designated in section
13 9301(a) or 9305(c) is effective to perfect a security
14 interest in the collateral if the financing statement would
15 have been effective to perfect a security interest in the
16 collateral had the debtor not changed its location.

17 (2) If a security interest perfected by a financing
18 statement that is effective under paragraph (1) becomes
19 perfected under the law of the other jurisdiction before the
20 earlier of the time the financing statement would have become
21 ineffective under the law of the jurisdiction designated in
22 section 9301(a) or 9305(c) or the expiration of the four-
23 month period, it remains perfected thereafter. If the
24 security interest does not become perfected under the law of
25 the other jurisdiction before the earlier time or event, it
26 becomes unperfected and is deemed never to have been
27 perfected as against a purchaser of the collateral for value.

28 (i) Effect of change in governing law on financing statement
29 filed against original debtor.--If a financing statement naming
30 an original debtor is filed pursuant to the law of the

1 jurisdiction designated in section 9301(a) or 9305(c) and the
2 new debtor is located in another jurisdiction, the following
3 rules apply:

4 (1) The financing statement is effective to perfect a
5 security interest in collateral acquired by the new debtor
6 before, and within four months after, the new debtor becomes
7 bound under section 9203(d) (relating to attachment and
8 enforceability of security interest; proceeds; supporting
9 obligations; formal requisites), if the financing statement
10 would have been effective to perfect a security interest in
11 the collateral had the collateral been acquired by the
12 original debtor.

13 (2) A security interest perfected by the financing
14 statement and which becomes perfected under the law of the
15 other jurisdiction before the earlier of the time the
16 financing statement would have become ineffective under the
17 law of the jurisdiction designated in section 9301(a) or
18 9305(c) or the expiration of the four-month period remains
19 perfected thereafter. A security interest that is perfected
20 by the financing statement but which does not become
21 perfected under the law of the other jurisdiction before the
22 earlier time or event becomes unperfected and is deemed never
23 to have been perfected as against a purchaser of the
24 collateral for value.

25 Section 4. Sections 9317(b) and (d), 9320(c), 9326, 9406(e),
26 9408(b) and 9502(c) of Title 13 are amended to read:

27 § 9317. Interests which take priority over or take free of
28 security interest or agricultural lien.

29 * * *

30 (b) Buyers that receive delivery.--Except as otherwise

1 provided in subsection (e), a buyer, other than a secured party,
2 of tangible chattel paper, tangible documents, goods,
3 instruments or a [security certificate] certificated security
4 takes free of a security interest or agricultural lien if the
5 buyer gives value and receives delivery of the collateral
6 without knowledge of the security interest or agricultural lien
7 and before it is perfected.

8 * * *

9 (d) Licensees and buyers of certain collateral.--A licensee
10 of a general intangible or a buyer, other than a secured party,
11 of [accounts, electronic chattel paper, electronic documents,
12 general intangibles or investment property] collateral other
13 than tangible chattel paper, tangible documents, goods,
14 instruments or a certificated security takes free of a security
15 interest if the licensee or buyer gives value without knowledge
16 of the security interest and before it is perfected.

17 * * *

18 § 9320. Buyer of goods.

19 * * *

20 (c) Effectiveness of filing for subsection (b).--To the
21 extent that it affects the priority of a security interest over
22 a buyer of goods under subsection (b), the period of
23 effectiveness of a filing made in the jurisdiction in which the
24 seller is located is governed by section 9316(a) and (b)
25 (relating to [continued perfection of security interest
26 following] effect of change in governing law).

27 * * *

28 § 9326. Priority of security interests created by new debtor.

29 (a) Subordination of security interest created by new
30 debtor.--Subject to subsection (b), a security interest that is

1 created by a new debtor [which is] in collateral in which the
2 new debtor has or acquires rights and is perfected solely by a
3 filed financing statement which [is effective solely under
4 section 9508 (relating to effectiveness of financing statement
5 if new debtor becomes bound by security agreement) in collateral
6 in which a new debtor has or acquires rights] would be
7 ineffective to perfect the security interest but for the
8 application of section 9316(i)(1) (relating to effect of change
9 in governing law) or 9508 (relating to effectiveness of
10 financing statement if new debtor becomes bound by security
11 agreement) is subordinate to a security interest in the same
12 collateral which is perfected other than by such a filed
13 financing statement [which is effective solely under section
14 9508].

