

The House Committee on Judiciary offers the following substitute to SB 185:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 9 of Title 11 of the Official Code of Georgia Annotated, relating to secured  
2 transactions, so as to modernize the article; to change and provide for definitions; to change  
3 provisions relating to electronic chattel paper; to change provisions relating to location of  
4 debtor; to change provisions relating to perfection of security interests in property subject to  
5 certain statutes, regulations, and treaties; to change provisions relating to the continued  
6 perfection of security interest following a change in the governing law; to change provisions  
7 relating to interests that take priority over or take free of security interests or agriculture  
8 liens; to change provisions relating to the priority of security interests created by a new  
9 debtor; to change provisions relating to the discharge of account debtors; to change  
10 provisions relating to restrictions on assignment of promissory notes; to change provisions  
11 relating to the contents of a financing statement; to change provisions relating to the name  
12 of the debtor and secured party; to change provisions relating to the effect of certain events  
13 on effectiveness of financing statements; to provide for record of mortgage as a financing  
14 statement; to change provisions relating to what constitutes a filing; to change provisions  
15 relating to inaccurate or wrongfully filed records; to change provisions relating to the  
16 uniform form of written financing statement and amendment; to change provisions relating  
17 to collection and enforcement by a secured party; to change provisions relating to remedies  
18 for secured party's failure to comply with the article; to provide for a new part to the article;  
19 to provide for a savings clause; to provide for a security interest perfected and unperfected  
20 before the effective date of Part 8 of the article; to provide for priority of conflicting claims  
21 to collateral; to provide for applicability relative to the new Part 8 of the article; to amend  
22 Code Section 33-10-1 of the Official Code of Georgia Annotated, relating to assets  
23 considered in determining financial condition of insurers, generally, so as to correct a  
24 cross-reference; to amend Code Section 44-13-100 of the Official Code of Georgia  
25 Annotated, relating to exemptions for purposes of bankruptcy and intestate insolvent estates,  
26 so as to revise the debtor's exemption for motor vehicles in a bankruptcy; to provide for  
27 related matters; to provide for an effective date; to repeal conflicting laws; and for other  
28 purposes.

S. B. 185 (SUB)

29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

30 SECTION 1.

31 Article 9 of Title 11 of the Official Code of Georgia Annotated, relating to secured  
 32 transactions, is amended by revising paragraphs (7), (11), (51), and (67) through (69), and  
 33 by redesignating paragraphs (70) through (79) as paragraphs (71) through (80), respectively,  
 34 of subsection (a) of Code Section 11-9-102, relating to definitions and index of definitions,  
 35 as follows:

36 "(7) 'Authenticate' means:

37 (A) To sign; or

38 (B) ~~To execute or otherwise adopt a symbol, or encrypt or similarly process a record~~  
 39 ~~in whole or in part, with the present intent of the authenticating person to identify the~~  
 40 ~~person and~~ With present intent to adopt or accept a record, to attach to or logically  
 41 associate with such record an electronic sound, symbol, or process."

42 "(11) 'Certificate of title' means a certificate of title with respect to which a statute  
 43 provides for the security interest in question to be indicated on the certificate as a  
 44 condition or result of the security interest's obtaining priority over the rights of a lien  
 45 creditor with respect to the collateral. The term shall include another record maintained  
 46 as an alternative to a certificate of title by the governmental unit that issues certificates  
 47 of title if a statute permits the security interest in question to be indicated on the record  
 48 as a condition or result of the security interest's obtaining priority over the rights of a lien  
 49 creditor with respect to the collateral."

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

52 "(67) 'Public organic record' means a record that is available to the public for inspection  
 53 and is:

54 (A) A record consisting of the record initially filed with or issued by a state or the  
 55 United States to form or organize an organization and any record filed with or issued  
 56 by such state or the United States which amends or restates the initial record;

57 (B) An organic record of a business trust consisting of the record initially filed with a  
 58 state and any record filed with such state which amends or restates the initial record, if  
 59 a statute of such state governing business trusts requires that the record be filed with  
 60 such state; or

61 (C) A record consisting of legislation enacted by the legislature of a state or the  
 62 Congress of the United States which forms or organizes an organization, any record  
 63 amending the legislation, and any record filed with or issued by such state or the United  
 64 States which amends or restates the name of the organization.

65 ~~(67)~~(68) 'Pursuant to commitment,' with respect to an advance made or other value given  
 66 by a secured party, means pursuant to the secured party's obligation, whether or not a  
 67 subsequent event of default or other event not within the secured party's control has  
 68 relieved or may relieve the secured party from its obligation.

69 ~~(68)~~(69) 'Record,' except as used in 'for record,' 'of record,' 'record or legal title,' and  
 70 'record owner,' means information that is inscribed on a tangible medium or which is  
 71 stored in an electronic or other medium and is retrievable in perceivable form.

