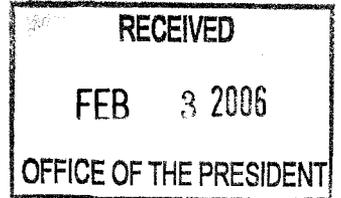


ARIZONA COMMISSION ON UNIFORM STATE LAWS

3003 North Central Avenue, Suite 2600 -- Phoenix, Arizona 85012-2913
(602) 916-5421



Commissioners:

James M. Bush
Edward F. Lowry, Jr.
Roger C. Henderson
Timothy Berg
L. Gene Lemon

February 2, 2006

Sen. Ken Bennett
President
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Re: Annual Report of the Arizona Commission on Uniform State Laws

Dear Mr. Bennett:

Please find enclosed a copy of the 2005 Report of the Arizona Commission on Uniform State Laws.

If you have any questions or need further information, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Timothy Berg".

Timothy Berg

TB/jmw
Enclosure
1758385.1/05005.013

REPORT TO GOVERNOR

I. PREAMBLE

To the Honorable Janet Napolitano. The Arizona Commissioners on Uniform State Laws respectfully submit this annual report.

II. HISTORY OF THE NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS

In 1889, the New York Bar Association appointed a special committee on uniformity of laws. In the next year, the New York Legislature authorized the appointment of Commissioners to "examine certain subjects of national importance that seemed to show conflict among the laws of the several commonwealths, to ascertain the best means to effect an assimilation or uniformity in the laws of the states, and especially whether it would be advisable for the State of New York to invite the other states of the Union to send representatives to a convention to draft uniform laws to be submitted for approval and adoption by the several states." In that same year, the American Bar Association passed a resolution recommending that each state provide for Commissioners to confer with the Commissioners of other states on the subject of legislation on certain subjects. In August 1892, the first National Conference of Commissioners on Uniform State Laws (NCCUSL) convened in Saratoga Springs, New York, three days preceding the annual meeting of the American Bar Association. There have been 114 Conferences since that time.

By 1912, every state was participating in NCCUSL. Each member jurisdiction now has an appointment procedure, generally in statute, providing for the appointment of uniform law commissioners from the legal profession in that jurisdiction. In each year of service, NCCUSL has steadily increased its contribution to state law. Because of that contribution, it very early became known as a distinguished body of lawyers. NCCUSL has attracted some of the best of the profession. In 1901, Woodrow Wilson became a member. This, of course, was before his more notable political prominence and service as President of the United States. Several persons, later to become Justices of the Supreme Court of the United States, have been members. These men are former Justices Brandeis and Rutledge, former Chief Justice Rehnquist, and current Justice Souter. Legal scholars have served in large numbers. Examples are Professors Wigmore, Williston, Pound and Bogert. A very many distinguished lawyers have served since 1892, though their names are not as well known in legal affairs and the affairs of the U.S. This distinguished body has guaranteed that the products of NCCUSL are of the highest quality and are enormously influential upon the process of the law.

As it has developed in its 114 years, the NCCUSL is a non-profit association of all the uniform law commissions of the states, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. It arose out of the concerns of state government for the improvement of the law and for better interstate relationships. Its sole purpose has been, and remains, service to state government and improvement of state law.

III. DIVERSITY STATEMENT

Each member jurisdiction determines the number of uniform law commissioners it appoints to the National Conference, the terms of uniform law commissioners and the individuals who are appointed from the legal profession of that jurisdiction. The National Conference has no appointing authority. The National Conference, however, does encourage the appointing authorities to consider among other factors, diversity of membership in their uniform law commissions, including race, ethnicity and gender in making appointments. The National Conference does its best work when the uniform law commissioners are drawn from diverse backgrounds and experiences.