15 (b) Priority under other provisions; multiple original
16 debtors.--The other provisions of this chapter determine the
17 priority among conflicting security interests in the same
18 collateral perfected by filed financing statements [which are
19 effective solely under section 9508] described in subsection
20 (a). However, if the security agreements to which a new debtor
21 became bound as debtor were not entered into by the same
22 original debtor, the conflicting security interests rank
23 according to priority in time of the new debtor's having become
24 bound.

25 § 9406. Discharge of account debtor; notification of
26 assignment; identification and proof of assignment;
27 restrictions on assignment of accounts, chattel
28 paper, payment intangibles and promissory notes
29 ineffective.

30 * * *

1 (e) Inapplicability of subsection (d) to certain sales.--
2 Subsection (d) does not apply to the sale of a payment
3 intangible or promissory note, other than a sale pursuant to a
4 disposition under section 9610 (relating to disposition of
5 collateral after default) or an acceptance of collateral under
6 section 9620 (relating to acceptance of collateral in full or
7 partial satisfaction of obligation; compulsory disposition of
8 collateral).

9 * * *

10 § 9408. Restrictions on assignment of promissory notes, health-
11 care-insurance receivables and certain general
12 intangibles ineffective.

13 * * *

14 (b) Applicability of subsection (a) to sales of certain
15 rights to payment.--Subsection (a) applies to a security
16 interest in a payment intangible or promissory note only if the
17 security interest arises out of a sale of the payment intangible
18 or promissory note, other than a sale pursuant to a disposition
19 under section 9610 (relating to disposition of collateral after
20 default) or an acceptance of collateral under section 9620
21 (relating to acceptance of collateral in full or partial
22 satisfaction of obligation; compulsory disposition of
23 collateral).

24 * * *

25 § 9502. Contents of financing statement; record of mortgage as
26 financing statement; time of filing financing
27 statement.

28 * * *

29 (c) Record of mortgage as financing statement.--A record of
30 a mortgage is effective, from the date of recording, as a

1 financing statement filed as a fixture filing or as a financing
2 statement covering as-extracted collateral or timber to be cut
3 only if all of the following apply:

4 (1) [the] The record indicates the goods or accounts
5 which it covers[;]_.

6 (2) [the] The goods are or are to become fixtures
7 related to the real property described in the record, or the
8 collateral is related to the real property described in the
9 record and is as-extracted collateral or timber to be cut[;]_.

10 (3) [the] The record satisfies the requirements for a
11 financing statement in this section [other than an
12 indication] subject to the following:

13 (i) The record need not indicate that it is to be
14 filed in the real property records[; and]_.

15 (ii) The record sufficiently provides the name of a
16 debtor who is an individual if it provides the individual
17 name of the debtor or the surname and first personal name
18 of the debtor, even if the debtor is an individual to
19 whom section 9503(a)(4) (relating to name of debtor and
20 secured party) applies.

21 (4) [the] The record is duly recorded.

22 * * *

23 Section 5. Section 9503(a) and (b)(2) of Title 13 are
24 amended and the section is amended by adding subsections to
25 read:

26 § 9503. Name of debtor and secured party.

27 (a) Sufficiency of debtor's name.--A financing statement
28 sufficiently provides the name of the debtor:

29 (1) [If] Except as otherwise provided in paragraph (3),
30 if the debtor is a registered organization or the collateral

1 is held in a trust that is a registered organization, only if
2 the financing statement provides the name [of the debtor
3 indicated] that is stated to be the registered organization's
4 name on the public organic record [of] most recently filed
5 with or issued or enacted by the [debtor's] registered
6 organization's jurisdiction of organization which [shows the
7 debtor to have been organized] purports to state, amend or
8 restate the registered organization's name.