72 ~~(69)~~(70) 'Registered organization' means an organization formed or organized solely  
 73 under the law of a single state or the United States ~~and as to which the state or the United~~  
 74 ~~States must maintain a public record showing the organization to have been organized by~~  
 75 the filing of a public organic record with, the issuance of a public organic record by, or  
 76 the enactment of legislation by a state or the United States. The term shall include a  
 77 business trust that is formed or organized under the law of a single state if a statute of  
 78 such state governing business trusts requires that the business trust's organic record be  
 79 filed with such state."

## 80 SECTION 2.

81 Said article is further amended by revising Code Section 11-9-105, relating to control of  
 82 electronic chattel, as follows:

83 "11-9-105. **Control of electronic chattel paper.**

84 **(a) General rule; control of electronic chattel paper.** A secured party has control of  
 85 electronic chattel paper if a system employed for evidencing the transfer of interests in the  
 86 chattel paper reliably establishes the secured party as the person to which the chattel paper  
 87 was assigned.

88 **(b) Specific facts giving control.** A system satisfies the provisions of subsection (a) of  
 89 this Code section if the record or records comprising the chattel paper are created, stored,  
 90 and assigned in such a manner that:

91 (1) A single authoritative copy of the record or records exists which is unique,  
 92 identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6) of this ~~Code~~  
 93 ~~section~~ subsection, unalterable;

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

96 (3) The authoritative copy is communicated to and maintained by the secured party or  
 97 its designated custodian;

98 (4) Copies or ~~revisions~~ amendments that add or change an identified assignee of the  
 99 authoritative copy can be made only with the ~~participation~~ consent of the secured party;

- 100 (5) Each copy of the authoritative copy and any copy of a copy is readily identifiable as  
 101 a copy that is not the authoritative copy; and  
 102 (6) Any ~~revision~~ amendment of the authoritative copy is readily identifiable as an  
 103 authorized or unauthorized ~~revision~~."

104 **SECTION 3.**

105 Said article is further amended by revising paragraph (2) of subsection (f) of Code Section  
 106 11-9-307, relating to location of debtor, as follows:

107 "(2) In the state that the registered organization, branch, or agency designates, if the law  
 108 of the United States authorizes the registered organization, branch, or agency to designate  
 109 its state of location, including by designating its main office, home office, or other  
 110 comparable office; or"

111 **SECTION 4.**

112 Said article is further amended by revising paragraph (3) of subsection (a) of Code Section  
 113 11-9-311, relating to perfection of security interests in property subject to certain statutes,  
 114 regulations, and treaties, as follows:

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

118 **SECTION 5.**

119 Said article is further amended in Code Section 11-9-316, relating to the continued perfection  
 120 of security interest following change in governing law, by revising the internal catchline and  
 121 by adding new subsections to read as follows:

122 "**11-9-316. Effect of Continued perfection of security interest following change in**  
 123 **governing law.**"

124 "**(h) Effect on filed financing statement of change in governing law.** The following  
 125 rules apply to collateral to which a security interest attaches within four months after the  
 126 debtor changes its location to another jurisdiction:

127 (1) A financing statement filed before the change pursuant to the law of the jurisdiction  
 128 designated in paragraph (1) of Code Section 11-9-301 or subsection (c) of Code Section  
 129 11-9-305 is effective to perfect a security interest in the collateral if the financing  
 130 statement would have been effective to perfect a security interest in the collateral had the  
 131 debtor not changed its location; and

132 (2) If a security interest perfected by a financing statement that is effective under  
 133 paragraph (1) of this subsection becomes perfected under the law of the other jurisdiction

134 before the earlier of the time the financing statement would have become ineffective  
 135 under the law of the jurisdiction designated in paragraph (1) of Code Section 11-9-301  
 136 or subsection (c) of Code Section 11-9-305 or the expiration of the four-month period,  
 137 it remains perfected thereafter. If the security interest does not become perfected under  
 138 the law of the other jurisdiction before the earlier time or event, it becomes unperfected  
 139 and is deemed never to have been perfected as against a purchaser of the collateral for  
 140 value.

141 **(i) Effect of change in governing law on financing statement filed against original**  
 142 **debtor.** If a financing statement naming an original debtor is filed pursuant to the law of  
 143 the jurisdiction designated in paragraph (1) of Code Section 11-9-301 or subsection (c) of  
 144 Code Section 11-9-305 and the new debtor is located in another jurisdiction, the following  
 145 rules apply:

146 (1) The financing statement is effective to perfect a security interest in collateral acquired  
 147 by the new debtor before, and within four months after, the new debtor becomes bound  
 148 under subsection (d) of Code Section 11-9-203 if the financing statement would have  
 149 been effective to perfect a security interest in the collateral had the collateral been  
 150 acquired by the original debtor; and

151 (2) A security interest perfected by the financing statement and which becomes perfected  
 152 under the law of the other jurisdiction before the earlier of the time the financing  
 153 statement would have become ineffective under the law of the jurisdiction designated in  
 154 paragraph (1) of Code Section 11-9-301 or subsection (c) of Code Section 11-9-305 or  
 155 the expiration of the four-month period remains perfected thereafter. A security interest  
 156 that is perfected by the financing statement but which does not become perfected under  
 157 the law of the other jurisdiction before the earlier time or event becomes unperfected and  
 158 is deemed never to have been perfected as against a purchaser of the collateral for value."

