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Representatives Isaacsohn, Thomas, J.



A BILL

To amend sections 1301.101, 1301.102, 1301.103, 1
1301.104, 1301.105, 1301.106, 1301.201, 2
1301.204, 1301.205, 1301.206, 1301.301, 3
1301.302, 1301.304, 1301.305, 1301.306, 1302.01, 4
1302.02, 1302.04, 1302.05, 1302.06, 1302.08, 5
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1305.15, 1307.102, 1307.106, 1308.01, 1308.02, 9
1308.05, 1308.17, 1308.24, 1309.102, 1309.104, 10
1309.105, 1309.203, 1309.204, 1309.207, 11
1309.208, 1309.209, 1309.210, 1309.301, 12
1309.304, 1309.305, 1309.310, 1309.312, 13
1309.313, 1309.314, 1309.316, 1309.317, 14
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1309.332, 1309.334, 1309.341, 1309.404, 16
1309.406, 1309.408, 1309.509, 1309.513, 17
1309.601, 1309.605, 1309.608, 1309.611, 18
1309.613, 1309.614, 1309.615, 1309.616, 19
1309.619, 1309.620, 1309.621, 1309.624, 20
1309.628, 1310.01, 1310.02, 1310.05, 1310.08, 21
1310.09, 1310.10, 1310.12, 1310.15, and 1311.55 22
and to enact sections 1309.111, 1309.112, 23
1309.113, 1309.343, 1309.344, 1309.345, 24

1309.346, 1314.101, 1314.102, 1314.103,	25
1314.104, 1314.105, 1314.106, 1314.107,	26
1316.101, 1316.102, 1316.201, 1316.301,	27
1316.302, 1316.303, 1316.304, 1316.305, and	28
1316.306 of the Revised Code to make changes to	29
the Ohio Uniform Commercial Code.	30

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1301.101, 1301.102, 1301.103,	31
1301.104, 1301.105, 1301.106, 1301.201, 1301.204, 1301.205,	32
1301.206, 1301.301, 1301.302, 1301.304, 1301.305, 1301.306,	33
1302.01, 1302.02, 1302.04, 1302.05, 1302.06, 1302.08, 1302.12,	34
1303.01, 1303.03, 1303.41, 1303.69, 1304.51, 1304.56, 1304.57,	35
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1305.15, 1307.102, 1307.106, 1308.01, 1308.02, 1308.05, 1308.17,	37
1308.24, 1309.102, 1309.104, 1309.105, 1309.203, 1309.204,	38
1309.207, 1309.208, 1309.209, 1309.210, 1309.301, 1309.304,	39
1309.305, 1309.310, 1309.312, 1309.313, 1309.314, 1309.316,	40
1309.317, 1309.323, 1309.324, 1309.330, 1309.331, 1309.332,	41
1309.334, 1309.341, 1309.404, 1309.406, 1309.408, 1309.509,	42
1309.513, 1309.601, 1309.605, 1309.608, 1309.611, 1309.613,	43
1309.614, 1309.615, 1309.616, 1309.619, 1309.620, 1309.621,	44
1309.624, 1309.628, 1310.01, 1310.02, 1310.05, 1310.08, 1310.09,	45
1310.10, 1310.12, 1310.15, and 1311.55 be amended and sections	46
1309.111, 1309.112, 1309.113, 1309.343, 1309.344, 1309.345,	47
1309.346, 1314.101, 1314.102, 1314.103, 1314.104, 1314.105,	48
1314.106, 1314.107, 1316.101, 1316.102, 1316.201, 1316.301,	49
1316.302, 1316.303, 1316.304, 1316.305, and 1316.306 of the	50
Revised Code be enacted to read as follows:	51

Sec. 1301.101. Short titles [UCC 1-101]	52
(A) Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. , <u>and 1314.</u> of the Revised Code may be cited as the Uniform Commercial Code.	53 54 55
(B) Sections 1301.101 to 1301.310 of the Revised Code may be cited as Uniform Commercial Code - General Provisions.	56 57
(C) This chapter uses the numbering system of the national conference of commissioners on uniform state laws. The digits to the right of the decimal point are sequential and not supplemental to any preceding Revised Code section.	58 59 60 61
Sec. 1301.102. Scope of Chapter 1301. [UCC 1-102]	62
Sections 1301.101 to 1301.310 of the Revised Code apply to a transaction to the extent that it is governed by Chapter 1302., 1303., 1304., 1305., 1307., 1308., 1309., or 1310. , <u>or</u> <u>1314.</u> of the Revised Code.	63 64 65 66
Sec. 1301.103. Construction of Uniform Commercial Code to promote its purposes and policies; applicability of supplemental principles of law [UCC 1-103]	67 68 69
(A) Chapters 1301., 1302., 1303., 1304, 1305., 1307., 1308., 1309., and 1310. , <u>and 1314.</u> of the Revised Code must be liberally construed and applied to promote their underlying purposes and policies, which are:	70 71 72 73
(1) To simplify, clarify, and modernize the law governing commercial transactions;	74 75
(2) To permit the continued expansion of commercial practices through custom, usage, and agreement of the parties; and	76 77 78

