

1 SENATE BILL NO. 370
2 INTRODUCED BY S. FITZPATRICK, E. BUTTREY, D. SALOMON, E. BOLDMAN, S. MORIGEAU, J. SMALL,
3 J. KASSMIER, B. MERCER, K. SULLIVAN
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE UNIFORM COMMERCIAL CODE;
6 UPDATING TERMINOLOGY FOR THE DIGITAL AGE; PROVIDING RULES FOR TRANSACTIONS
7 INVOLVING CERTAIN DIGITAL ASSETS; REQUIRING APPROVAL OF A CENTRAL BANK DIGITAL
8 CURRENCY; AND AMENDING SECTIONS 30-1-101, 30-1-107, 30-1-201, 30-1-212, 30-1-301, 30-2-102, 30-2-
9 106, 30-2-201, 30-2-202, 30-2-203, 30-2-205, 30-2-209, 30-2A-102, 30-2A-103, 30-2A-107, 30-2A-201, 30-2A-
10 202, 30-2A-203, 30-2A-205, 30-2A-208, 30-3-104, 30-3-125, 30-3-401, 30-3-605, 30-4A-103, 30-4A-201, 30-
11 4A-202, 30-4A-203, 30-4A-207, 30-4A-208, 30-4A-210, 30-4A-211, 30-4A-305, 30-5-124, 30-5-136, 30-7-102,
12 30-7-107, 30-8-112, 30-8-113, 30-8-116, 30-8-120, 30-8-333, 30-9A-102, 30-9A-104, 30-9A-105, 30-9A-203,
13 30-9A-204, 30-9A-207, 30-9A-208, 30-9A-209, 30-9A-210, 30-9A-301, 30-9A-304, 30-9A-305, 30-9A-310, 30-
14 9A-312, 30-9A-313, 30-9A-314, 30-9A-316, 30-9A-317, 30-9A-323, 30-9A-324, 30-9A-330, 30-9A-331, 30-9A-
15 332, 30-9A-334, 30-9A-341, 30-9A-404, 30-9A-406, 30-9A-408, 30-9A-509, 30-9A-513, 30-9A-601, 30-9A-605,
16 30-9A-608, 30-9A-611, 30-9A-613, 30-9A-614, 30-9A-615, 30-9A-616, 30-9A-619, 30-9A-620, 30-9A-621, 30-
17 9A-624, 30-9A-628, 30-18-115, AND 45-6-315, MCA."

18
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

- 20
21 **Section 1.** Section 30-1-101, MCA, is amended to read:
22 **"30-1-101. Short titles -- scope of chapter.** (1) Chapters 1 through 9A and [sections 93 through 108]
23 [SECTIONS 92 THROUGH 107] of this title may be cited as Uniform Commercial Code.
24 (2) As used in chapters 1 through 9A and [sections 93 through 108] [SECTIONS 92 THROUGH 107] of
25 this title "code" means "Uniform Commercial Code" unless the context indicates otherwise.
26 (3) This chapter may be cited as the Uniform Commercial Code--General Provisions.
27 (4) This chapter applies to a transaction to the extent that it is governed by chapters 2 through 5,

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1 processing or other recordkeeping concerning the account.

2 (7) The local law of the issuer's jurisdiction or the securities intermediary's jurisdiction governs a
3 matter or transaction specified in subsection (1) or (2) even if the matter or transaction does not bear any
4 relation to the jurisdiction."

5

6 **Section 42.** Section 30-8-333, MCA, is amended to read:

7 **"30-8-333. Protected purchaser.** (1) "Protected purchaser" means a purchaser of a certificated or
8 uncertificated security, or of an interest therein, who:

9 (a) gives value;

10 (b) does not have notice of any adverse claim to the security; and

11 (c) obtains control of the certificated or uncertificated security.

12 (2) ~~In addition to acquiring the rights of a purchaser, a~~ A protected purchaser also acquires its
13 interest in the security free of any adverse claim."