## 159 SECTION 6.

160 Said article is further amended by revising subsections (b) and (d) of Code Section 11-9-317,  
 161 relating to interests that take priority over or take free of security interest or agriculture liens,  
 162 as follows:

163 **"(b) Buyers that receive delivery.** Except as otherwise provided in subsection (e) of this  
 164 Code section, a buyer, other than a secured party, of tangible chattel paper, tangible  
 165 documents, goods, instruments, or a certificated security certificate takes free of a security  
 166 interest or agricultural lien if the buyer gives value and receives delivery of the collateral  
 167 without knowledge of the security interest or agricultural lien and before it is perfected."

168 **"(d) Licensees and buyers of certain collateral.** A licensee of a general intangible or a  
 169 buyer, other than a secured party, of accounts, electronic collateral other than tangible

170 chattel paper, ~~electronic~~ tangible documents, ~~general intangibles, or investment property~~  
 171 ~~other than~~ goods, instruments, or a certificated security takes free of a security interest if  
 172 the licensee or buyer gives value without knowledge of the security interest and before it  
 173 is perfected."

174 **SECTION 7.**

175 Said article is further amended by revising Code Section 11-9-326, relating to priority of  
 176 security interests created by new debtor, as follows:

177 "11-9-326. **Priority of security interests created by new debtor.**

178 (a) **Subordination of security interest created by new debtor.** Subject to subsection (b)  
 179 of this Code section, a security interest that is created by a new debtor ~~which in collateral~~  
 180 in which the new debtor has or acquires rights and is perfected solely by a filed financing  
 181 statement ~~that is effective solely under~~ would be ineffective to perfect the security interest  
 182 but for the application of paragraph (1) of subsection (i) of Code Section 11-9-316 or Code  
 183 ~~Section 11-9-508 in collateral in which a new debtor has or acquires rights~~ is subordinate  
 184 to a security interest in the same collateral which is perfected other than by such a filed  
 185 financing statement ~~that is effective solely under Code Section 11-9-508.~~

186 (b) **Priority under other provisions; multiple original debtors.** The other provisions  
 187 of this part determine the priority among conflicting security interests in the same collateral  
 188 perfected by filed financing statements ~~that are effective solely under Code Section~~  
 189 ~~11-9-508~~ described in subsection (a) of this Code section. However, if the security  
 190 agreements to which a new debtor became bound as debtor were not entered into by the  
 191 same original debtor, the conflicting security interests rank according to priority in time of  
 192 the new debtor's having become bound."

193 **SECTION 8.**

194 Said article is further amended by revising subsection (e) of Code Section 11-9-406, relating  
 195 to discharge of account debtor, as follows:

196 "(e) **Inapplicability of subsection (d) of this Code section to certain sales.** Subsection  
 197 (d) of this Code section does not apply to the sale of a payment intangible or promissory  
 198 note, other than a sale pursuant to a disposition under Code Section 11-9-610 or an  
 199 acceptance of collateral under Code Section 11-9-620."

200 **SECTION 9.**

201 Said article is further amended by revising subsection (b) of Code Section 11-9-408, relating  
 202 to restrictions on assignment of promissory notes, health care insurance receivables, and  
 203 certain general intangibles ineffective, as follows:

204 **"(b) Applicability of subsection (a) of this Code section to sales of certain rights to**  
 205 **payment.** Subsection (a) of this Code section applies to a security interest in a payment  
 206 intangible or promissory note only if the security interest arises out of a sale of the payment  
 207 intangible or promissory note, other than a sale pursuant to a disposition under Code  
 208 Section 11-9-610 or an acceptance of collateral under Code Section 11-9-620."

