

MAINE STATE LEGISLATURE

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ARTICLE 9

**SECURED TRANSACTIONS; SALES OF
ACCOUNTS, CONTRACT RIGHTS
AND CHATTEL PAPER**

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PART 1

**SHORT TITLE, APPLICABILITY AND
DEFINITIONS**

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§ 9-101. Short title

This Article shall be known and may be cited as "Uniform Commercial Code—Secured Transactions."

1963, c. 362, § 1.

§ 9-102. Policy and scope of Article

(1) Except as otherwise provided in section 9-103 on multiple state transactions and in section 9-104 on excluded transactions, this Article applies so far as concerns any personal property and fixtures within the jurisdiction of this State

(a) To any transaction (regardless of its form) which is intended to create a security interest in personal property or fixtures including goods, documents, instruments, general intangibles, chattel paper, accounts or contract rights; and also

(b) To any sale of accounts, contract rights or chattel paper.

(2) This Article applies to security interests created by contract, including pledge, assignment, chattel mortgage, chattel trust, trust deed, factor's lien, equipment trust, conditional sale, trust receipt, other lien or title retention contract and lease or consignment intended as security. This Article does not apply to statutory liens except as provided in section 9-310.

(3) The application of this Article to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this Article does not apply.

1963, c. 362, § 1.

§ 9-103. Accounts, contract rights, general intangibles and equipment relating to another jurisdiction; and incoming goods, already subject to a security interest

(1) If the office where the assignor of accounts or contract rights keeps his records concerning them is in this State, the validity and perfection of a security interest therein and the possibility and effect of proper filing is governed by this Article; otherwise by the law (including the conflict of laws rules) of the jurisdiction where such office is located.

(2) If the chief place of business of a debtor is in this State, this Article governs the validity and perfection of a security interest and the possibility and effect of proper filing with regard to

general intangibles or with regard to goods of a type which are normally used in more than one jurisdiction, such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like if such goods are classified as equipment or classified as inventory by reason of their being leased by the debtor to others. Otherwise, the law (including the conflict of laws rules) of the jurisdiction where such chief place of business is located shall govern. If the chief place of business is located in a jurisdiction which does not provide for perfection of the security interest by filing or recording in that jurisdiction, then the security interest may be perfected by filing in this State. For the purpose of determining the validity and perfection of a security interest in an airplane, the chief place of business of a debtor who is a foreign air carrier under the Federal Aviation Act of 1958, as amended, is the designated office of the agent upon whom service of process may be made on behalf of the debtor.

(3) If personal property other than that governed by subsections (1) and (2) is already subject to a security interest when it is brought into this State, the validity of the security interest in this State is to be determined by the law (including the conflict of laws rules) of the jurisdiction where the property was when the security interest attached. However, if the parties to the transaction understood at the time that the security interest attached that the property would be kept in this State and it was brought into this State within 30 days after the security interest attached for purposes other than transportation through the State, then the validity of the security interest in this State is to be determined by the law of this State. If the security interest was already perfected under the law of the jurisdiction where the property was when the security interest attached and before being brought into this State, the security interest continues perfected in this State for 4 months and also thereafter, if within the 4-month period it is perfected in this State. The security interest may also be perfected in this State after the expiration of the 4-month period; in such case perfection dates from the time of perfection in this State. If the security interest was not perfected under the law of the jurisdiction where the property was when the security interest attached and before being brought into this State, it may be perfected in this State; in such case perfection dates from the time of perfection in this State.

(4) Notwithstanding subsections (2) and (3), if personal property is covered by a certificate of title issued under a statute

of this State or any other jurisdiction which requires indication on a certificate of title of any security interest in the property as a condition of perfection, then the perfection is governed by the law of the jurisdiction which issued the certificate.

(5) Notwithstanding subsection (1) and section 9-302, if the office where the assignor of accounts or contract rights keeps his records concerning them is not located in a jurisdiction which is a part of the United States, its territories or possessions, and the accounts or contract rights are within the jurisdiction of this State or the transaction which creates the security interest otherwise bears an appropriate relation to this State, this Article governs the validity and perfection of the security interest and the security interest may only be perfected by notification to the account debtor.