14

15 **Section 43.** Section 30-9A-102, MCA, is amended to read:

16 **"30-9A-102. Definitions and index of definitions.** (1) As used in this chapter, the following
17 definitions apply:

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

20 (b) (i) "Account", except as used in "account for", "account statement", "account to", "commodity
21 account" in subsection (1)(o), "customer's account", "deposit account" in subsection (1)(ff), "on account of", and
22 "statement of account", means a right to payment of a monetary obligation, whether or not earned by

23 performance:

24 (A) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed
25 of;

26 (B) for services rendered or to be rendered;

27 (C) for a policy of insurance issued or to be issued;

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- 1 (D) for a secondary obligation incurred or to be incurred;
- 2 (E) for energy provided or to be provided;
- 3 (F) for the use or hire of a vessel under a charter or other contract;
- 4 (G) arising out of the use of a credit or charge card or information contained on or for use with the
- 5 card; or
- 6 (H) as winnings in a lottery or other game of chance operated or sponsored by a state,
- 7 governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental
- 8 unit of a state.
- 9 (ii) The term includes a controllable account and a health-care-insurance receivable.
- 10 (iii) The term does not include:
- 11 (A) ~~a right to payment evidenced by chattel paper or an instrument~~ chattel paper;
- 12 (B) a commercial tort claim;
- 13 (C) a deposit account;
- 14 (D) investment property;
- 15 (E) a letter-of-credit right; ~~or~~
- 16 (F) a right to payment for money or funds advanced or sold, other than a right arising out of the
- 17 use of a credit or charge card or information contained on or for use with the card; or
- 18 (G) rights to payment evidenced by an instrument.
- 19 (c) "Account debtor" means a person obligated on an account, chattel paper, or general intangible.
- 20 The term does not include a person obligated to pay a negotiable instrument, even if the negotiable instrument
- 21 ~~constitutes part of evidences~~ chattel paper.
- 22 (d) "Accounting", except as used in "accounting for", means a record:
- 23 (i) ~~authenticated~~ signed by a secured party;
- 24 (ii) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier
- 25 or 35 days later than the date of the record; and
- 26 (iii) identifying the components of the obligations in reasonable detail.
- 27 (e) "Agricultural lien" means an interest, other than a security interest, in farm products:

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- 1 (i) that secures payment or performance of an obligation for:
- 2 (A) goods or services furnished in connection with a debtor's farming operation; or
- 3 (B) rent on real property leased by a debtor in connection with its farming operation;
- 4 (ii) that is created by statute in favor of a person that:
- 5 (A) in the ordinary course of its business furnished goods or services to a debtor in connection with
- 6 a debtor's farming operation; or
- 7 (B) leased real property to a debtor in connection with the debtor's farming operation; and
- 8 (iii) whose effectiveness does not depend on the person's possession of the personal property.
- 9 (f) "As-extracted collateral" means:
- 10 (i) oil, gas, or other minerals that are subject to a security interest that:
- 11 (A) is created by a debtor having an interest in the minerals before extraction; and
- 12 (B) attaches to the minerals as extracted; or
- 13 (ii) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in
- 14 which the debtor had an interest before extraction.
- 15 ~~(g) "Authenticate" means:~~
- 16 ~~(i) to sign; or~~
- 17 ~~(ii) with present intent to adopt or accept a record, to attach to or logically associate with the record an~~
- 18 ~~electronic sound, symbol, or process.~~
- 19 (g) (i) "Assignee", except as used in "assignee for benefit of creditors", means a person:
- 20 (A) in whose favor a security interest that secures an obligation is created or provided for under a
- 21 security agreement, whether or not the obligation is outstanding; or
- 22 (B) to which an account, chattel paper, payment intangible, or promissory note has been sold.
- 23 (ii) The term includes a person to which a security interest has been transferred by a secured
- 24 party.
- 25 (h) (i) "Assignor" means a person that:
- 26 (A) under a security agreement creates or provides for a security interest that secures an
- 27 obligation; or

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1 (B) sells an account, chattel paper, payment intangible, or promissory note.

2 (ii) The term includes a secured party that has transferred a security interest to another person.

3 ~~(h)(i)~~ "Bank" means an organization that is engaged in the business of banking. The term includes a
4 savings bank, savings and loan association, credit union, and trust company.