209 **SECTION 10.**

210 Said article is further amended by revising subsection (c) of Code Section 11-9-502, relating  
 211 to the contents of a financing statement, as follows:

212 **"(c) Record of mortgage as fixture filing or financing statement. ~~Real estate~~**  
 213 **~~mortgages as fixture filings.~~** A real estate record of a mortgage may not be filed as a  
 214 fixture filing, but one filed prior to January 1, 1995, which was effective as a fixture filing  
 215 when filed, remains effective as a fixture filing until the mortgage is released or satisfied  
 216 of record or its effectiveness otherwise terminates as to the real estate when recorded  
 217 remains effective as a fixture filing, and a record of a mortgage recorded on or after July  
 218 1, 2013, is effective, from the date of recording, as a financing statement filed as a fixture  
 219 filing or as a financing statement covering as-extracted collateral or timber to be cut only  
 220 if:

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

222 (2) The goods are or are to become fixtures related to the real property described in the  
 223 record or the collateral is related to the real property described in the record and is  
 224 as-extracted collateral or timber to be cut;

225 (3) The record satisfies the requirements for a financing statement in this Code section,  
 226 but:

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

228 (B) The record sufficiently provides the name of a debtor who is an individual if it  
 229 provides the individual name of the debtor or the surname and first personal name of  
 230 the debtor, even if the debtor is an individual to whom paragraph (4) of subsection (a)  
 231 of Code Section 11-9-503 applies; and

232 (4) The record is duly recorded."

233 **SECTION 11.**

234 Said article is further amended by revising Code Section 11-9-503, relating to name of debtor  
 235 and secured party, as follows:

236 **"11-9-503. Name of debtor and secured party.**

237 (a) **Sufficiency of debtor's name.** A financing statement sufficiently provides the name  
 238 of the debtor:

- 239 (1) Except as otherwise provided in paragraph (3) of this subsection, if ~~If the debtor is~~  
 240 ~~a registered organization or the collateral is held in a trust that is a registered~~  
 241 ~~organization, only if the financing statement provides the name of the debtor indicated~~  
 242 ~~that is stated to be the registered organization's name on the public organic record of the~~  
 243 ~~debtor's most recently filed with or issued or enacted by the registered organization's~~  
 244 ~~jurisdiction of organization which shows the debtor to have been organized purports to~~  
 245 ~~state, amend, or restate the registered organization's name;~~
- 246 (2) Subject to subsection (f) of this Code section, if the collateral is being administered  
 247 by the personal representative of a decedent, only if the financing statement provides, as  
 248 the name of the debtor, the name of the decedent and, in a separate part of the financing  
 249 statement, indicates that the collateral is being administered by a personal representative  
 250 ~~If the debtor is a decedent's estate, only if the financing statement provides the name of~~  
 251 ~~the decedent and indicates that the debtor is an estate;~~
- 252 (3) If the debtor is a trust or a trustee acting with respect to property held in collateral is  
 253 held in a trust that is not a registered organization, only if the financing statement:
- 254 ~~(A) Provides the name specified for the trust in its organic documents or, if no name~~  
 255 ~~is specified, provides the name of the settlor and additional information sufficient to~~  
 256 ~~distinguish the debtor from other trusts having one or more of the same settlors; and~~  
 257 ~~(B) Indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee~~  
 258 ~~acting with respect to property held in trust~~
- 259 (A) Provides, as the name of the debtor:
- 260 (i) If the organic record of the trust specifies a name for the trust, the name  
 261 specified; or
- 262 (ii) If the organic record of the trust does not specify a name for the trust, the name  
 263 of the settlor or testator; and
- 264 (B) In a separate part of the financing statement:
- 265 (i) If the name is provided in accordance with division (3)(A)(i) of this subsection,  
 266 indicates that the collateral is held in a trust; or
- 267 (ii) If the name is provided in accordance with division (3)(A)(ii) of this subsection,  
 268 provides additional information sufficient to distinguish the trust from other trusts  
 269 having one or more of the same settlors or the same testator and indicates that the  
 270 collateral is held in a trust, unless the additional information so indicates;
- 271 (4) Subject to subsection (g) of this Code section, if the debtor is an individual to whom  
 272 this state has issued a driver's license that has not expired, only if the financing statement  
 273 provides the name of the individual which is indicated on the driver's license;



274 (5) If the debtor is an individual to whom paragraph (4) of this subsection does not apply,  
 275 only if the financing statement provides the individual name of the debtor or the surname  
 276 and first personal name of the debtor; and

277 ~~(4)~~(6) In other cases:

278 (A) If the debtor has a name, only if ~~it~~ the financing statement provides the ~~individual~~  
 279 ~~or~~ organizational name of the debtor; and

280 (B) If the debtor does not have a name, only if it provides the names of the partners,  
 281 members, associates, or other persons comprising the debtor, in a manner that each  
 282 name provided would be sufficient if the person named were the debtor.

283 (b) **Additional debtor related information.** A financing statement that provides the  
 284 name of the debtor in accordance with subsection (a) of this Code section is not rendered  
 285 ineffective by the absence of:

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

287 (2) Unless required under subparagraph ~~(a)(4)(B)~~ (a)(6)(B) of this Code section, names  
 288 of partners, members, associates, or other persons comprising the debtor.

289 (c) **Debtor's trade name insufficient.** A financing statement that provides only the  
 290 debtor's trade name does not sufficiently provide the name of the debtor.

291 (d) **Representative capacity.** Failure to indicate the representative capacity of a secured  
 292 party or representative of a secured party does not affect the sufficiency of a financing  
 293 statement.

