

**Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003**

HOUSE BILL NO. 1360
(Representative Klemin)

AN ACT to amend and reenact section 41-09-86 of the North Dakota Century Code, relating to the duration of filed financing statements.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 41-09-86 of the North Dakota Century Code is amended and reenacted as follows:

41-09-86. (9-515) Duration and effectiveness of financing statement - Effect of lapsed financing statement.

1. Except as otherwise provided in subsections 5, 6, and 7, a ~~filed~~ financing statement filed in the personal property records or recorded in real property records is effective for a period of five years after the date of filing.
2. ~~(Reserved)~~ Except as otherwise provided in subsections 5, 6, and 7, a financing statement recorded as a fixture filing against real property is effective for a period of five years after the date of recording.
3. The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless before the lapse a continuation statement is filed pursuant to subsection 4. Upon lapse, a financing statement ceases to be effective and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest is perfected otherwise. If the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral for value.
4. A continuation statement may be filed only within six months before the expiration of the five-year period specified in subsection 1.
5. Except as otherwise provided in section 41-09-81, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in subsection 3, unless, before the lapse, another continuation statement is filed pursuant to subsection 4. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.
6. If a debtor is a transmitting utility and a filed financing statement so indicates, the financing statement is effective until a termination statement is filed.
7. A record of a mortgage that is effective as a financing statement filed as a fixture filing under subsection 3 of section 41-09-73 remains effective as a financing statement filed as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1360.

House Vote: Yeas 93 Nays 0 Absent 1

Senate Vote: Yeas 44 Nays 0 Absent 3

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,

at _____ o'clock _____ M.

Secretary of State