5 ~~(+)(j)~~ "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

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

12 ~~(k)(l)~~ (i) "Chattel paper" means: ~~a record or records that evidence both a monetary obligation and a~~
13 ~~security interest in specific goods, a security interest in specific goods and software used in the goods, a~~
14 ~~security interest in specific goods and license of software used in the goods, a lease of specific goods, or a~~
15 ~~lease of specific goods and license of software used in the goods. In this subsection (1)(k)(i), "monetary~~
16 ~~obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and~~
17 ~~includes a monetary obligation with respect to software used in the goods.~~

18 ~~(ii) (A) The term does not include:~~

19 ~~(I) charters or other contracts involving the use or hire of a vessel; or~~

20 ~~(II) records that evidence a right to payment arising out of the use of a credit or charge card or~~
21 ~~information contained on or for use with the card.~~

22 ~~(B) If a transaction is evidenced by records that include an instrument or series of instruments, the~~
23 ~~group of records taken together constitutes chattel paper.~~

24 (A) a right to payment of a monetary obligation secured by specific goods, if the right to payment
25 and security agreement are evidenced by a record; or

26 (B) a right to payment of a monetary obligation owed by a lessee under a lease agreement with
27 respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction

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1 giving rise to the lease, if:

2 (I) the right to payment and lease agreement are evidenced by a record; and

3 (II) the predominant purpose of the transaction giving rise to the lease was to give the lessee the
4 right to possession and use of the goods.

5 (ii) The term does not include a right to payment arising out of a charter or other contract involving
6 the use or hire of a vessel or a right to payment arising out of the use of a credit or charge card or information
7 contained on or for use with the card.

8 ~~(h)~~(m) "Collateral" means the property subject to a security interest or agricultural lien. The term
9 includes:

- 10 (i) proceeds to which a security interest attaches under 30-9A-315;
- 11 (ii) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
- 12 (iii) goods that are the subject of a consignment.

13 ~~(m)~~(n) "Commercial tort claim" means a claim arising in tort if:

- 14 (i) the claimant is an organization; or
- 15 (ii) the claimant is an individual and the claim:
- 16 (A) arose in the course of the claimant's business or profession; and
- 17 (B) does not include damages arising out of personal injury to or the death of an individual.

18 ~~(n)~~(o) "Commodity account" means an account maintained by a commodity intermediary in which a
19 commodity contract is carried for a commodity customer.

20 ~~(o)~~(p) "Commodity contract" means a commodity futures contract, an option on a commodity futures
21 contract, a commodity option, or another contract if the contract or option is:

- 22 (i) traded on or subject to the rules of a board of trade that has been designated as a contract
23 market for such a contract pursuant to federal commodities laws; or
- 24 (ii) traded on a foreign commodity board of trade, exchange, or market and is carried on the books
25 of a commodity intermediary for a commodity customer.

26 ~~(p)~~(q) "Commodity customer" means a person for which a commodity intermediary carries a
27 commodity contract on its books.

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1 ~~(q)~~(r) "Commodity intermediary" means a person that:

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

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

5 ~~(f)~~(s) "Communicate" means:

6 (i) to send a written or other tangible record;

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

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

11 ~~(e)~~(t) "Consignee" means a merchant to which goods are delivered in a consignment.

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

14 (i) the merchant:

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

16 (B) is not an auctioneer; and

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

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

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

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

23 ~~(u)~~(v) "Consignor" means a person that delivers goods to a consignee in a consignment.

24 ~~(v)~~(w) "Consumer debtor" means a debtor in a consumer transaction.

25 ~~(w)~~(x) "Consumer goods" means goods that are used or bought for use primarily for personal, family,
26 or household purposes.

27 ~~(x)~~(y) "Consumer-goods transaction" means a transaction to the extent that:

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

2 (ii) a security interest in consumer goods or in consumer goods and software that is used,
3 licensed, or bought for use primarily for personal, family, or household purposes secures the obligation.

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

6 ~~(z)~~(aa) "Consumer transaction" means a transaction to the extent that:

7 (i) an individual incurs an obligation primarily for personal, family, or household purposes;

8 (ii) a security interest secures the obligation; and

9 (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term
10 includes a consumer-goods transaction.

11 ~~(aa)~~(bb) "Continuation statement" means an amendment of a financing statement that:

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

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

15 (cc) "Controllable account" means an account evidenced by a controllable electronic record that
16 provides that the account debtor undertakes to pay the person that has control under ~~[section 97]~~ [SECTION 96]
17 of the controllable electronic record.