294 (e) **Multiple debtors and secured parties.** A financing statement may provide the name  
 295 of more than one debtor and the name of more than one secured party.

296 (f) Name of decedent. The name of the decedent indicated on the order appointing the  
 297 personal representative of the decedent issued by the court having jurisdiction over the  
 298 collateral is sufficient as the 'name of the decedent' under paragraph (2) of subsection (a)  
 299 of this Code section.

300 (g) Multiple driver's licenses. If this state has issued to an individual more than one  
 301 driver's license of a kind described in paragraph (4) of subsection (a) of this Code section,  
 302 the one that was issued most recently is the one to which such paragraph refers.

303 (h) Definition. As used in this Code section, the term 'name of the settlor or testator'  
 304 means:

305 (1) If the settlor is a registered organization, the name that is stated to be the settlor's  
 306 name on the public organic record most recently filed with or issued or enacted by the  
 307 settlor's jurisdiction of organization which purports to state, amend, or restate the settlor's  
 308 name; or

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

311 **SECTION 12.**

312 Said article is further amended by revising subsection (c) of Code Section 11-9-507, relating  
 313 to the effect of certain events on effectiveness of a financing statement, as follows:

314 **"(c) Change in debtor's name.** ~~If a debtor so changes its name that a filed~~ the name that  
 315 a filed financing statement provides for a debtor becomes insufficient as the name of the  
 316 debtor under subsection (a) of Code Section 11-9-503 so that the financing statement  
 317 becomes seriously misleading under Code Section 11-9-506:

318 (1) The financing statement is effective to perfect a security interest in collateral acquired  
 319 by the debtor before, or within four months after, the ~~change~~ filed financing statement  
 320 becomes seriously misleading; and

321 (2) The financing statement is not effective to perfect a security interest in collateral  
 322 acquired by the debtor more than four months after the ~~change~~ filed financing statement  
 323 becomes seriously misleading, unless an amendment to the financing statement which  
 324 renders the financing statement not seriously misleading is filed within four months after  
 325 the ~~change~~ financing statement became seriously misleading."

326 **SECTION 13.**

327 Said article is further amended in Code Section 11-9-515, relating to duration and  
 328 effectiveness of financing statement, by adding a new subsection to read as follows:

329 **"(e) Record of mortgage as financing statement.** A record of a mortgage that is effective  
 330 as a financing statement filed as a fixture filing under subsection (c) of Code Section  
 331 11-9-502 remains effective as a financing statement filed as a fixture filing until the  
 332 mortgage is released or satisfied of record or its effectiveness otherwise terminates as to  
 333 the real property."

334 **SECTION 14.**

335 Said article is further amended by revising subparagraphs (b)(3)(B) and (b)(3)(C) and  
 336 paragraph (5) of subsection (b) of Code Section 11-9-516, relating to what constitutes a  
 337 filing, as follows:

338 **"(B)** In the case of an amendment or ~~correction~~ information statement, the record:

339 (i) Does not identify the initial financing statement as required by Code Section  
 340 11-9-512 or 11-9-518, as applicable;

341 (ii) Identifies an initial financing statement whose effectiveness has lapsed under  
 342 Code Section 11-9-515;

343 (iii) Identifies more than one initial financing statement; or

344 (iv) Indicates that it is presented to accomplish more than one action, such as  
 345 amendment and continuation;

- 346 (C) In the case of an initial financing statement that provides the name of a debtor  
 347 identified as an individual or an amendment that provides a name of a debtor identified  
 348 as an individual which was not previously provided in the financing statement to which  
 349 the record relates, the record does not identify the debtor's ~~last name~~ surname; or"
- 350 "(5) In the case of an initial financing statement or an amendment that provides a name  
 351 of a debtor which was not previously provided in the financing statement to which the  
 352 amendment relates, the record does not:
- 353 (A) Provide a mailing address for the debtor; or
- 354 (B) Indicate whether the name provided as the name of the debtor is the name of an  
 355 individual or an organization; or
- 356 ~~(C) If the financing statement indicates that the debtor is an organization, provide:~~
- 357 ~~(i) A type of organization for the debtor; or~~
- 358 ~~(ii) A jurisdiction of organization for the debtor; or"~~

359 **SECTION 15.**

360 Said article is further amended by revising Code Section 11-9-518, relating to inaccurate or  
 361 wrongfully filed record, as follows:

362 "11-9-518. **Inaccurate or wrongfully filed record.**

363 (a) **Statement with respect to record indexed under person's name. Correction**  
 364 **statement.** A person may file a ~~correction~~ in the filing office an information statement  
 365 with respect to a record indexed under the person's name if the person believes that the  
 366 record is inaccurate or was wrongfully filed. The ~~correction~~ information statement shall  
 367 be filed in the filing office of the county where the record was filed.