9 (2) [If] Subject to subsection (f), if the [debtor is a
10 decedent's estate] collateral is being administered by the
11 personal representative of a decedent, only if the financing
12 statement provides, as the name of the debtor, the name of
13 the decedent and, in a separate part of the financing
14 statement, indicates that the [debtor is an estate]
15 collateral is being administered by a personal
16 representative.

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

20 (i) provides the name specified for the trust in its
21 organic documents or, if no name is specified, provides
22 the name of the settlor and additional information
23 sufficient to distinguish the debtor from other trusts
24 having one or more of the same settlors; and

25 (ii) indicates, in the debtor's name or otherwise,
26 that the debtor is a trust or is a trustee acting with
27 respect to property held in trust; and] collateral is
28 held in a trust that is not a registered organization,
29 only if the financing statement:

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

1 (I) if the organic record of the trust
2 specifies a name for the trust, the name
3 specified; or

4 (II) if the organic record of the trust does
5 not specify a name for the trust, the name of the
6 settlor or testator; and

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

9 (I) if the name is provided under clause
10 (A) (I), indicates that the collateral is held in
11 a trust; or

12 (II) if the name is provided under clause
13 (A) (II), provides additional information
14 sufficient to distinguish the trust from other
15 trusts having one or more of the same settlors or
16 the same testator and indicates that the
17 collateral is held in a trust, unless the
18 additional information so indicates.

19 (4) Subject to subsection (g), if the debtor is an
20 individual to whom the Department of Transportation has
21 issued a driver's license which has not expired under 75
22 Pa.C.S. § 1510(a) (relating to issuance and content of
23 driver's license) or an identification card under 75 Pa.C.S.
24 § 1510(b), only if the financing statement provides the name
25 of the individual which is indicated on:

26 (i) except as set forth in subparagraph (ii), the
27 driver's license; or

28 (ii) if there is no driver's license, the
29 identification card.

30 (5) If the debtor is an individual to whom paragraph (4)

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

4 [(4)] (6) In other cases:

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

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

13 (b) Additional debtor-related information.--A financing
14 statement which provides the name of the debtor in accordance
15 with subsection (a) is not rendered ineffective by the absence
16 of:

17 * * *

18 (2) unless required under subsection [(a)(4)(ii)] (a)(6)
19 (ii), names of partners, members, associates or other persons
20 comprising the debtor.

21 * * *

22 (f) Name of decedent.--The name of the decedent indicated on
23 the order appointing the personal representative of the decedent
24 issued by the court having jurisdiction over the collateral is
25 sufficient as the name of the decedent under subsection (a)(2).

26 (g) Multiple driver's licenses.--If the department has
27 issued to an individual more than one driver's license or
28 identification card of a kind described in subsection (a)(4),
29 the one that was issued most recently is the one to which
30 subsection (a)(4) refers.

1 (h) Definition.--As used in this section, the term "name of
2 the settlor or testator" means:

3 (1) if the settlor is a registered organization, the
4 name that is stated to be the settlor's name on the public
5 organic record most recently filed with or issued or enacted
6 by the settlor's jurisdiction of organization which purports
7 to state, amend or restate the settlor's name; or

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

10 Section 6. Sections 9507(c), 9515(f) and 9516(b)(3)(ii)
11 introductory paragraph and (iii) and (5)(ii) and (iii) of Title
12 13 are amended to read:

13 § 9507. Effect of certain events on effectiveness of financing
14 statement.

15 * * *

16 (c) Change in debtor's name.--If [a debtor so changes its]
17 the name that a filed financing statement provides for a debtor
18 becomes insufficient as the name of the debtor under section
19 9503(a) (relating to name of a debtor and secured party) so that
20 the financing statement becomes seriously misleading under
21 section 9506:

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

26 (2) the financing statement is not effective to perfect
27 a security interest in collateral acquired by the debtor more
28 than four months after the [change] filed financing statement
29 becomes seriously misleading, unless an amendment to the
30 financing statement which renders the financing statement not

1 seriously misleading is filed within four months after the
2 [change] financing statement became seriously misleading.

3 § 9515. Duration and effectiveness of financing statement;
4 effect of lapsed financing statement.