1963, c. 362, § 1.

§ 9-104. Transactions excluded from Article

This Article does not apply

(1) To a security interest subject to any statute of the United States such as the Ship Mortgage Act, 1920, to the extent that such statute governs the rights of parties to and third parties affected by transactions in particular types of property; or

(2) To a landlord's lien; or

(3) To a lien given by statute or other rule of law for services or materials, except as provided in section 9-310 on priority of such liens; or

(4) To a transfer of a claim for wages, salary or other compensation of an employee; or

(5) To an equipment trust covering railway rolling stock; or

(6) To a sale of accounts, contract rights or chattel paper as part of a sale of the business out of which they arose, or an assignment of accounts, contract rights or chattel paper which is for the purpose of collection only, or a transfer of a contract right to an assignee who is also to do the performance under the contract; or

(7) To a transfer of an interest or claim in or under any policy of insurance; or

(8) To a right represented by a judgment; or

(9) To any right of setoff; or

(10) Except to the extent that provision is made for fixtures in section 9-313, to the creation or transfer of an interest in or lien on real estate, including a lease or rents thereunder; or

(11) To a transfer in whole or in part of any of the following: any claim arising out of tort; any deposit, savings, pass-book or like account maintained with a bank, savings and loan association, credit union or like organization.

1963, c. 362, § 1.

§ 9-105. Definitions and index of definitions

(1) In this Article, unless the context otherwise requires:

(a) **Account debtor.** "Account debtor" means the person who is obligated on an account, chattel paper, contract right or general intangible;

(b) **Chattel paper.** "Chattel paper" means a writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods. When a transaction is evidenced both by such a security agreement or a lease and by an instrument or series of instruments, the group of writings taken together constitutes chattel paper;

(c) **Collateral.** "Collateral" means the property subject to a security interest, and includes accounts, contract rights and chattel paper which have been sold;

(d) **Debtor.** "Debtor" means the person who owes payment or other performance of the obligation secured, whether or not he owns or has rights in the collateral, and includes the seller of accounts, contract rights or chattel paper. Where the debtor and the owner of the collateral are not the same person, the term "debtor" means the owner of the collateral in any provision of the Article dealing with the collateral, the obligor in any provision dealing with the obligation, and may include both where the context so requires;

(e) **Document.** "Document" means document of title as defined in the general definitions in Article 1 (section 1-201);

(f) **Goods.** "Goods" includes all things which are movable at the time the security interest attaches or which are fixtures (section 9-313), but does not include money, documents, instruments, accounts, chattel paper, general intangibles, contract rights and other things in action.

"Goods" also includes the unborn young of animals and growing crops;

(g) Instrument. "Instrument" means a negotiable instrument (defined in section 3-104) or a security (defined in section 8-102) or any other writing which evidences a right to the payment of money and is not itself a security agreement or lease and is of a type which is in ordinary course of business transferred by delivery with any necessary indorsement or assignment;

(h) Security agreement. "Security agreement" means an agreement which creates or provides for a security interest;

(i) Secured party. "Secured party" means a lender, seller or other person in whose favor there is a security interest, including a person to whom accounts, contract rights or chattel paper have been sold. When the holders of obligations issued under an indenture of trust, equipment trust agreement or the like are represented by a trustee or other person, the representative is the secured party.

(2) Other definitions applying to this Article and the sections in which they appear are:

"Account."	Section 9-106.
"Consumer goods."	Section 9-109, subsection (1).
"Contract right."	Section 9-106.
"Equipment."	Section 9-109, subsection (2).
"Farm products."	Section 9-109, subsection (3).
"General intangibles."	Section 9-106.
"Inventory."	Section 9-109, subsection (4).
"Lien creditor."	Section 9-301, subsection (3).
"Proceeds."	Section 9-306, subsection (1).
"Purchase money security interest."	Section 9-107.

(3) The following definitions in other Articles apply to this Article:

"Check."	Section 3-104.
"Contract for sale."	Section 2-106.
"Holder in due course."	Section 3-302.
"Note."	Section 3-104.
"Sale."	Section 2-106.