368 (b) **Contents of statement under subsection (a) of this Code section. Sufficiency of**  
 369 **correction statement.** ~~A correction statement~~ An information statement under subsection  
 370 (a) of this Code section must:

- 371 (1) Identify the record to which it relates by the file number assigned to the initial  
 372 financing statement to which the record relates;
- 373 (2) Indicate that it is a ~~correction~~ an information statement; and
- 374 (3) Provide the basis for the person's belief that the record is inaccurate and indicate the  
 375 manner in which the person believes the record should be amended to cure any  
 376 inaccuracy or provide the basis for the person's belief that the record was wrongfully  
 377 filed.

378 (c) **Statement by secured party of record.** A person may file in the filing office an  
 379 information statement with respect to a record filed there if such person is a secured party  
 380 of record with respect to the financing statement to which the record relates and believes

381 that the person that filed the record was not entitled to do so under subsection (d) of Code  
 382 Section 11-9-509.

383 (d) Contents of statement under subsection (c) of this Code section. An information  
 384 statement under subsection (c) of this Code section must:

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

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

388 (3) Provide the basis for the person's belief that the person that filed the record was not  
 389 entitled to do so under subsection (d) of Code Section 11-9-509.

390 ~~(c)~~(e) **Record not affected by correction information statement.** The filing of a  
 391 ~~correction~~ an information statement does not affect the effectiveness of an initial financing  
 392 statement or other filed record."

### 393 SECTION 16.

394 Said article is further amended by revising subsections (a) and (b) of Code Section 11-9-521,  
 395 relating to the uniform form of written financing statement and amendment, as follows:

396 "(a) **Initial financing statement form.** Except for a reason set forth in subsection (b) of  
 397 Code Section 11-9-516, a filing office that accepts written records may not refuse to accept  
 398 a written initial financing statement in the form and format set ~~out in Section 9-521(a) of~~  
 399 ~~the Official Text of Revised Article 9, 2000 Revision,~~ forth in the final official text of the  
 400 2010 amendments to Article 9 of the Uniform Commercial Code promulgated by the  
 401 American Law Institute and the National Conference of Commissioners on Uniform State  
 402 Laws, and such form and format are incorporated into this subsection by reference.

403 (b) **Amendment form.** Except for a reason set forth in subsection (b) of Code Section  
 404 11-9-516, a filing office that accepts written records may not refuse to accept a written  
 405 record amending an initial financing statement if such record is in the form and format set  
 406 ~~out in Section 9-521(b) of the Official Text of Revised Article 9, 2000 Revision,~~ forth in  
 407 the final official text of the 2010 amendments to Article 9 of the Uniform Commercial  
 408 Code promulgated by the American Law Institute and the National Conference of  
 409 Commissioners on Uniform State Laws, and such form and format are incorporated into  
 410 this subsection by reference."

### 411 SECTION 17.

412 Said article is further amended by revising subparagraph (b)(2)(A) of Code Section 11-9-607,  
 413 relating to the collection and enforcement by secured party, as follows:

414 "(A) A default has occurred with respect to the obligation secured by the mortgage;  
 415 and"

416 **SECTION 18.**

417 Said article is further amended by revising the introductory language to subsection (c) of  
 418 Code Section 11-9-625, relating to remedies for secured party's failure to comply with article,  
 419 as follows:

420 "**(c) Persons entitled to recover damages; statutory damages in if collateral is**  
 421 **consumer goods transaction.** Except as otherwise provided in Code Section 11-9-628:"

422 **SECTION 19.**

423 Said article is further amended by renaming Part 7 as "2001 TRANSITION."

424 **SECTION 20.**

425 Said article is further amended by adding a new part to read as follows:

426 "Part 8427 2013 TRANSITION

428 11-9-801.

429 Reserved.

430 11-9-802. Savings clause.

431 (a) Pre-effective date transactions or liens. Except as otherwise provided in this part,  
 432 this article, as in effect on July 1, 2013, applies to a transaction or lien within its scope,  
 433 even if the transaction or lien was entered into or created before July 1, 2013.

434 (b) Pre-effective date proceedings. This article, as in effect on July 1, 2013, does not  
 435 affect an action, case, or proceeding commenced before July 1, 2013.

436 11-9-803. Security interest perfected before effective date.

437 (a) Continuing perfection; perfection requirements satisfied. A security interest that  
 438 is a perfected security interest immediately before July 1, 2013, is a perfected security  
 439 interest under this article, as in effect on July 1, 2013, if, on July 1, 2013, the applicable  
 440 requirements for attachment and perfection under this article, as in effect on July 1, 2013,  
 441 are satisfied without further action.

442 (b) Continuing perfection; perfection requirements not satisfied. Except as otherwise  
 443 provided in Code Section 11-9-805, if, immediately before July 1, 2013, a security interest  
 444 is a perfected security interest, but the applicable requirements for perfection under this  
 445 article, as in effect on July 1, 2013, are not satisfied on July 1, 2013, the security interest

446 remains perfected thereafter only if the applicable requirements for perfection under this  
 447 article, as in effect on July 1, 2013, are satisfied before July 1, 2014.