(3) To make uniform the law among the various 79
jurisdictions. 80

(B) Unless displaced by the particular provisions of 81
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 82
~~and 1310., and 1314.~~ of the Revised Code, the principles of law 83
and equity, including the law merchant and the law relative to 84
capacity to contract, principal and agent, estoppel, fraud, 85
misrepresentation, duress, coercion, mistake, bankruptcy, and 86
other validating or invalidating cause supplement their 87
provisions. 88

Sec. 1301.104. Construction against implied repeal [UCC 1- 89
104] 90

Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 91
1309., ~~and 1310., and 1314.~~ of the Revised Code being a general 92
act intended as a unified coverage of its subject matter, no 93
part of it shall be deemed to be impliedly repealed by 94
subsequent legislation if such construction can reasonably be 95
avoided. 96

Sec. 1301.105. Severability [UCC 1-105] 97

If any provision or clause of Chapter 1301., 1302., 1303., 98
1304., 1305., 1307., 1308., 1309., ~~or 1310., or 1314.~~ of the 99
Revised Code or its application to any person or circumstance is 100
held invalid, the invalidity does not affect other provisions or 101
applications of Chapter 1301., 1302., 1303., 1304., 1305., 102
1307., 1308., 1309., ~~or 1310., or 1314.~~ of the Revised Code 103
which can be given effect without the invalid provision or 104
application, and to this end the provisions of Chapter 1301., 105
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or 1310., or~~ 106
1314. of the Revised Code are severable. 107

Sec. 1301.106. Use of singular and plural; gender [UCC 1-106]	108 109
In Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. , <u>and 1314.</u> of the Revised Code, unless the statutory context otherwise requires:	110 111 112
(A) Words in the singular number include the plural, and those in the plural include the singular; and	113 114
(B) Words of any gender also refer to any other gender.	115
Sec. 1301.201. General definitions [UCC 1-201]	116
(A) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in Chapter 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., or 1310. , <u>or 1314.</u> of the Revised Code, that apply to particular chapters or sections therein, have the meanings stated.	117 118 119 120 121 122
(B) Subject to definitions contained in Chapter 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., or 1310. , <u>or 1314.</u> of the Revised Code, that apply to particular chapters or sections therein:	123 124 125 126
(1) "Action", in the sense of a judicial proceeding, includes recoupment, counterclaim, set-off, suit in equity, and any other proceeding in which rights are determined.	127 128 129
(2) "Aggrieved party" means a party entitled to pursue a remedy.	130 131
(3) "Agreement", as distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in	132 133 134 135

section 1301.303 of the Revised Code.	136
(4) "Bank" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company.	137 138 139
(5) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or indorsed in blank.	140 141 142 143 144
(6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.	145 146 147 148
(7) "Branch" includes a separately incorporated foreign branch of a bank.	149 150
(8) "Burden of establishing" a fact means the burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.	151 152 153
(9) "Buyer in ordinary course of business" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of	154 155 156 157 158 159 160 161 162 163 164

business may buy for cash, by exchange of other property, or on 165
secured or unsecured credit, and may acquire goods or documents 166
of title under a preexisting contract for sale. Only a buyer 167
that takes possession of the goods or has a right to recover the 168
goods from the seller under Chapter 1302. of the Revised Code 169
may be a buyer in ordinary course of business. "Buyer in 170
ordinary course of business" does not include a person that 171
acquires goods in a transfer in bulk or as security for or in 172
total or partial satisfaction of a money debt. 173

(10) "Conspicuous", with reference to a term, means so 174
written, displayed, or presented that, based on the totality of 175
the circumstances, a reasonable person against which it is to 176
operate ought to have noticed it. Whether a term is 177
"conspicuous" or not is for decision by the court. ~~Conspicuous~~ 178
~~terms include the following:~~ 179

~~(a) A heading in capitals equal to or greater in size than 180
the surrounding text, or in contrasting type, font, or color to 181
the surrounding text of the same or lesser size; and 182~~

~~(b) Language in the body of a record or display in larger- 183
type than the surrounding text, or in contrasting type, font, or 184
color to the surrounding text of the same size, or set off from 185
surrounding text of the same size by symbols or other marks that 186
call attention to the language. 187~~

(11) "Consumer" means an individual who enters into a 188
transaction primarily for personal, family, or household 189
purposes. 190

(12) "Contract", as distinguished from "agreement", means 191
the total legal obligation that results from the parties' 192
agreement as determined by Chapters 1301., 1302., 1303., 1304., 193

