

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1736

5 By: Representative M. Brown
6 By: Senator Dees
7

For An Act To Be Entitled

8 AN ACT TO AMEND ARTICLE 9 OF THE UNIFORM COMMERCIAL
9 CODE; AND FOR OTHER PURPOSES.
10

Subtitle

11 TO AMEND ARTICLE 9 OF THE UNIFORM
12 COMMERCIAL CODE.
13

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
15

16 SECTION 1. Arkansas Code § 4-9-406(d), concerning the ineffectiveness
17 of certain assignments under the Uniform Commercial Code, is amended to read
18 as follows:
19

20 (d) Except as otherwise provided in ~~subsection (e)~~ subsections (e) and
21 (k) and §§ 4-2A-303 and 4-9-407, and subject to subsection (h), a term in an
22 agreement between an account debtor and an assignor or in a promissory note
23 is ineffective to the extent that it:
24

25 (1) prohibits, restricts, or requires the consent of the account
26 debtor or person obligated on the promissory note to the assignment or
27 transfer of, or the creation, attachment, perfection, or enforcement of a
28 security interest in, the account, chattel paper, payment intangible, or
29 promissory note; or
30

31 (2) provides that the assignment or transfer or the creation,
32 attachment, perfection, or enforcement of the security interest may give rise
33 to a default, breach, right of recoupment, claim, defense, termination, right
34 of termination, or remedy under the account, chattel paper, payment
35 intangible, or promissory note.
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1 SECTION 2. Arkansas Code § 4-9-406(f), concerning the ineffectiveness
2 of certain legal restrictions on assignments under the Uniform Commercial
3 Code, is amended to read as follows:

4 (f) Except as otherwise provided in subsection (k) and §§ 4-2A-303 and
5 4-9-407 and subject to subsections (h) and (i), a rule of law, statute, or
6 regulation that prohibits, restricts, or requires the consent of a
7 government, governmental body or official, or account debtor to the
8 assignment or transfer of, or creation of a security interest in, an account
9 or chattel paper is ineffective to the extent that the rule of law, statute,
10 or regulation:

11 (1) prohibits, restricts, or requires the consent of the
12 government, governmental body or official, or account debtor to the
13 assignment or transfer of, or the creation, attachment, perfection, or
14 enforcement of a security interest in the account or chattel paper; or

15 (2) provides that the assignment or transfer or the creation,
16 attachment, perfection, or enforcement of the security interest may give rise
17 to a default, breach, right of recoupment, claim, defense, termination, right
18 of termination, or remedy under the account or chattel paper.

19
20 SECTION 3. Arkansas Code § 4-9-406, concerning the discharge of an
21 account debtor under the Uniform Commercial Code, is amended to add an
22 additional subsection to read as follows:

23 (k) Subsections (d), (f), and (j) do not apply to a security interest
24 in an ownership interest in a general partnership, limited partnership, or
25 limited liability company.

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27 SECTION 4. Arkansas Code § 4-9-408(a), concerning the ineffectiveness
28 of certain assignments under the Uniform Commercial Code, is amended to read
29 as follows:

30 (a) Except as otherwise provided in ~~subsection (b)~~ subsections (b) and
31 (g), a term in a promissory note or in an agreement between an account debtor
32 and a debtor which relates to a health-care-insurance receivable or a general
33 intangible, including a contract, permit, license, or franchise, and which
34 term prohibits, restricts, or requires the consent of the person obligated on
35 the promissory note or the account debtor to, the assignment or transfer of,
36 or creation, attachment, or perfection of a security interest in, the

1 promissory note, health-care-insurance receivable, or general intangible, is
2 ineffective to the extent that the term:

3 (1) would impair the creation, attachment, or perfection of a
4 security interest; or

5 (2) provides that the assignment or transfer or the creation,
6 attachment, or perfection of the security interest may give rise to a
7 default, breach, right of recoupment, claim, defense, termination, right of
8 termination, or remedy under the promissory note, health-care-insurance
9 receivable, or general intangible.

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11 SECTION 5. Arkansas Code § 4-9-408(c), concerning the ineffectiveness
12 of certain legal restrictions on assignments under the Uniform Commercial
13 Code, is amended to read as follows:

14 (c) A Except as otherwise provided in subsection (g), a rule of law,
15 statute, or regulation that prohibits, restricts, or requires the consent of
16 a government, governmental body or official, person obligated on a promissory
17 note, or account debtor to the assignment or transfer of, or creation of a
18 security interest in, a promissory note, health-care-insurance receivable, or
19 general intangible, including a contract, permit, license, or franchise
20 between an account debtor and a debtor, is ineffective to the extent that the
21 rule of law, statute, or regulation:

22 (1) would impair the creation, attachment, or perfection of a
23 security interest; or

24 (2) provides that the assignment or transfer or the creation,
25 attachment, or perfection of the security interest may give rise to a
26 default, breach, right of recoupment, claim, defense, termination, right of
27 termination, or remedy under the promissory note, health-care-insurance
28 receivable, or general intangible.

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30 SECTION 6. Arkansas Code § 4-9-408, concerning restrictions on certain
31 assignments under the Uniform Commercial Code, is amended to add an
32 additional subsection to read as follows:

33 (g) This section does not apply to a security interest in an ownership
34 interest in a general partnership, limited partnership, or limited liability
35 company.

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