18 (dd) "Controllable payment intangible" means a payment intangible evidenced by a controllable
19 electronic record that provides that the account debtor undertakes to pay the person that has control under
20 ~~[section 97]~~ [SECTION 96] of the controllable electronic record.

21 ~~(bb)~~(ee) "Debtor" means:

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

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

25 (iii) a consignee.

26 ~~(ee)~~(ff) "Deposit account" means a demand, time, savings, passbook, or similar account maintained

27 with a bank. The term does not include investment property, a United States central bank digital currency, or an

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- 1 account evidenced by a certificate of deposit or an instrument.
- 2 ~~(dd)(gg)~~"Document" means a document of title or a receipt of the type described in 30-7-201(2).
- 3 ~~(ee)~~"Electronic chattel paper" means ~~chattel paper evidenced by a record or records consisting of~~
- 4 ~~information stored in an electronic medium.~~
- 5 ~~(hh)~~"Electronic money" means ~~money in an electronic form.~~
- 6 ~~(ff)(ii)(HH)~~ "Encumbrance" means a right, other than an ownership interest, in real property. The
- 7 term includes a mortgage and other lien on real property.
- 8 ~~(gg)(jj)(II)~~ "Equipment" means goods other than inventory, farm products, or consumer goods.
- 9 ~~(hh)(kk)(JJ)~~ "Farm products" means goods, other than standing timber, with respect to which the
- 10 debtor is engaged in a farming operation and that are:
- 11 (i) crops grown, growing, or to be grown, including:
- 12 (A) crops produced on trees, vines, and bushes; and
- 13 (B) aquatic goods produced in aquacultural operations;
- 14 (ii) livestock, born or unborn, including aquatic goods produced in aquacultural operations;
- 15 (iii) supplies used or produced in a farming operation; or
- 16 (iv) products of crops or livestock in their unmanufactured states.
- 17 ~~(ii)(kk)~~ "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other
- 18 farming, livestock, or aquacultural operation.
- 19 ~~(jj)(II)~~ "File number" means the number assigned to an initial financing statement pursuant to 30-9A-
- 20 519(1).
- 21 ~~(kk)(mm)~~ "Filing office" means an office designated in 30-9A-501 as the place to file a financing
- 22 statement.
- 23 ~~(#)(nn)~~ "Filing-office rule" means a rule adopted pursuant to 30-9A-526.
- 24 ~~(mm)(oo)~~ "Financing statement" means a record or records composed of an initial financing statement
- 25 and any filed record relating to the initial financing statement.
- 26 ~~(nn)(pp)~~ "Fixture filing" means the filing of a financing statement covering goods that are or are to
- 27 become fixtures and satisfying the requirements of 30-9A-502(1) and (2). The term includes the filing of a

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1 financing statement covering goods of a transmitting utility that are or are to become fixtures.

2 ~~(ee)(qq)~~ "Fixtures" means goods that have become so related to particular real property that an
3 interest in them arises under real property law.

4 ~~(pp)(rr)~~ "General intangible" means any personal property, including things in action, other than
5 accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment
6 property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The
7 term includes a ~~payment intangible and software~~ controllable electronic records, payment intangibles, and
8 software.

9 ~~(qq)(ss)~~ "Good faith" means honesty in fact and the observance of reasonable commercial standards
10 of fair dealing.

11 ~~(rr)(tt)~~ (i) "Goods" means all things that are movable when a security interest attaches. The term
12 includes:

13 (A) fixtures;

14 (B) standing timber that is to be cut and removed under a conveyance or contract for sale;

15 (C) the unborn young of animals;

16 (D) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or
17 bushes; and

18 (E) manufactured homes.

19 (ii) The term also includes a computer program structurally integrated with goods, any
20 informational content included in the program, and any supporting information provided in connection with a
21 transaction relating to the program or informational content if:

22 (A) the program is associated with the goods in such a manner that it customarily is considered
23 part of the goods; or

24 (B) by becoming the owner of the goods, a person would acquire a right to use the program in
25 connection with the goods.