5 * * *

6 (f) Transmitting utility financing statement.--If a debtor
7 is a transmitting utility and a filed initial financing
8 statement so indicates, the financing statement is effective
9 until a termination statement is filed.

10 * * *

11 § 9516. What constitutes filing; effectiveness of filing.

12 * * *

13 (b) Refusal to accept record; filing does not occur.--Filing
14 does not occur with respect to a record which a filing office
15 refuses to accept because one of the following paragraphs
16 applies:

17 * * *

18 (3) The filing office is unable to index the record
19 because of a reason stated in one of the following
20 subparagraphs:

21 * * *

22 (ii) In the case of an amendment or [correction]
23 information statement, the record:

24 * * *

25 (iii) In the case of an initial financing statement
26 which provides the name of a debtor identified as an
27 individual or an amendment which provides a name of a
28 debtor identified as an individual which was not
29 previously provided in the financing statement to which
30 the record relates, the record does not identify the

1 debtor's [last name] surname.

2 * * *

3 (5) In the case of an initial financing statement or an
4 amendment which provides a name of a debtor which was not
5 previously provided in the financing statement to which the
6 amendment relates, the record does not do [one or more] both
7 of the following:

8 * * *

9 (ii) Indicate whether the name provided as the name
10 of the debtor is the name of an individual or an
11 organization.

12 [(iii) If the financing statement indicates that the
13 debtor is an organization, provide:

14 (A) a type of organization for the debtor;

15 (B) a jurisdiction of organization for the
16 debtor; or

17 (C) an organizational identification number for
18 the debtor or indicate that the debtor has none.]

19 * * *

20 Section 7. In section 9518 of Title 13, subsection (a) and
21 subsection (b) heading, introductory paragraph and (2) are
22 amended, subsections are added, subsection (c) is relettered and
23 amended and subsection (d) is relettered and paragraphs (1)(i),
24 (ii) introductory paragraph, (iii), (v) introductory paragraph
25 and (A), (vi) and (2) are amended to read:

26 § 9518. Claim concerning inaccurate or wrongfully filed record.

27 (a) [Correction statement] Statement with respect to record
28 indexed under person's name.--A person may file in the filing
29 office [a correction] an information statement with respect to a
30 record indexed there under the person's name if the person

1 believes that the record is inaccurate or was wrongfully filed.

2 (b) [Sufficiency] Contents of [correction] statement under
3 subsection (a).-- [A correction] An information statement under
4 subsection (a) must:

5 * * *

6 (2) indicate that it is [a correction] an information
7 statement; and

8 * * *

9 (c) Statement by secured party of record.--A person may file
10 in the filing office an information statement with respect to a
11 record filed there if the person is a secured party of record
12 with respect to the financing statement to which the record
13 relates and believes that the person that filed the record was
14 not entitled to do so under section 9509(d) (relating to persons
15 entitled to file a record).

16 (d) Contents of statement under subsection (c).--An
17 information statement under subsection (c) must:

18 (1) identify the record to which it relates by the file
19 number assigned to the initial financing statement to which
20 the record relates;

21 (2) indicate that it is an information statement; and

22 (3) provide the basis for the person's belief that the
23 person that filed the record was not entitled to do so under
24 section 9509(d).

25 [(c)] (e) Record not affected by [correction] information
26 statement.--Except as provided in subsection [(d)] (f), the
27 filing of [a correction] an information statement does not
28 affect the effectiveness of an initial financing statement or
29 other filed record.

30 [(d)] (f) Fraudulent financing statements.--

1 (1) The Department of State may conduct an
2 administrative hearing to determine if an initial financing
3 statement was fraudulently filed in accordance with the
4 following:

5 (i) The hearing shall be conducted in accordance
6 with 2 Pa.C.S. (relating to Administrative Law and
7 Procedure). The department shall determine the initial
8 financing statement to be fraudulently filed for purposes
9 of this subsection if it determines that no rational
10 basis exists under section 9509 [(relating to persons
11 entitled to file a record)] entitling the person to file
12 the initial financing statement and it appears that the
13 person filed the initial financing statement with intent
14 to annoy, harass or harm the debtor.

