

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**SENATE BILL 1377
RATIFIED BILL**

AN ACT TO AMEND THE TRANSITION PROVISIONS OF ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE TO RESOLVE A TIME-SENSITIVE PROBLEM REGARDING THE EFFECTIVENESS OF CERTAIN FINANCING STATEMENTS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 25-9-705 reads as rewritten:

"§ 25-9-705. Effectiveness of action taken before effective date.

...
(c) Pre-effective-date filing in jurisdiction formerly governing perfection. – This act does not render ineffective an effective financing statement that, before July 1, 2001, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in G.S. 25-9-103 of former Article 9. However, except as otherwise provided in subsections ~~(d)~~ and ~~(e)~~(d), (e), and (g) of this section and G.S. 25-9-706, the financing statement ceases to be effective at the earlier of:

- (1) The time the financing statement would have ceased to be effective under the law of the jurisdiction in which it is filed; or
- (2) June 30, 2006.

...
(g) Inapplicability of subdivision (c)(2) to certain financing statements. – With respect to an effective financing statement that:

- (1) Before July 1, 2001, was filed and satisfied the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in G.S. 25-9-103 of former Article 9,
- (2) Would satisfy the applicable requirements for perfection under this act, and
- (3) Was properly continued before July 1, 2001, such that the effectiveness of the financing statement would lapse after June 30, 2006, but before January 1, 2007, but for subdivision (c)(2) of this section,

subdivision (c)(2) of this section shall not apply to the financing statement and the filing of a continuation statement with respect to the financing statement is timely if the filing of the continuation statement occurs before the financing statement ceases to be effective and not before the earlier of (i) December 30, 2005, or (ii) six months before the effectiveness of the financing statement would lapse."

SECTION 2. Nothing in this act renders ineffective a continuation statement that was filed and effective before the effective date of this act.

SECTION 3. This act becomes effective June 30, 2006, or when it becomes law, whichever is earlier.
In the General Assembly read three times and ratified this the 8th day of June, 2006.

Beverly E. Perdue
President of the Senate

Richard T. Morgan
Speaker Pro Tempore of the House of Representatives

Michael F. Easley
Governor

Approved _____m. this _____ day of _____, 2006