1305., 1307., 1308., 1309., and 1310. , <u>and 1314.</u> of the Revised	194
Code as supplemented by any other applicable laws.	195
(13) "Creditor" includes a general creditor, a secured	196
creditor, a lien creditor, and any representative of creditors,	197
including an assignee for the benefit of creditors, a trustee in	198
bankruptcy, a receiver in equity, and an executor or	199
administrator of an insolvent debtor's or assignor's estate.	200
(14) "Defendant" includes a person in the position of	201
defendant in a counterclaim, cross-claim, or third-party claim.	202
(15) "Delivery" with respect to an electronic document of	203
title, means voluntary transfer of control and, with respect to	204
an instrument, a tangible document of title, or <u>an authoritative</u>	205
<u>tangible copy of a record evidencing</u> chattel paper, means	206
voluntary transfer of possession.	207
(16) "Document of title" means a record (i) that in the	208
regular course of business or financing is treated as adequately	209
evidencing that the person in possession or control of the	210
record is entitled to receive, control, hold, and dispose of the	211
record and the goods the record covers and (ii) that purports to	212
be issued by or addressed to a bailee and to cover goods in the	213
bailee's possession which are either identified or are fungible	214
portions of an identified mass. The term includes a bill of	215
lading, transport document, dock warrant, dock receipt,	216
warehouse receipt, and order for delivery of goods. An	217
electronic document of title means a document of title evidenced	218
by a record consisting of information stored in an electronic	219
medium. A tangible document of title means a document of title	220
evidenced by a record consisting of information that is	221
inscribed on a tangible medium.	222

<u>(a) "Electronic" means relating to technology having</u>	223
<u>electrical, digital, magnetic, wireless, optical,</u>	224
<u>electromagnetic, or similar capabilities.</u>	225
(17) "Fault" means a default, breach, or wrongful act or omission.	226 227
(18) "Fungible goods" means:	228
(a) Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or	229 230
(b) Goods that by agreement are treated as equivalent.	231
(19) "Genuine" means free of forgery or counterfeiting.	232
(20) "Good faith," except as otherwise provided in Chapter 1305. of the Revised Code, means honesty in fact and the observance of reasonable commercial standards of fair dealing.	233 234 235
(21) "Holder" means:	236
(a) The person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession;	237 238 239
(b) The person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or	240 241 242
(c) The person in control, <u>other than pursuant to division (G) of section 1307.106 of the Revised Code,</u> of a negotiable electronic document of title.	243 244 245
(22) "Insolvency proceeding" includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.	246 247 248
(23) "Insolvent" means:	249

(a) Having generally ceased to pay debts in the ordinary course of business other than as a result of a bona fide dispute;	250 251 252
(b) Being unable to pay debts as they become due; or	253
(c) Being insolvent within the meaning of federal bankruptcy law.	254 255
(24) "Money" means a medium of exchange <u>that is</u> currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. <u>The term does not include an electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government.</u>	256 257 258 259 260 261 262 263 264
(25) "Organization" means a person other than an individual.	265 266
(26) "Party", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and <u>1310., and 1314.</u> of the Revised Code.	267 268 269 270
(27) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity. <u>The term includes a protected series, however denominated, of an entity if the protected series is established under law other than Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 1310.,</u>	271 272 273 274 275 276 277 278

and 1314. of the Revised Code, that limits, or limits if 279
conditions specified under the law are satisfied, the ability of 280
a creditor of the entity or of any other protected series of the 281
entity to satisfy a claim from assets of the protected series. 282

(28) "Present value" means the amount as of a date certain 283
of one or more sums payable in the future, discounted to the 284
date certain by use of either an interest rate specified by the 285
parties if that rate is not manifestly unreasonable at the time 286
the transaction is entered into or, if an interest rate is not 287
so specified, a commercially reasonable rate that takes into 288
account the facts and circumstances at the time the transaction 289
is entered into. 290

(29) "Purchase" means taking by sale, lease, discount, 291
negotiation, mortgage, pledge, lien, security interest, issue or 292
reissue, gift, or any other voluntary transaction creating an 293
interest in property. 294

(30) "Purchaser" means a person that takes by purchase. 295

(31) "Record" means information that is inscribed on a 296
tangible medium or that is stored in an electronic or other 297
medium and is retrievable in perceivable form. 298

(32) "Remedy" means any remedial right to which an 299
aggrieved party is entitled with or without resort to a 300
tribunal. 301

(33) "Representative" means a person empowered to act for 302
another, including an agent, an officer of a corporation or 303
association, and a trustee, executor, or administrator of an 304
estate. 305