15 (ii) If the department determines that the initial
16 financing statement was fraudulently filed and no timely
17 appeal of the determination was filed, the department
18 shall file [a correction] an information statement with
19 respect to the initial financing statement indexed there.
20 In addition to complying with the requirements of
21 subsection (b), the [correction] information statement
22 filed by the department under this paragraph shall state
23 all of the following:

24 * * *

25 (iii) [A correction] An information statement filed
26 by the department in accordance with paragraph (ii)
27 creates a rebuttable presumption that the initial
28 financing statement found to be fraudulently filed is
29 ineffective.

30 * * *

1 (v) If the department determines that the initial
2 financing statement was fraudulently filed and the
3 determination is appealed to Commonwealth Court, the
4 department shall file [a correction] an information
5 statement with respect to the initial financing statement
6 indexed there only upon affirmation by the court of its
7 determination. In addition to complying with the
8 requirements of subsection (b), the [correction]
9 information statement shall state all of the following:

10 (A) the [correction] information statement was
11 filed by the department under this subsection;

12 * * *

13 (vi) If the department files [a correction] an
14 information statement with respect to the initial
15 financing statement indexed there under this subsection,
16 it shall refer the matter for criminal prosecution to the
17 Office of Attorney General pursuant to 18 Pa.C.S. § 4911
18 (relating to tampering with public records or
19 information).

20 (2) Nothing in this subsection limits the rights or
21 remedies the debtor may have with respect to an initial
22 financing statement that has been fraudulently filed. Nothing
23 in this subsection limits the effectiveness of [a] any
24 termination or [correction] information statement filed by a
25 debtor under sections 9509(d)(2) and 9513 (relating to
26 termination statement) or the rights of a debtor under
27 section 9625 (relating to remedies for secured party's
28 failure to comply with division).

29 Section 8. Section 9607(b)(2)(i) of Title 13 is amended to
30 read:

1 § 9607. Collection and enforcement by secured party.

2 * * *

3 (b) Nonjudicial enforcement of mortgage.--If necessary to
4 enable a secured party to exercise under subsection (a)(3) the
5 right of a debtor to enforce a mortgage nonjudicially, the
6 secured party may record in the office in which a record of the
7 mortgage is recorded:

8 * * *

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

11 (i) a default has occurred with respect to the
12 obligation secured by the mortgage; and

13 * * *

14 Section 9. Title 13 is amended by adding a chapter to read:

15 CHAPTER 98

16 TRANSITION PROVISIONS FOR 2013 AMENDMENTS

17 Sec.

18 9800. Definitions.

19 9801. Effective date.

20 9802. Savings clause.

21 9803. Security interest perfected before effective date.

22 9804. Security interest unperfected before effective date.

23 9805. Effectiveness of action taken before effective date.

24 9806. When initial financing statement suffices to continue
25 effectiveness of financing statement.

26 9807. Amendment of pre-effective-date financing statement.

27 9808. Person entitled to file initial financing statement or
28 continuation statement.

29 9809. Priority.

30 § 9800. Definitions.

1 The following words and phrases when used in this chapter
2 shall have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "2013 Revision." The amendments which:

5 (1) affect this division; and

6 (2) are made by the act of _____, 2013 (P.L. _____,

7 No. _____) entitled "An act amending Titles 13 (Commercial

8 Code), 30 (Fish) and 75 (Vehicles) of the Pennsylvania

9 Consolidated Statutes, revising secured transaction

10 provisions relating to definitions, to control of electronic

11 chattel paper, to location of debtor, to perfection of

12 security interests in property subject to certain statutes,

13 regulations and treaties, to continued perfection of security

14 interest following change in governing law, to interests

15 which take priority over or take free of security interest or

16 agricultural lien, to priority of security interests created

17 by new debtor, to discharge of account debtor, notification

18 of assignment, identification and proof of assignment,

19 restrictions on assignment of accounts, chattel paper,

20 payment intangibles and promissory notes ineffective, to

21 restrictions on assignment of promissory notes, health-care-

22 insurance receivables and certain general intangibles

23 ineffective, to contents of financing statement, record of

24 mortgage as financing statement, time of filing financing

25 statement, to name of debtor and secured party, to effect of

26 certain events on effectiveness of financing statement, to

27 duration and effectiveness of financing statement, effect of

28 lapsed financing statement, to what constitutes filing,

29 effectiveness of filing, to claim concerning inaccurate or

30 wrongfully filed record; to collection and enforcement by

1 secured party; providing for transition provisions for 2013
2 amendments; imposing duties upon the Department of State and
3 the Department of Transportation; and making editorial
4 changes."