448 **11-9-804. Security interest unperfected before effective date.**

449 A security interest that is an unperfected security interest immediately before July 1, 2013,  
 450 becomes a perfected security interest:

451 (1) Without further action, on July 1, 2013, if the applicable requirements for perfection  
 452 under this article, as in effect on July 1, 2013, are satisfied before or at that time; or

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

455 **11-9-805. Effectiveness of action taken before effective date.**

456 (a) **Pre-effective date filing effective.** The filing of a financing statement before July 1,  
 457 2013, is effective to perfect a security interest to the extent the filing would satisfy the  
 458 applicable requirements for perfection under this article, as in effect on July 1, 2013.

459 (b) **When pre-effective date filing becomes ineffective.** Changes made to this article  
 460 effective July 1, 2013, do not render ineffective an effective financing statement that,  
 461 before July 1, 2013, is filed and satisfies the applicable requirements for perfection under  
 462 the law of the jurisdiction governing perfection as provided under the former provisions  
 463 of this article in effect prior to July 1, 2013. However, except as otherwise provided in  
 464 subsections (c) and (d) of this Code section and Code Section 11-9-806, the financing  
 465 statement ceases to be effective:

466 (1) If the financing statement is filed in this state, at the time the financing statement  
 467 would have ceased to be effective under the former provisions of this article in effect  
 468 prior to July 1, 2013; or

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

470 (A) The time the financing statement would have ceased to be effective under the law  
 471 of that jurisdiction; or

472 (B) June 30, 2018.

473 (c) **Continuation statement.** The filing of a continuation statement on or after July 1,  
 474 2013, does not continue the effectiveness of a financing statement filed before July 1, 2013.

475 However, upon the timely filing of a continuation statement on or after July 1, 2013, and  
 476 in accordance with the law of the jurisdiction governing perfection as provided in this  
 477 article, as in effect on July 1, 2013, the effectiveness of a financing statement filed in the  
 478 same office in that jurisdiction before July 1, 2013, continues for the period provided by  
 479 the law of that jurisdiction.

480 **(d) Application of subparagraph (b)(2)(B) of this Code section to transmitting utility**  
 481 **financing statement.** Subparagraph (b)(2)(B) of this Code section shall apply to a  
 482 financing statement that, before July 1, 2013, is filed against a transmitting utility and  
 483 satisfies the applicable requirements for perfection under the law of the jurisdiction  
 484 governing perfection as provided in the former provisions of this article, as in effect prior  
 485 to July 1, 2013, only to the extent that the provisions of this article, as in effect on July 1,  
 486 2013, provide that the law of a jurisdiction other than the jurisdiction in which the  
 487 financing statement is filed governs perfection of a security interest in collateral covered  
 488 by the financing statement.

489 **(e) Application of Part 5 of this article.** A financing statement that includes a financing  
 490 statement filed before July 1, 2013, and a continuation statement filed on or after July 1,  
 491 2013, is effective only to the extent that it satisfies the requirements of Part 5 of this article,  
 492 as in effect on July 1, 2013, for an initial financing statement. A financing statement that  
 493 indicates that the debtor is a decedent's estate indicates that the collateral is being  
 494 administered by a personal representative within the meaning of paragraph (2) of  
 495 subsection (a) of Code Section 11-9-503, as in effect on July 1, 2013. A financing  
 496 statement that indicates that the debtor is a trust or is a trustee acting with respect to  
 497 property held in trust indicates that the collateral is held in a trust within the meaning of  
 498 paragraph (3) of subsection (a) of Code Section 11-9-503, as in effect on July 1, 2013.

499 **11-9-806. When initial financing statement suffices to continue effectiveness of**  
 500 **financing statement.**

501 **(a) Initial financing statement in lieu of continuation statement.** The filing of an initial  
 502 financing statement in the office specified in Code Section 11-9-501 continues the  
 503 effectiveness of a financing statement filed before July 1, 2013, if:

504 (1) The filing of an initial financing statement in that office would be effective to perfect  
 505 a security interest under this article, as in effect on July 1, 2013;

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

507 (3) The initial financing statement satisfies subsection (c) of this Code section.

508 **(b) Period of continued effectiveness.** The filing of an initial financing statement under  
 509 subsection (a) of this Code section continues the effectiveness of the pre-effective date  
 510 financing statement:

511 (1) If the initial financing statement is filed before July 1, 2013, for the period provided  
 512 in former Code Section 11-9-515, as in effect prior to July 1, 2013, with respect to an  
 513 initial financing statement; and

514 (2) If the initial financing statement is filed on or after July 1, 2013, for the period  
 515 provided in Code Section 11-9-515, as in effect on July 1, 2013, with respect to an initial  
 516 financing statement.