(34) "Right" includes remedy. 306

(35) "Security interest" means an interest in personal 307
property or fixtures which secures payment or performance of an 308
obligation. "Security interest" includes any interest of a 309
consignor and a buyer of accounts, chattel paper, a payment 310
intangible, or a promissory note in a transaction that is 311
subject to Chapter 1309. of the Revised Code. "Security 312
interest" does not include the special property interest of a 313
buyer of goods on identification of those goods to a contract 314
for sale under section 1302.42 of the Revised Code, but a buyer 315
may also acquire a "security interest" by complying with Chapter 316
1309. of the Revised Code. Except as otherwise provided in 317
section 1302.49 of the Revised Code, the right of a seller or 318
lessor of goods under Chapter 1302. or 1310. of the Revised Code 319
to retain or acquire possession of the goods is not a "security 320
interest", but a seller or lessor may also acquire a "security 321
interest" by complying with Chapter 1309. of the Revised Code. 322
The retention or reservation of title by a seller of goods 323
notwithstanding shipment or delivery to the buyer under section 324
1302.42 of the Revised Code is limited in effect to a 325
reservation of a "security interest." Whether a transaction in 326
the form of a lease creates a "security interest" is determined 327
pursuant to section 1301.203 of the Revised Code. 328

(36) "Send" in connection with any ~~writing, record, or~~ 329
~~notice notification~~ means: 330

(a) To deposit in the mail ~~or~~, deliver for transmission, 331
or transmit by any other usual means of communication with 332
postage or cost of transmission provided for, ~~and properly~~ 333
~~addressed and, in the case of an instrument, to an address~~ 334
~~specified thereon or otherwise agreed, or if there be none~~ 335
addressed to any address reasonable under the circumstances; or 336

~~(b) In any other way to cause to be received any record or~~ 337
~~notice within the time it would have arrived if properly sent~~ 338
To
cause the record or notification to be received within the time 339
it would have been received if properly sent under division (B) 340
(36) (a) of this section. 341

(37) ~~"Signed" includes using any symbol executed or~~ 342
~~adopted with present intention to adopt or accept a~~ 343
writing "Sign," "signing," and "signature" mean, with present 344
intent to authenticate or adopt a record, to do either of the 345
following: 346

(a) Execute or adopt a tangible symbol; 347

(b) Attach to or logically associate with the record an 348
electronic symbol, sound, or process. 349

(38) "State" means a state of the United States, the 350
District of Columbia, Puerto Rico, the United States Virgin 351
Islands, or any territory or insular possession subject to the 352
jurisdiction of the United States. 353

(39) "Surety" includes a guarantor or any other secondary 354
obligor. 355

(40) "Term" means a portion of an agreement that relates 356
to a particular matter. 357

(41) "Unauthorized signature" means a signature made 358
without actual, implied, or apparent authority. The term 359
includes a forgery. 360

(42) "Warehouse receipt" means a document of title issued 361
by a person engaged in the business of storing goods for hire. 362

(43) "Writing" includes printing, typewriting, or any 363
other intentional reduction to tangible form. "Written" has a 364

corresponding meaning. 365

Sec. 1301.204. Value [UCC 1-204] 366

Except as otherwise provided in Chapters 1303., 1304., ~~and~~ 367
1305., and 1314. of the Revised Code, a person gives value for 368
rights if the person acquires them: 369

(A) In return for a binding commitment to extend credit or 370
for the extension of immediately available credit, whether or 371
not drawn upon and whether or not a charge-back is provided for 372
in the event of difficulties in collection; 373

(B) As security for, or in total or partial satisfaction 374
of, a preexisting claim; 375

(C) By accepting delivery under a preexisting contract for 376
purchase; or 377

(D) In return for any consideration sufficient to support 378
a simple contract. 379

Sec. 1301.205. Reasonable time; Seasonableness [UCC 1-205] 380

(A) Whether a time for taking an action required by 381
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 382
~~and 1310.,~~ and 1314. of the Revised Code is reasonable depends 383
on the nature, purpose, and circumstances of the action. 384

(B) An action is taken seasonably if it is taken at or 385
within the time agreed or, if no time is agreed, at or within a 386
reasonable time. 387

Sec. 1301.206. Presumptions [UCC 1-206] 388

Whenever Chapter 1301., 1302., 1303., 1304., 1305., 1307., 389
1308., 1309., ~~or 1310.,~~ or 1314. of the Revised Code creates a 390
"presumption" with respect to a fact, or provides that a fact is 391

"presumed," the trier of fact must find the existence of the 392
fact unless and until evidence is introduced that supports a 393
finding of its nonexistence. 394

Sec. 1301.301. Territorial applicability; parties' power 395
to choose applicable law [UCC 1-301] 396

(A) Except as otherwise provided in this section, when a 397
transaction bears a reasonable relation to this state and also 398
to another state or nation the parties may agree that the law 399
either of this state or of such other state or nation shall 400
govern their rights and duties. 401

(B) In the absence of an agreement effective under 402
division (A) of this section, and except as provided in division 403
(C) of this section, Chapters 1301., 1302., 1303., 1304., 1305., 404
1307., 1308., 1309., ~~and 1310.~~ and 1314. of the Revised Code 405
apply to transactions bearing an appropriate relation to this 406
state. 407

(C) If one of the following provisions of Chapters 1301., 408
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.~~ and 409
1314. of the Revised Code specifies the applicable law, that 410
provision governs and a contrary agreement is effective only to 411
the extent permitted by the law so specified: 412