5 § 9801. Effective date.

6 The 2013 Revision takes effect July 1, 2013.

7 § 9802. Savings clause.

8 (a) Pre-effective-date transactions or liens.--Except as
9 otherwise provided in this part, the 2013 Revision applies to a
10 transaction or lien within its scope, even if the transaction or
11 lien was entered into or created before the 2013 Revision takes
12 effect.

13 (b) Pre-effective-date proceedings.--The 2013 Revision does
14 not affect an action, case, or proceeding commenced before the
15 2013 Revision takes effect.

16 § 9803. Security interest perfected before effective date.

17 (a) Continuing perfection; perfection requirements
18 satisfied.--A security interest that is a perfected security
19 interest immediately before the 2013 Revision takes effect is a
20 perfected security interest under this division as amended by
21 the 2013 Revision if, when the 2013 Revision takes effect, the
22 applicable requirements for attachment and perfection under this
23 division as amended by the 2013 Revision are satisfied without
24 further action.

25 (b) Continuing perfection: perfection requirements not
26 satisfied.--Except as otherwise provided in section 9805
27 (relating to effectiveness of action before effective date), if,
28 immediately before the 2013 Revision takes effect, a security
29 interest is a perfected security interest, but the applicable
30 requirements for perfection under this division as amended by

1 the 2013 Revision are not satisfied when the 2013 Revision takes
2 effect, the security interest remains perfected thereafter only
3 if the applicable requirements for perfection under this
4 division as amended by the 2013 Revision are satisfied within
5 one year after the 2013 Revision takes effect.

6 § 9804. Security interest unperfected before effective date.

7 A security interest that is an unperfected security interest
8 immediately before the 2013 Revision takes effect becomes a
9 perfected security interest:

10 (1) without further action, when the 2013 Revision takes
11 effect if the applicable requirements for perfection under
12 this division as amended by the 2013 Revision are satisfied
13 before or at that time; or

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

16 § 9805. Effectiveness of action taken before effective date.

17 (a) Pre-effective-date filing effective.--The filing of a
18 financing statement before the 2013 Revision takes effect is
19 effective to perfect a security interest to the extent the
20 filing would satisfy the applicable requirements for perfection
21 under this division as amended by the 2013 Revision.

22 (b) When pre-effective-date filing becomes ineffective.--The
23 2013 Revision does not render ineffective an effective financing
24 statement that, before the 2013 Revision takes effect, is filed
25 and satisfies the applicable requirements for perfection under
26 the law of the jurisdiction governing perfection as provided in
27 this division as it existed before amendment by the 2013

28 Revision. However, except as otherwise provided in subsections
29 (c) and (d) and section 9806 (relating to when initial financing
30 statement suffices to continue effectiveness of financing

1 statement), the financing statement ceases to be effective:

2 (1) if the financing statement is filed in this
3 Commonwealth, at the time the financing statement would have
4 ceased to be effective had the 2013 Revision not taken
5 effect; or

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

8 (i) the time the financing statement would have
9 ceased to be effective under the law of that
10 jurisdiction; or

11 (ii) June 30, 2018.

12 (c) Continuation statement.--The filing of a continuation
13 statement after the 2013 Revision takes effect does not continue
14 the effectiveness of a financing statement filed before the 2013
15 Revision takes effect. However, upon the timely filing of a
16 continuation statement after the 2013 Revision takes effect and
17 in accordance with the law of the jurisdiction governing
18 perfection as provided in this division as amended by the 2013
19 Revision, the effectiveness of a financing statement filed in
20 the same office in that jurisdiction before the 2013 Revision
21 takes effect continues for the period provided by the law of
22 that jurisdiction.