(4) In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

1963, c. 362, § 1.

§ 9-106. Definitions: "account"; "contract right"; "general intangibles"

"Account" means any right to payment for goods sold or leased or for services rendered which is not evidenced by an instrument or chattel paper. "Contract right" means any right to payment under a contract not yet earned by performance and not evidenced by an instrument or chattel paper. "General intangibles" means any personal property (including things in action) other than goods, accounts, contract rights, chattel paper, documents and instruments.

1963, c. 362, § 1.

§ 9-107. Definitions: "purchase money security interest"

A security interest is a "purchase money security interest" to the extent that it is

(1) Taken or retained by the seller of the collateral to secure all or part of its price; or

(2) Taken by a person who by making advances or incurring an obligation gives value to enable the debtor to acquire rights in or the use of collateral if such value is in fact so used.

1963, c. 362, § 1.

§ 9-108. When after-acquired collateral not security for antecedent debt

Where a secured party makes an advance, incurs an obligation, releases a perfected security interest, or otherwise gives new value which is to be secured in whole or in part by after-acquired property, his security interest in the after-acquired collateral shall be deemed to be taken for new value and not as security for an antecedent debt, if the debtor acquires his rights in such collateral either in the ordinary course of his business or under a contract of purchase made pursuant to the security agreement within a reasonable time after new value is given.

1963, c. 362, § 1.

§ 9-109. Classification of goods: "consumer goods"; "equipment"; "farm products"; "inventory"

Goods are

(1) **Consumer goods.** "Consumer goods," if they are used or bought for use primarily for personal, family or household purposes;

(2) **Equipment.** "Equipment," if they are used or bought for use primarily in business (including farming or a profession) or by a debtor who is a nonprofit organization or a governmental subdivision or agency, or if the goods are not included in the definitions of inventory, farm products or consumer goods;

(3) **Farm products.** "Farm products," if they are crops or livestock or supplies used or produced in farming operations or if they are products of crops or of livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk and eggs), and if they are in the possession of a debtor engaged in raising, fattening, grazing or other farming operations. "Crops" include oysters on leased, licensed or owned beds. If goods are farm products, they are neither equipment nor inventory;

(4) **Inventory.** "Inventory," if they are held by a person who holds them for sale or lease or to be furnished under contracts of service or if he has so furnished them, or if they are raw materials, work in process or materials used or consumed in a business. Inventory of a person is not to be classified as his equipment.

1963, c. 362, § 1.

§ 9-110. Sufficiency of description

For the purposes of this Article any description of personal property or real estate is sufficient whether or not it is specific, if it reasonably identifies what is described.

1963, c. 362, § 1.

§ 9-111. Applicability of bulk transfer laws

The creation of a security interest is not a bulk transfer under Article 6 (section 6-103).

1963, c. 362, § 1.

§ 9-112. Where collateral is not owned by debtor

Unless otherwise agreed, when a secured party knows that collateral is owned by a person who is not the debtor, the owner of the collateral is entitled to receive from the secured party any surplus under section 9-502, subsection (2) or under section 9-504, subsection (1), and is not liable for the debt or for any deficiency after resale, and he has the same right as the debtor

- (1) To receive statements under section 9-208;
- (2) To receive notice of and to object to a secured party's proposal to retain the collateral in satisfaction of the indebtedness under section 9-505;
- (3) To redeem the collateral under section 9-506;
- (4) To obtain injunctive or other relief under section 9-507, subsection (1); and
- (5) To recover losses to him under section 9-208, subsection (2).

1963, c. 362, § 1.

§ 9-113. Security interests arising under Article on sales

A security interest arising solely under the Article on sales (Article 2) is subject to the provisions of this Article except that to the extent that and so long as the debtor does not have or does not lawfully obtain possession of the goods

- (1) No security agreement is necessary to make the security interest enforceable; and
- (2) No filing is required to perfect the security interest; and
- (3) The rights of the secured party on default by the debtor are governed by the Article on sales (Article 2).

1963, c. 362, § 1.