(1) Section 1302.43 of the Revised Code; 413

(2) Sections 1310.03 and 1310.04 of the Revised Code; 414

(3) Section 1304.02 of the Revised Code; 415

(4) Section 1304.85 of the Revised Code; 416

(5) Section 1305.15 of the Revised Code; 417

(6) Section 1308.05 of the Revised Code; 418

(7) Sections 1309.301 to 1309.307 of the Revised Code;	419
<u>(8) Section 1314.107 of the Revised Code.</u>	420
Sec. 1301.302. Variation by agreement [UCC 1-302]	421
(A) Except as otherwise provided in division (B) of this	422
section or elsewhere in Chapter 1301., 1303., 1304., 1305.,	423
1307., 1308., 1309., or <u>1310., or 1314.</u> of the Revised Code, the	424
effect of provisions of Chapters 1301., 1303., 1304., 1305.,	425
1307., 1308., 1309., and <u>1310., and 1314.</u> of the Revised Code	426
may be varied by agreement.	427
(B) The obligations of good faith, diligence,	428
reasonableness, and care prescribed by Chapter 1301., 1302.,	429
1303., 1304., 1305., 1307., 1308., 1309., or <u>1310., or 1314.</u> of	430
the Revised Code may not be disclaimed by agreement. The	431
parties, by agreement, may determine the standards by which the	432
performance of those obligations is to be measured if those	433
standards are not manifestly unreasonable. Whenever Chapter	434
1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., or	435
<u>1310., or 1314.</u> of the Revised Code requires an action to be	436
taken within a reasonable time, a time that is not manifestly	437
unreasonable may be fixed by agreement.	438
(C) The presence in certain provisions of Chapter 1301.,	439
1302., 1303., 1304., 1305., 1307., 1308., 1309., or <u>1310., or</u>	440
<u>1314.</u> of the Revised Code of the phrase "unless otherwise	441
agreed", or words of similar import, does not imply that the	442
effect of other provisions may not be varied by agreement under	443
this section.	444
Sec. 1301.304. Obligation of good faith [UCC 1-304]	445
Every contract or duty within Chapters 1301., 1302.,	446
1303., 1304., 1305., 1307., 1308., 1309., and <u>1310., and 1314.</u>	447

of the Revised Code imposes an obligation of good faith in its performance and enforcement. 448
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Sec. 1301.305. Remedies to be liberally administered [UCC 1-305] 450
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(A) The remedies provided by Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.,~~ and 1314. of the Revised Code must be liberally administered to the end that the aggrieved party may be put in as good a position as if the other party had fully performed but neither consequential or special damages nor penal damages may be had except as specifically provided in those chapters or by other rule of law. 452
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(B) Any right or obligation declared by Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.,~~ and 1314. of the Revised Code is enforceable by action unless the provision declaring it specifies a different and limited effect. 459
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Sec. 1301.306. Waiver or renunciation of claim or right after breach [UCC 1-306] 463
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A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in ~~an authenticated~~ a signed record. 465
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Sec. 1302.01. Definitions [UCC 2-103 to 2-106] 469

(A) As used in sections 1302.01 to 1302.98 of the Revised Code, unless the context otherwise requires: 470
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(1) "Buyer" means a person who buys or contracts to buy goods. 472
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(2) "Good faith" has the same meaning as in section 1301.201 of the Revised Code. 474
475

(3) "Receipt" of goods means taking physical possession of them.	476 477
(4) "Seller" means a person who sells or contracts to sell goods.	478 479
(5) "Merchant" means a person who deals in goods of the kind or otherwise by the person's occupation holds the person out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such knowledge or skill may be attributed by the person's employment of an agent or broker or other intermediary who by the agent's, broker's, or other intermediary's occupation holds the person out as having such knowledge or skill.	480 481 482 483 484 485 486 487
(6) "Financing agency" means a bank, finance company, or other person who in the ordinary course of business make advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany or are associated with the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods under section 1302.81 of the Revised Code.	488 489 490 491 492 493 494 495 496 497 498 499
(7) "Between merchants" means in any transaction with respect to which both parties are chargeable with the knowledge or skill of merchants.	500 501 502
(8) "Goods" means all things (including specially manufactured goods) which are movable at the time of	503 504

identification to the contract for sale other than the money in 505
which the price is to be paid, investment securities, and things 506
in action. "Goods" also includes the unborn young of animals and 507
growing crops and other identified things attached to realty as 508
described in section 1302.03 of the Revised Code. 509

Goods must be both existing and identified before any 510
interest in them can pass. Goods which are not both existing and 511
identified are "Future" goods. A purported present sale of 512
future goods or of any interest therein operates as a contract 513
to sell. 514

There may be a sale of a part interest in existing 515
identified goods. 516

An undivided share in an identified bulk of fungible goods 517
is sufficiently identified to be sold although the quantity of 518
the bulk is not determined. Any agreed proportion of such a bulk 519
or any quantity thereof agreed upon by number, weight, or other 520
measure may to the extent of the seller's interest in the bulk 521
be sold to the buyer who then becomes an owner in common. 522