23 (d) Application of subsection (b)(2)(ii) to transmitting
24 utility financing statement.--Subsection (b)(2)(ii) applies to a
25 financing statement that, before the 2013 Revision takes effect,
26 is filed against a transmitting utility and satisfies the
27 applicable requirements for perfection under the law of the
28 jurisdiction governing perfection as provided in this division
29 as it existed before amendment by the 2013 Revision, only to the
30 extent that this division as amended by the 2013 Revision

1 provides that the law of a jurisdiction other than the
2 jurisdiction in which the financing statement is filed governs
3 perfection of a security interest in collateral covered by the
4 financing statement.

5 (e) Application of Chapter 95.--A financing statement that
6 includes a financing statement filed before the 2013 Revision
7 takes effect and a continuation statement filed after the 2013
8 Revision takes effect is effective only to the extent that it
9 satisfies the requirements of Chapter 95 (relating to filing) as
10 amended by the 2013 Revision for an initial financing statement.
11 A financing statement that indicates that the debtor is a
12 decedent's estate indicates that the collateral is being
13 administered by a personal representative within the meaning of
14 section 9503(a)(2) (relating to name of debtor and secured
15 party) as amended by the 2013 Revision. A financing statement
16 that indicates that the debtor is a trust or is a trustee acting
17 with respect to property held in trust indicates that the
18 collateral is held in a trust within the meaning of section
19 9503(a)(3) as amended by the 2013 Revision.
20 § 9806. When initial financing statement suffices to continue
21 effectiveness of financing statement.

22 (a) Initial financing statement in lieu of continuation
23 statement.--The filing of an initial financing statement in the
24 office specified in section 9501 (relating to filing office)
25 continues the effectiveness of a financing statement filed
26 before the 2013 Revision takes effect if:

27 (1) the filing of an initial financing statement in that
28 office would be effective to perfect a security interest
29 under this division as amended by the 2013 Revision;

30 (2) the pre-effective-date financing statement was filed

1 in an office in another state; and

2 (3) the initial financing statement satisfies subsection
3 (c).

4 (b) Period of continued effectiveness.--The filing of an
5 initial financing statement under subsection (a) continues the
6 effectiveness of the pre-effective-date financing statement:

7 (1) if the initial financing statement is filed before
8 the 2013 Revision takes effect, for the period provided in
9 section 9515(a) through (e) and (g) (relating to duration and
10 effectiveness of financing statement; effect of lapsed
11 financing statement) with respect to an initial financing
12 statement; and

13 (2) if the initial financing statement is filed after
14 the 2013 Revision takes effect, for the period provided in
15 section 9515(f) as amended by the 2013 Revision with respect
16 to an initial financing statement.

17 (c) Requirements for initial financing statement under
18 subsection (a).--To be effective for purposes of subsection (a),
19 an initial financing statement must:

20 (1) satisfy the requirements of Chapter 95 (relating to
21 filing) as amended by the 2013 Revision for an initial
22 financing statement;

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

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

1 § 9807. Amendment of pre-effective-date financing statement.

2 (a) Definitions.--Refer to subsection (f).

3 (b) Applicable law.--After the 2013 Revision takes effect, a
4 person may add or delete collateral covered by, continue or
5 terminate the effectiveness of, or otherwise amend the
6 information provided in, a pre-effective-date financing
7 statement only in accordance with the law of the jurisdiction
8 governing perfection as provided in this division as amended by
9 the 2013 Revision. However, the effectiveness of a pre-
10 effective-date financing statement also may be terminated in
11 accordance with the law of the jurisdiction in which the
12 financing statement is filed.

13 (c) Method of amending: general rule.--Except as otherwise
14 provided in subsection (d), if the law of this Commonwealth
15 governs perfection of a security interest, the information in a
16 pre-effective-date financing statement may be amended after the
17 2013 Revision takes effect only if:

18 (1) the pre-effective-date financing statement and an
19 amendment are filed in the office specified in section 9501
20 (relating to filing office);

21 (2) an amendment is filed in the office specified in
22 section 9501 concurrently with, or after the filing in that
23 office of, an initial financing statement that satisfies
24 section 9806(c) (relating to when initial filing statement
25 suffices to continue effectiveness of financing statement);

26 or

27 (3) an initial financing statement that provides the
28 information as amended and satisfies section 9806(c) is filed
29 in the office specified in section 9501.

