

**355.9-316 Continued perfection of security interest following change in governing law. (Effective until January 1, 2025)**

- (1) A security interest perfected pursuant to the law of the jurisdiction designated in KRS 355.9-301(1) or 355.9-305(3) remains perfected until the earliest of:
  - (a) The time perfection would have ceased under the law of that jurisdiction;
  - (b) The expiration of four (4) months after a change of the debtor's location to another jurisdiction; or
  - (c) The expiration of one (1) year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.
- (2) If a security interest described in subsection (1) of this section becomes perfected under the law of the other jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.
- (3) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:
  - (a) The collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;
  - (b) Thereafter the collateral is brought into another jurisdiction; and
  - (c) Upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.
- (4) Except as otherwise provided in subsection (5) of this section, a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this Commonwealth remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.
- (5) A security interest described in subsection (4) of this section becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under KRS 355.9-311(2) or 355.9-313 are not satisfied before the earlier of:
  - (a) The time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this Commonwealth; or
  - (b) The expiration of four (4) months after the goods had become so covered.
- (6) A security interest in deposit accounts, letter-of-credit rights, or investment property which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

- (a) The time the security interest would have become unperfected under the law of that jurisdiction; or
  - (b) The expiration of four (4) months after a change of the applicable jurisdiction to another jurisdiction.
- (7) If a security interest described in subsection (6) of this section becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.
- (8) The following rules apply to collateral to which a security interest attaches within four (4) months after the debtor changes its location to another jurisdiction:
- (a) A financing statement filed before the change pursuant to the law of the jurisdiction designated in KRS 355.9-301(1) or 355.9-305(3) is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral if the debtor had not changed its location; and
  - (b) If a security interest that is perfected by a financing statement that is effective under paragraph (a) of this subsection becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in KRS 355.9-301(1) or 355.9-305(3) or the expiration of the four (4) month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.
- (9) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in KRS 355.9-301(1) or 355.9-305(3) and the new debtor is located in another jurisdiction, the following rules apply:
- (a) The financing statement is effective to perfect a security interest in collateral in which the new debtor has or acquires rights before or within four (4) months after the new debtor becomes bound under KRS 355.9-203(4), if the financing statement would have been effective to perfect a security interest in the collateral if the collateral had been acquired by the original debtor; and
  - (b) A security interest that is perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the expiration of the four (4) month period or the time the financing statement would have become ineffective under the law of the jurisdiction designated in KRS 355.9-301(1) or 355.9-305(3) remains perfected thereafter. A security interest that is perfected by the financing statement but which does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

**Effective:** July 1, 2013

**History:** Amended 2012 Ky. Acts ch. 132, sec. 72, effective July 1, 2013. -- Repealed

and reenacted 2000 Ky. Acts ch. 408, sec. 56, effective July 1, 2001. -- Created 1958 Ky. Acts ch. 77, sec. 9-316, effective July 1, 1960.

**Legislative Research Commission Note (3/14/2013).** 2013 Ky. Acts ch. 10, secs. 2 and 3 provide that the statutes in Article 9 of the Uniform Commercial Code that were amended or created in 2012 Ky. Acts ch. 132, secs. 60 to 99, are effective July 1, 2013. This statute was one of those sections. Since only the effective date of a prior Act was altered, and not the text of the affected statutes, reference to 2013 Ky. Acts ch. 10 does not appear in the history for this statute.

**Legislative Research Commission Note (7/12/2012).** In 2010, the National Conference of Commissioners on Uniform State Laws and the American Law Institute proposed a Uniform Act for adoption by the states that contained revisions to Article 9 of the Uniform Commercial Code. The effective date for all proposed Article 9 revisions was to be July 1, 2013. Those revisions were enacted in 2012 Ky. Acts Chapter 132, Sections 60 to 99. Sections 60 to 90 contained the substantive Article 9 revisions, and Sections 91 to 99 contained the transitional Article 9 revisions created to handle secured transactions made prior to July 1, 2013. Section 91 of that Act (codified as KRS 355.9-801) and Section 102 of that Act (a noncodified effective date provision) both stated, "Sections 91 to 99 of this Act take effect July 1, 2013." The normal effective date for legislation enacted at the 2012 Regular Session of the General Assembly is July 12, 2012. In Opinion of the Attorney General 12-010, issued July 3, 2012, Section 91 (codified as KRS 355.9-801) was determined to have contained a manifest clerical error, and should have instead read, "Sections 60 to 90 of this Act take effect July 1, 2013," thereby making the substantive Article 9 revisions effective on the same date as the transitional Article 9 provisions in conformity with the 2010 Uniform Act proposal and 2012 Ky. Acts Chapter 132, Section 102. This statute was one of the substantive provisions of Article 9 contained in 2012 Ky. Acts Chapter 132, Sections 60 to 90.