(9) "Lot" means a parcel or a single article which is the 523
subject matter of a separate sale or delivery, whether or not it 524
is sufficient to perform the contract. 525

(10) "Commercial unit" means such a unit of goods as by 526
commercial usage is a single whole for purposes of sale and 527
division of which materially impairs its character or value on 528
the market or in use. A commercial unit may be a single article 529
(as a machine) or a set of articles (as a suite of furniture or 530
an assortment of sizes) or a quantity (as a bale, gross, or 531
carload) or any other unit treated in use or in the relevant 532
market as a single whole. 533

(11) "Contract" and "agreement" are limited to those 534
relating to the present or future sale of goods. "Contract for 535
sale" includes both a present sale of goods and a contract to 536
sell goods at a future time. A "sale" consists in the passing of 537
title from the seller to the buyer for a price. A "present sale" 538
means a sale which is accomplished by the making of the 539
contract. 540

(12) Goods or conduct including any part of a performance 541
are "conforming" or conform to the contract when they are in 542
accordance with the obligations under the contract. 543

(13) "Termination" occurs when either party pursuant to a 544
power created by agreement or law puts an end to the contract 545
otherwise than for its breach. On "termination" all obligations 546
which are still executory on both sides are discharged but any 547
right based on prior breach or performance survives. 548

(14) "Cancellation" occurs when either party puts an end 549
to the contract for breach by the other and its effect is the 550
same as that of "termination" except that the cancelling party 551
also retains any remedy for breach of the whole contract or any 552
unperformed balance. 553

(15) "Hybrid transaction" means a single transaction 554
involving a sale of goods and any of the following: 555

(a) The provision of services; 556

(b) A lease of other goods; 557

(c) A sale, lease, or license of property other than 558
goods. 559

(B) Other definitions applying to sections 1302.01 to 560
1302.98 of the Revised Code are: 561

(1) "Acceptance", as defined in section 1302.64 of the Revised Code;	562 563
(2) "Banker's credit", as defined in section 1302.38 of the Revised Code;	564 565
(3) "Confirmed credit", as defined in section 1302.38 of the Revised Code;	566 567
(4) "Cover", as defined in section 1302.86 of the Revised Code;	568 569
(5) "Entrusting", as defined in section 1302.44 of the Revised Code;	570 571
(6) "Identification", as defined in section 1302.45 of the Revised Code;	572 573
(7) "Installment contract", as defined in section 1302.70 of the Revised Code;	574 575
(8) "Letter of credit", as defined in section 1302.38 of the Revised Code;	576 577
(9) "Overseas", as defined in section 1302.36 of the Revised Code;	578 579
(10) "Person in position of a seller", as defined in section 1302.81 of the Revised Code;	580 581
(11) "Sale on approval", as defined in section 1302.39 of the Revised Code;	582 583
(12) "Sale or return", as defined in section 1302.39 of the Revised Code.	584 585
(C) As used in sections 1302.01 to 1302.98 of the Revised Code, "check" and "draft" have the meaning set forth in section 1303.03 of the Revised Code, "consignee" and "consignor" have	586 587 588

the meaning set forth in section 1307.102 of the Revised Code, 589
"consumer goods" has the meaning set forth in section 1309.102 590
of the Revised Code, "control" has the same meaning as set forth 591
in section 1307.106 of the Revised Code, and "dishonor" has the 592
meaning set forth in section 1303.62 of the Revised Code. 593

(D) In addition, Chapter 1301. of the Revised Code 594
contains general definitions and principles of construction and 595
interpretation applicable throughout this chapter. 596

Sec. 1302.02. Scope; certain security and other 597
transactions excluded [UCC 2-102] 598

(A) Unless the context otherwise requires, and except as 599
provided in division (C) of this section, sections 1302.01 to 600
1302.98, ~~inclusive,~~ of the Revised Code, apply to transactions 601
in goods; ~~they do not apply to any transaction which although in~~ 602
~~the form of an unconditional contract to sell or present sale is~~ 603
~~intended to operate only as a security transaction nor do~~ 604
~~sections 1302.01 to 1302.98, inclusive, of the Revised Code~~ 605
~~impair or repeal any statute regulating sales to consumers,~~ 606
~~farmers, or other specified classes of buyers and, in the case~~ 607
of a hybrid transaction, it applies to the extent provided under 608
division (B) of this section. 609

(B) In a hybrid transaction: 610

(1) If the sale-of-goods aspects do not predominate, only 611
the provisions of sections 1302.01 to 1302.98 of the Revised 612
Code which relate primarily to the sale-of-goods aspects of the 613
transactions apply, and the provisions that relate primarily to 614
the transaction as a whole do not apply. 615

(2) If the sale-of-goods aspects predominate, sections 616
1302.01 to 1302.98 of the Revised Code apply but do not preclude 617

application in the appropriate circumstances of other law to 618
aspects of the transaction which do not relate to the sale of 619
goods. 620