30 (d) Method of amending: continuation.--If the law of this

1 Commonwealth governs perfection of a security interest, the
2 effectiveness of a pre-effective-date financing statement may be
3 continued only under section 9805(c) and (e) (relating to
4 effectiveness of action taken before effective date) or 9806.

5 (e) Method of amending: additional termination rule.--
6 Whether or not the law of this Commonwealth governs perfection
7 of a security interest, the effectiveness of a pre-effective-
8 date financing statement filed in this Commonwealth may be
9 terminated after the 2013 Revision takes effect by filing a
10 termination statement in the office in which the pre-effective-
11 date financing statement is filed, unless an initial financing
12 statement that satisfies section 9806(c) has been filed in the
13 office specified by the law of the jurisdiction governing
14 perfection as provided in this division as amended by the 2013
15 Revision as the office in which to file a financing statement.

16 (f) Definition.--As used in this section, the term "pre-
17 effective-date financing statement" means a financing statement
18 filed before the 2013 Revision takes effect.

19 § 9808. Person entitled to file initial financing statement or
20 continuation statement.

21 A person may file an initial financing statement or a
22 continuation statement under this part if:

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

24 and

25 (2) the filing is necessary under this part:

26 (i) to continue the effectiveness of a financing
27 statement filed before the 2013 Revision takes effect; or

28 (ii) to perfect or continue the perfection of a
29 security interest.

30 § 9809. Priority.

1 The 2013 Revision determines the priority of conflicting
2 claims to collateral. However, if the relative priorities of the
3 claims were established before the 2013 Revision takes effect,
4 this division as it existed before amendment determines
5 priority.

6 Section 10. Section 5323(b) of Title 30 is amended to read:

7 § 5323. Content and effect of certificate of title.

8 * * *

9 (b) Certificate as evidence and notice.--A certificate of
10 title issued by the commission is prima facie evidence of the
11 facts appearing on the certificate. Except as otherwise provided
12 in 13 Pa.C.S. §§ 9311(d) (relating to perfection of security
13 interests in property subject to certain statutes, regulations
14 and treaties), 9315(c) and (d) (relating to secured party's
15 rights on disposition of collateral and in proceeds) and 9316(d)
16 and (e) (relating to [continued perfection of security interest
17 following] effect of change in governing law), the certificate
18 shall be adequate notice to the Commonwealth, creditors,
19 subsequent lienholders and purchasers that a lien against the
20 boat exists.

21 Section 11. Sections 1137 and 7712.8(a) of Title 75 are
22 amended to read:

23 § 1137. Subchapter exclusive for perfecting security interest.

24 The method provided in this subchapter for perfecting and
25 giving notice of security interests is exclusive, except as
26 otherwise provided in 13 Pa.C.S. §§ 9315 (relating to secured
27 party's rights on disposition of collateral and in proceeds) and
28 9316(d) and (e) (relating to [continued perfection of security
29 interest following] effect of change in governing law).

30 § 7712.8. Perfection of security interest in a snowmobile or

1 ATV.

2 (a) Applicability of section.--Except as otherwise provided
3 in 13 Pa.C.S. §§ 9311(d) (relating to perfection of security
4 interests in property subject to certain statutes, regulations
5 and treaties), 9315(c) and (d) (relating to secured party's
6 rights on disposition of collateral and in proceeds) and 9316(d)
7 and (e) (relating to [continued perfection of security interest
8 following] effect of change in governing law), this section
9 provides the exclusive method of perfecting a security interest
10 in a snowmobile or ATV for which a certificate of title is
11 required under this subchapter.

12 * * *

13 Section 12. In order to implement the amendment of 13
14 Pa.C.S. § 9503, the Department of State and the Department of
15 Transportation shall coordinate development and maintenance of
16 electronic systems for entering and searching data.

17 Section 13. This act shall take effect July 1, 2013.