26 (iii) The term does not include a program integrated with goods that consist solely of the medium
27 with which the program is integrated. The term also does not include accounts, chattel paper, commercial tort

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1 claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit
2 rights, letters of credit, money, or oil, gas, or other minerals before extraction.

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

7 ~~(tt)~~(vv) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance
8 that is a right to payment of a monetary obligation for health care goods or services provided.

9 ~~(uu)~~(ww) (i) "Instrument" means:

10 (A) a negotiable instrument; or

11 (B) any other writing that evidences a right to the payment of a monetary obligation, is not itself a
12 security agreement or lease, and is of a type that in the ordinary course of business is transferred by delivery
13 with any necessary indorsement or assignment.

14 (ii) The term does not include:

15 (A) investment property;

16 (B) a letter of credit; or

17 (C) a writing that evidences a right to payment arising out of the use of a credit or charge card or
18 information contained on or for use with the card; or

19 (D) a writing that evidences chattel paper.

20 ~~(vv)~~(xx) "Inventory" means goods, other than farm products, that:

21 (i) are leased by a person as lessor;

22 (ii) are held by a person for sale or lease or to be furnished under contracts of service;

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

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

25 ~~(ww)~~(yy) "Investment property" means a security, whether certificated or uncertificated, security
26 entitlement, securities account, commodity contract, or commodity account.

27 ~~(xx)~~(zz) "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction

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1 under whose law the organization is formed or organized.

2 ~~(yy)~~(aaa) (i) "Letter-of-credit right" means a right to payment and performance under a letter of credit,
3 whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance.

4 (ii) The term does not include the right of a beneficiary to demand payment or performance under
5 a letter of credit.

6 ~~(zz)~~(bbb) "Lien creditor" means:

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

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

9 (iii) a trustee in bankruptcy from the date of the filing of the petition; and

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

11 ~~(aaa)~~(ccc) "Manufactured home" means a structure, transportable in one or more sections, that in the
12 traveling mode is 8 body feet or more in width or 40 body feet or more in length or that when erected on site is
13 320 or more square feet and that is built on a permanent chassis and designed to be used as a dwelling with or
14 without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air-
15 conditioning, and electrical systems contained therein. The term includes any structure that meets all of the
16 requirements of this subsection except the size requirements and with respect to which the manufacturer
17 voluntarily files a certification required by the United States secretary of housing and urban development and
18 complies with the standards established under Title 42 of the United States Code.

19 ~~(bbb)~~(ddd) "Manufactured-home transaction" means a secured transaction:

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

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

24 (eee) "Money" has the meaning in 30-1-201(2)(z) 30-1-201(2)(y), but does not include:

25 (i) a deposit account; or

26 (ii) money in an electronic form that cannot be subjected to control under [section 46].

27 ~~(ccc)~~(fff) "Mortgage" means a consensual interest in real property, including fixtures, that is created by

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1 a mortgage, trust deed, or similar transaction.

2 ~~(ddd)~~(ggg) "New debtor" means a person that becomes bound as debtor under 30-9A-203(4) by a
3 security agreement previously entered into by another person.

4 ~~(eee)~~(hhh) (i) "New value" means:

5 (A) money;

6 (B) money's worth in property, services, or new credit; or

7 (C) release by a transferee of an interest in property previously transferred to the transferee.

8 (ii) The term does not include an obligation substituted for another obligation.

9 ~~(fff)~~(iii) "Noncash proceeds" means proceeds other than cash proceeds.

10 ~~(ggg)~~(jjj) (i) "Obligor" means a person that, with respect to an obligation secured by a security interest
11 in or an agricultural lien on the collateral:

12 (A) owes payment or other performance of the obligation;

13 (B) has provided property other than the collateral to secure payment or other performance of the
14 obligation; or

15 (C) is otherwise accountable in whole or in part for payment or other performance of the obligation.

16 (ii) The term does not include an issuer or a nominated person under a letter of credit.

17 ~~(hhh)~~(kkk) "Original debtor", except as used in 30-9A-310(3), means a person that, as debtor, entered
18 into a security agreement to which a new debtor has become bound under 30-9A-203(4).

19 ~~(iii)~~(lll) (i) "Payment intangible" means a general intangible under which the account debtor's principal
20 obligation is a monetary obligation.