IV. THE OPERATION OF NCCUSL

The National Conference is convened as a body once a year. It meets for a period of eight days, usually in late July or early August. In the interim period between the annual meetings, drafting committees composed of Commissioners meet to supply the working drafts that are considered at the annual meeting. At each National Conference, the work of the drafting committees is read and debated. Each Act must be considered over a substantial period of years. No Act becomes officially recognized as a Uniform Act until the National Conference is satisfied that it is ready for consideration in the state legislatures. It is then put to a vote of the states, during which each state caucuses and votes as a unit.

The governing body is the NCCUSL Executive Committee, and is composed of the officers, certain ex-officio members, and members appointed by the President of NCCUSL. Certain activities are conducted by the standing committees. For example, the Committee on Scope and Program considers all new subject areas for possible Uniform Acts. The Legislative Committee superintends the relationships of NCCUSL to the state legislatures.

A small staff located in Chicago operates the national office of the Conference. The national office handles meeting arrangements, publications, legislative liaison, and general administration for NCCUSL.

The Conference maintains relations with several sister organizations. Official liaison is maintained with the American Bar Association, which contributes an amount each year to the operation of NCCUSL. Liaison is also maintained with the American Law Institute, the Council of State Governments, and the National Conference of State Legislatures on an on-going basis. Liaison and activities may be conducted with other associations as interests and activities necessitate.

V. ACTIVITIES OF THE ARIZONA COMMISSIONERS

A. The Arizona Commissioners are:

Timothy Berg
James M. Bush
Roger C. Henderson
L. Gene Lemon
Edward F. Lowry, Jr.

B. The NCCUSL committee assignments for Commissioners from Arizona are:

Timothy Berg: Committee on Scope and Program
James M. Bush: Committee on Membership Attendance
Roger C. Henderson, Chair: Committee on Style
James M. Bush: Drafting Committee to Revise Uniform Anatomical Gift Act
Edward F. Lowry, Jr., Standby Committee on Uniform Assignment of Rents Act
Roger C. Henderson: Drafting Committee on Uniform Collateral Sanctions and
Disqualifications Act
Edward F. Lowry, Jr.: Study Committee on Electronic Payments Systems
Timothy Berg: Study Committee on Faithless Presidential Electors
Timothy Berg, Chair: Committee on Liaison with American Indian Tribes &
Nations

C. Other NCCUSL offices held by Commissioners from Arizona are:

Timothy Berg - Member of Executive Committee (2003-2005)

D. Meetings held by the Arizona Commissioners in the year 2005 were:

E. Arizona Commissioners attending the Conference Annual Meeting were:

Timothy Berg
James M. Bush
Roger C. Henderson
L. Gene Lemon
Edward F. Lowry, Jr.

VI. A SUMMARY OF NEW ACTS

Uniform Assignment of Rents Act (UARA)

Real estate law generally does not provide a consistent creditor's right to rents when a debtor on a real estate loan on property with tenants then defaults on payment. Creditors normally take an assignment of rents upon default as part of the credit transaction, but enforceability of such assignments and their priority over other creditors is often in doubt. The Uniform Assignment of Rents Act seeks to remedy this problem by establishing a comprehensive statutory model for the creation, perfection, and enforcement of a security interest in rents. An

assignment of rents creates a security interest in the rents that may be perfected by a filing in the appropriate real estate records. Perfection establishes priority in collection of the rents over competing creditors. Tenants may be required, upon specified notice, to pay rents directly to the assignee as a means of enforcement of the security interest. A receiver may be appointed in the event the assignee can show that direct enforcement is insecure.

Uniform Foreign-Country Money Judgments Recognition Act (UF-CMJRA)

This Act is a revision of the Uniform Foreign Money-Judgments Recognition Act of 1962, which codified the most prevalent common law rules with regard to the recognition and enforcement of money judgments rendered in other countries. Recognition in an American state court is a step towards enforcement of the judgment against assets of the judgment debtor. This revision continues the basic policies and language of the 1962 Act; the main purpose of this modest revision is to correct and clarify gaps in the 1962 Act revealed in the case law. For example, the 2005 Act provides that a petitioner for recognition has the burden of proving that the judgment is entitled to recognition under the standards of the Act, and that any respondent resisting recognition and enforcement has the burden of proof respecting denial of recognition. Burdens of proof were not addressed in the 1962 Act. The 2005 Act has statutes of limitations provisions not found in the 1962 Act at all. The result is a more comprehensive Act and better response to the conditions of international trade.