(C) Sections 1302.01 to 1302.98 of the Revised Code do 621
not: 622

(1) Apply to a transaction that, even though in the form 623
of an unconditional contract to sell or present sale, operates 624
only to create a security interest; 625

(2) Impair or repeal a statute regulating sales to 626
consumers, farmers, or other specified classes of buyers. 627

Sec. 1302.04. Formal requirements; statute of frauds [UCC- 628
2-201] 629

(A) Except as otherwise provided in this section, a 630
contract for the sale of goods for the price of five hundred 631
dollars or more is not enforceable by way of action or defense 632
unless there is ~~some writing~~ a record sufficient to indicate 633
that a contract for sale has been made between the parties and 634
signed by the party against whom enforcement is sought or by 635
~~his~~ the party's authorized agent or broker-. A ~~writing~~ record is 636
not insufficient because it omits or incorrectly states a term 637
agreed upon but the contract is not enforceable under this 638
division beyond the quantity of goods shown in ~~such writing~~ the 639
record. 640

(B) Between merchants if within a reasonable time a 641
~~writing~~ record in confirmation of the contract and sufficient 642
against the sender is received and the party receiving it has 643
reason to know its contents, it satisfies the requirements of 644
division (A) of this section against ~~such~~ the party unless 645
~~written notice~~ in a record of objection to its contents is given 646

within ten days after it is received. 647

(C) A contract which does not satisfy the requirements of 648
division (A) of this section but which is valid in other 649
respects is enforceable: 650

(1) if the goods are to be specially manufactured for the 651
buyer and are not suitable for sale to others in the ordinary 652
course of the seller's business and the seller, before notice of 653
repudiation is received and under circumstances which reasonably 654
indicate that the goods are for the buyer, has made either a 655
substantial beginning of their manufacture or commitments for 656
their procurement; or 657

(2) if the party against whom enforcement is sought admits 658
in ~~his~~the party's pleading, testimony, or otherwise in court 659
that a contract for sale was made, but the contract is not 660
enforceable under this provision beyond the quantity of goods 661
admitted; or 662

(3) with respect to goods for which payment has been made 663
and accepted or which have been received and accepted in 664
accordance with section 1302.64 of the Revised Code. 665

Sec. 1302.05. Final expression: parol or extrinsic 666
evidence [UCC 2-202] 667

Terms with respect to which the confirmatory memoranda of 668
the parties agree or which are otherwise set forth in a ~~writing~~ 669
record intended by the parties as a final expression of their 670
agreement with respect to such terms as are included therein may 671
not be contradicted by evidence of any prior agreement or of a 672
contemporaneous oral agreement but may be explained or 673
supplemented: 674

(A) by course of performance, course of dealing, or usage 675

of trade as provided in section 1301.303 of the Revised Code; 676
and 677

(B) by evidence of consistent additional terms unless the 678
court finds the ~~writing-record~~ to have been intended also as a 679
complete and exclusive statement of the terms of the agreement. 680

Sec. 1302.06. Seals inoperative [UCC 2-203] 681

The affixing of a seal to a ~~writing-record~~ evidencing a 682
contract for sale or an offer to buy or sell goods does not 683
constitute the ~~writing-record~~ a sealed instrument and the law 684
with respect to sealed instruments does not apply to such a 685
contract or offer. 686

Sec. 1302.08. Firm offers [UCC 2-205] 687

An offer by a merchant to buy or sell goods in a signed 688
~~writing-record~~ which by its terms gives assurance that it will 689
be held open is not revocable, for lack of consideration, during 690
the time stated or if no time is stated for a reasonable time, 691
but in no event may such period of irrevocability exceed three 692
months; but any such term of assurance on a form supplied by the 693
offeree must be separately signed by the offeror. 694

**Sec. 1302.12. Modification, rescission, and waiver [UCC 2-
209]** 695
696

(A) An agreement modifying a contract within sections 697
1302.01 to 1302.98, ~~inclusive,~~ of the Revised Code, needs no 698
consideration to be binding. 699

(B) A signed agreement which excludes modification or 700
rescission except by a signed writing or other signed record 701
cannot be otherwise modified or rescinded, but except as between 702
merchants such a requirement on a form supplied by the merchant 703

must be separately signed by the other party. 704

(C) The requirements of section 1302.04 of the Revised Code, must be satisfied if the contract as modified is within its provisions. 705
706
707

(D) Although an attempt at modification or rescission does not satisfy the requirements of division (B) or (C) of this section, it can operate as a waiver. 708
709
710

(E) A party who has made a waiver affecting an executory portion of the contract may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver. 711
712
713
714
715
716

Sec. 1303.01. Definitions [UCC 3-103] 717

(A) As used in this chapter, unless the context otherwise requires: 718
719

(1) "Acceptor" means a drawee who has accepted a draft. 720

(2) "Consumer account" means an account established by an individual primarily for personal, family, or household purposes. 721
722
723