21 (ii) The term includes a controllable payment intangible.

22 ~~(jjj)~~(mmm) "Person related to", with respect to an individual, means:

23 (i) the spouse of the individual;

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

25 (iii) an ancestor or lineal descendant of the individual or the individual's spouse; and

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

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1 ~~(kkk)~~(nnn) "Person related to", with respect to an organization, means:

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

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

6 (iii) an officer or director of, or a person performing similar functions with respect to, a person
7 described in subsection ~~(1)(kkk)(i)~~ (1)(nnn)(i);

8 (iv) the spouse of an individual described in subsection ~~(1)(kkk)(i), (1)(kkk)(ii), or (1)(kkk)(iii)~~
9 (1)(nnn)(i), (1)(nnn)(ii), or (1)(nnn)(iii); or

10 (v) an individual who is related by blood or marriage to an individual described in subsections
11 ~~(1)(kkk)(i), (1)(kkk)(ii), (1)(kkk)(iii), or (1)(kkk)(iv)~~ (1)(nnn)(i), (1)(nnn)(ii), (1)(nnn)(iii), or (1)(nnn)(iv) and shares
12 the same home with the individual.

13 ~~(lll)~~(ooo)"Proceeds", except as used in 30-9A-609(2), means the following property:

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

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

16 (iii) rights arising out of collateral;

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

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

21 ~~(mmm)~~(ppp) "Promissory note" means an instrument that:

22 (i) evidences a promise to pay a monetary obligation;

23 (ii) does not evidence an order to pay; and

24 (iii) does not contain an acknowledgment by a bank that the bank has received for deposit a sum
25 of money or funds.

26 ~~(nnn)~~(qqq) "Proposal" means a record authenticated ~~signed~~ signed by a secured party and including the terms
27 on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures

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1 pursuant to 30-9A-620 through 30-9A-622.

2 ~~(eee)~~(rrr) "Public-finance transaction" means a secured transaction in connection with which:

3 (i) bonds, debentures, certificates of participation, or similar debt securities are issued;

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

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

8 ~~(ppp)~~(sss) "Public organic record" means a record that is available to the public for inspection and is:

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

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

15 (iii) a record consisting of legislation enacted by the legislature of a state or the congress of the
16 United States which forms or organizes an organization, any record amending the legislation, and any record
17 filed with or issued by the state or the United States which amends or restates the name of the organization.

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

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

25 ~~(sss)~~(vvv) "Registered organization" means an organization formed or organized solely under the law
26 of one state or the United States by the filing of a public organic record with, the issuance of a public organic
27 record by, or the enactment of legislation by the state or the United States. The term includes a business trust

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1 that is formed or organized under the law of a single state if a statute of the state governing business trusts
2 requires that the business trust's organic record be filed with the state.

3 ~~(ttt)~~(www) "Secondary obligor" means an obligor to the extent that:

4 (i) the obligor's obligation is secondary; or

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

7 ~~(uuu)~~(xxx) "Secured party" means:

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

10 (ii) a person that holds an agricultural lien;

11 (iii) a consignor;

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

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

16 (vi) a person that holds a security interest arising under 30-2-401, 30-2-505, 30-2-711(3), 30-2A-
17 508(5), 30-4-208, or 30-5-118.

18 ~~(vvv)~~(yyy) "Security agreement" means an agreement that creates or provides for a security interest.

19 ~~(www)~~ "Send", in connection with a record or notification, means to:

20 (i) ~~deposit in the mail, deliver for transmission, or transmit by any other usual means of~~

21 ~~communication, with postage or cost of transmission provided for, addressed to any address reasonable under~~
22 ~~the circumstances; or~~

23 ~~(ii) cause the record or notification to be received within the time that it would have been received if~~
24 ~~properly sent under subsection (1)(www)(i).~~

25 ~~(xxx)~~(zzz) (i) "Software" means a computer program, any informational content included in the
26 program, and any supporting information provided in connection with a transaction relating to the computer
27 program or informational content.

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1 (ii) The term does not include a computer program that is contained in goods unless the goods are
2 a computer or computer peripheral.

3 ~~(yyy)(aaaa)~~ "State" means a state of the United States, the District of Columbia, Puerto Rico, the
4 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United
5 States.