Uniform Debt-Management Services Act (UDMSA)

The consumer debt management industry has taken many forms over the time since its development in the 1950's. The industry has had a checkered past, with frequent accusations of abuse. The interest in debt counseling and management, however, has been dramatically escalated by the bankruptcy reform legislation passed by Congress in 2005. It mandates counseling by a private agency before an individual may enter into bankruptcy. The Uniform Debt-Management Services Act regulates debt-management companies by requiring them to register with the state. To obtain a certificate of registration, a provider must supply information about itself, must obtain insurance against employee dishonesty, and must post a surety bond to safeguard any money that it receives from individuals for payment of creditors. The Act also regulates interaction with consumers, including steps to be taken before entering an agreement with an individual, the content of an agreement (including limitations on the fees that may be charged), and provisions concerning the performance and termination of agreements. Finally, the Act provides for enforcement both by a public authority and by private individuals, including rule-making power on the part of the administrator and recovery of minimum, actual, and, in appropriate cases, punitive damages in private enforcement actions.

Uniform Certificate of Title Act (UCOTA)

Ownership of motor vehicles is dependent upon registration of motor vehicle titles in every state. Not only ownership rights, but the rights of secured creditors are dependent upon these registrations. A secured creditor with a security interest in a motor vehicle perfects that interest in the title registration records. Though the buying, selling, financing and owning of motor vehicles is clearly interstate in scope, the law providing for registration of certificates of title for motor vehicles is not uniform from state to state. The Uniform Certificate of Title Act is intended to promote uniformity of certificate of title law. This is significant now because the law of secured transactions, under which motor vehicles are financed, is uniform. The Uniform Act provides basic procedures for registering certificates of title for motor vehicles. It is designed to

incorporate electronic registrations of title. It is also designed to incorporate electronic title searches for motor vehicles. While this Act does not cover watercraft or premanufactured homes, nor does it attempt to harmonize state "lemon laws" or title branding systems, it is intended to enable state coordination with federal initiatives to prevent title and odometer fraud. By providing for improved administrative rules and remedies governing title issues, creating better and more consistent data flows and information, and providing increased uniformity in the law, the Act will make certificates of title more meaningful and useful for all parties. The resulting increased integrity of the title system will benefit all involved.

Model Entity Transactions Act (META)

The Model Entity Transactions Act provides procedures for mergers, conversions, interest exchanges, divisions and domestications of business and nonprofit entities, including partnerships, limited partnerships, limited liability companies and corporations. Cross entity transactions of these kinds are made more universally possible. The objective is to accomplish such a transaction with appropriate approvals without having to dissolve an entity and without extinguishing any obligations owed by preceding entities in the process. This is a model act because it must be tailored in each enacting state to tie existing entity statutes together. It was initially completed in 2004. Division of entities was added in 2005.

VII. RECOMMENDATIONS FOR ENACTMENT

- A. The Arizona Commissioners recommend that these Uniform and Model Acts be considered in the legislative session beginning January 2006:

Revised Uniform Arbitration Act
Revised Arts. 1 and 7 of UCC
Uniform Environmental Covenants Act
and possibly
Uniform Foreign Money Claims Act:

VIII. ENACTMENT RECORD TO DATE

The NCCUSL publication of "Century of Service" shows that Arizona joined the NCCUSL in 1912, and has adopted a total of 64 Uniform Acts. Some enactments have been superseded or folded into new acts and many have been revised.

Within the past seven years, Arizona has adopted 15 uniform acts or revisions to existing Acts.