517 **(c) Requirements for initial financing statement under subsection (a) of this Code**  
 518 **section.** To be effective for purposes of subsection (a) of this Code section, an initial  
 519 financing statement must:

520 (1) Satisfy the requirements of Part 5 of this article, as in effect on July 1, 2013, for an  
 521 initial financing statement;

522 (2) Identify the pre-effective date financing statement by indicating the office in which  
 523 the financing statement was filed and providing the dates of filing and file numbers, if  
 524 any, of the financing statement and of the most recent continuation statement filed with  
 525 respect to the financing statement; and

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

527 **11-9-807. Amendment of pre-effective date financing statement.**

528 **(a) 'Pre-effective date financing statement.'** As used in this Code section, the term  
 529 'pre-effective date financing statement' means a financing statement filed before July 1,  
 530 2013.

531 **(b) Applicable law.** On or after July 1, 2013, a person may add or delete collateral  
 532 covered by, continue or terminate the effectiveness of, or otherwise amend the information  
 533 provided in, a pre-effective date financing statement only in accordance with the law of the  
 534 jurisdiction governing perfection as provided in Part 3 of this article, as in effect on July  
 535 1, 2013. However, the effectiveness of a pre-effective date financing statement also may  
 536 be terminated in accordance with the law of the jurisdiction in which the financing  
 537 statement is filed.

538 **(c) Method of amending: general rule.** Except as otherwise provided in subsection (d)  
 539 of this Code section, if the law of this state governs perfection of a security interest, the  
 540 information in a pre-effective date financing statement may be amended on or after July  
 541 1, 2013, only if:

542 (1) The pre-effective date financing statement and an amendment are filed in the office  
 543 specified in Code Section 11-9-501;

544 (2) An amendment is filed in the office specified in Code Section 11-9-501 concurrently  
 545 with, or after the filing in that office of, an initial financing statement that satisfies  
 546 subsection (c) of Code Section 11-9-806; or

547 (3) An initial financing statement that provides the information as amended and satisfies  
 548 subsection (c) of Code Section 11-9-806 is filed in the office specified in Code Section  
 549 11-9-501.



550 (d) Method of amending: continuation. If the law of this state governs perfection of a  
 551 security interest, the effectiveness of a pre-effective date financing statement may be  
 552 continued only under subsections (c) and (e) of Code Section 11-9-805 or Code Section  
 553 11-9-806.

554 (e) Method of amending: additional termination rule. Whether or not the law of this  
 555 state governs perfection of a security interest, the effectiveness of a pre-effective date  
 556 financing statement filed in this state may be terminated on or after July 1, 2013, by filing  
 557 a termination statement in the office in which the pre-effective date financing statement is  
 558 filed, unless an initial financing statement that satisfies subsection (c) of Code Section  
 559 11-9-806 has been filed in the office specified by the law of the jurisdiction governing  
 560 perfection as provided in Part 3 of this article, as in effect on July 1, 2013, as the office in  
 561 which to file a financing statement.

562 11-9-808. Person entitled to file initial financing statement or continuation statement.  
 563 A person may file an initial financing statement or a continuation statement under this part  
 564 if:

565 (1) The secured party of record authorizes the filing; and

566 (2) The filing is necessary under this part:

567 (A) To continue the effectiveness of a financing statement filed before July 1, 2013;

568 or

569 (B) To perfect or continue the perfection of a security interest.

570 11-9-809. Priority.

571 This article, as in effect on July 1, 2013, determines the priority of conflicting claims to  
 572 collateral. However, if the relative priorities of the claims were established before July 1,  
 573 2013, the former provisions of this article, as in effect prior to July 1, 2013, determine  
 574 priority."

## 575 **SECTION 21.**

576 Code Section 33-10-1 of the Official Code of Georgia Annotated, relating to assets  
 577 considered in determining financial condition of insurers, generally, is amended by revising  
 578 paragraph (3) as follows:

579 "(3) Electronic and mechanical machines and software, as such term is defined in  
 580 ~~paragraph (74)~~ of Code Section 11-9-102, constituting a data processing, record-keeping,  
 581 or accounting system if the cost of such system does not exceed 10 percent of admitted  
 582 assets or \$7,500,000.00, whichever is less;"

583 **SECTION 22.**

584 Code Section 44-13-100 of the Official Code of Georgia Annotated, relating to exemptions  
585 for purposes of bankruptcy and intestate insolvent estates, is amended by revising paragraph  
586 (3) of subsection (a) as follows:

587 "(3) The debtor's interest, not to exceed the total of ~~\$3,500.00~~ \$5,000.00 in value, in all  
588 motor vehicles;"

589 **SECTION 23.**

590 This Act shall become effective on July 1, 2013.

591 **SECTION 24.**

592 All laws and parts of laws in conflict with this Act are repealed.