6 ~~(zzz)(bbbb)~~ "Supporting obligation" means a letter-of-credit right or secondary obligation that supports
7 the payment or performance of an account, chattel paper, document, general intangible, instrument, or
8 investment property.

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

11 ~~(cccc) "Tangible money" means money in a tangible form.~~

12 ~~(bbbb)(ddd)(CCCC)~~ "Termination statement" means an amendment of a financing statement that:

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

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

16 ~~(ccc)(eeee)(DDDD)~~ "Transmitting utility" means a person primarily engaged in the business of:

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

18 (ii) transmitting electric or electronic communications;

19 (iii) transmitting goods by pipeline or sewer; or

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

21 (2) The following definitions in other chapters apply to this chapter:

22 "Applicant" 30-5-122.

23 "Beneficiary" 30-5-122.

24 "Broker" 30-8-112.

25 "Certificated security" 30-8-112.

26 "Check" 30-3-104.

27 "Clearing corporation" 30-8-112.

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- 1 "Contract for sale" 30-2-106.
- 2 "Control" (with respect to a document of title) 30-7-107.
- 3 "Controllable electronic record" ~~[section 94]~~ [SECTION 93].
- 4 "Customer" 30-4-104.
- 5 "Entitlement holder" 30-8-112.
- 6 "Financial asset" 30-8-112.
- 7 "Holder in due course" 30-3-302.
- 8 "Issuer" (with respect to a letter of credit or letter-of-credit right) 30-5-122.
- 9 "Issuer" (with respect to a security) 30-8-211.
- 10 "Lease" 30-2A-103.
- 11 "Lease agreement" 30-2A-103.
- 12 "Lease contract" 30-2A-103.
- 13 "Leasehold interest" 30-2A-103.
- 14 "Lessee" 30-2A-103.
- 15 "Lessee in ordinary course of business" 30-2A-103.
- 16 "Lessor" 30-2A-103.
- 17 "Lessor's residual interest" 30-2A-103.
- 18 "Letter of credit" 30-5-122.
- 19 "Merchant" 30-2-104.
- 20 "Negotiable instrument" 30-3-104.
- 21 "Nominated person" 30-5-122.
- 22 "Note" 30-3-104.
- 23 "Proceeds of a letter of credit" 30-5-134.
- 24 "Protected purchaser" 30-8-333.
- 25 "Prove" 30-3-102.
- 26 "Qualifying purchaser" ~~[section 94]~~ [SECTION 93].
- 27 "Sale" 30-2-106.

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- 1 "Securities account" 30-8-501.
- 2 "Securities intermediary" 30-8-112.
- 3 "Security" 30-8-112.
- 4 "Security certificate" 30-8-112.
- 5 "Security entitlement" 30-8-112.
- 6 "Uncertificated security" 30-8-112.

7 (3) Chapter 1 contains general definitions and principles of construction and interpretation
8 applicable throughout this chapter."

9
10 **Section 44.** Section 30-9A-104, MCA, is amended to read:

11 **"30-9A-104. Control of deposit account.** (1) A secured party has control of a deposit account if:

- 12 (a) the secured party is the bank with which the deposit account is maintained;
- 13 (b) the debtor, secured party, and bank have agreed in ~~an authenticated~~ a signed record that the
14 bank will comply with instructions originated by the secured party directing disposition of the funds in the
15 deposit account without further consent by the debtor; ~~or~~
- 16 (c) the secured party becomes the bank's customer with respect to the deposit account; or
- 17 (d) another person, other than the debtor:
 - 18 (i) has control of the deposit account and acknowledges that it has control on behalf of the
19 secured party; or
 - 20 (ii) obtains control of the deposit account after having acknowledged that it will obtain control of
21 the deposit account on behalf of the secured party.

22 (2) A secured party that has satisfied the requirements of subsection (1) has control, even if the
23 debtor retains the right to direct the disposition of funds from the deposit account."

24
25 **Section 45.** Section 30-9A-105, MCA, is amended to read:

26 **"30-9A-105. Control of electronic copy of record evidencing chattel paper.** (1) A secured party
27 purchaser has control of ~~electronic chattel paper~~ an authoritative electronic copy of a record evidencing chattel