(3) "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes. 724
725
726

(4) "Drawee" means a person ordered in a draft to make payment. 727
728

(5) "Drawer" means a person who signs or is identified in a draft as a person ordering payment. 729
730

(6) "Good faith" has the same meaning as in section	731
1301.201 of the Revised Code.	732
(7) "Issue" means <u>either of the following:</u>	733
<u>(a) The first delivery of an instrument by the maker or</u>	734
drawer to a holder or nonholder for the purpose of giving rights	735
of the instrument to any person;	736
<u>(b) If agreed by the payee, the first transmission by the</u>	737
<u>drawer to the payee of an image of an item and information</u>	738
<u>derived from the item that enables the depository bank to</u>	739
<u>collect the item by transferring or presenting under federal law</u>	740
<u>an electronic check.</u>	741
(8) "Issuer" means a maker or drawer of an issued or	742
unissued instrument.	743
(9) "Maker" means a person who signs or is identified in a	744
note as a person undertaking to pay.	745
(10) "Order" means a written instruction to pay money	746
signed by the person giving the instruction. The instruction may	747
be addressed to any person, including the person giving the	748
instruction, or to one or more persons jointly or in the	749
alternative but not in succession. "Order" does not mean an	750
authorization to pay unless the person authorized to pay also is	751
instructed to pay.	752
(11) "Ordinary care" in the case of a person engaged in	753
business means observance of the reasonable commercial standards	754
that are prevailing in the area in which the person is located	755
with respect to the business in which the person is engaged. In	756
the case of a bank that takes an instrument for processing for	757
collection or payment by automated means, reasonable commercial	758
standards do not require the bank to examine the instrument if	759

the failure to examine does not violate the bank's prescribed 760
procedures, and the bank's procedures do not vary unreasonably 761
from general banking usage not disapproved by this chapter or 762
Chapter 1304. of the Revised Code. 763

(12) "Party" means a party to an instrument. 764

(13) "Principal obligor," with respect to an instrument, 765
means the accommodated party or any other party to the 766
instrument against whom a secondary obligor has recourse under 767
this chapter. 768

(14) "Promise" means a written undertaking to pay money 769
that is signed by the person undertaking to pay. "Promise" does 770
not include an acknowledgment of an obligation by the obligor 771
unless the obligor also undertakes to pay the obligation. 772

(15) "Prove," with respect to a fact, means to meet the 773
burden of establishing the fact. 774

(16) "Remitter" means a person who purchases an instrument 775
from its issuer if the instrument is payable to an identified 776
person other than the purchaser. 777

(17) "Remotely-created consumer item" means an item drawn 778
on a consumer account, which is not created by the payor bank 779
and does not bear a handwritten signature purporting to be the 780
signature of the drawer. 781

(18) "Secondary obligor," with respect to an instrument, 782
means any of the following: 783

(a) An indorser or an accommodation party; 784

(b) A drawer having the obligation described in division 785
(D) of section 1303.54 of the Revised Code; 786

(c) Any other party to the instrument that has recourse against another party to the instrument pursuant to division (B) of section 1303.14 of the Revised Code.	787 788 789
(B) As used in this chapter:	790
(1) "Acceptance" has the same meaning as in section 1303.46 of the Revised Code.	791 792
(2) "Accommodation party" and "accommodated party" have the same meanings as in section 1303.59 of the Revised Code.	793 794
(3) "Account" has the same meaning as in section 1304.01 of the Revised Code.	795 796
(4) "Alteration" has the same meaning as in section 1303.50 of the Revised Code.	797 798
(5) "Anomalous indorsement," "blank indorsement," and "special indorsement" have the same meanings as in section 1303.25 of the Revised Code.	799 800 801
(6) "Certificate of deposit," "cashier's check," "check," "draft," "instrument," "negotiable instrument," "note," "teller's check," and "traveler's check" have the same meanings as in section 1303.03 of the Revised Code.	802 803 804 805
(7) "Certified check" has the same meaning as in section 1303.46 of the Revised Code.	806 807
(8) "Consideration" and "value" have the same meanings as in section 1303.33 of the Revised Code.	808 809
(9) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.	810 811
(10) "Incomplete instrument" has the same meaning as in section 1303.11 of the Revised Code.	812 813

(11) "Indorsement" and "indorser" have the same meanings as in section 1303.24 of the Revised Code.	814 815
(12) "Negotiation" has the same meaning as in section 1303.21 of the Revised Code.	816 817
(13) "Payable at a definite time" and "payable on demand" have the same meanings as in section 1303.07 of the Revised Code.	818 819 820
(14) "Payable to bearer" and "payable to order" have the same meanings as in section 1303.10 of the Revised Code.	821 822
(15) "Payment" has the same meaning as in section 1303.67 of the Revised Code.	823 824
(16) "Person entitled to enforce" has the same meaning as in section 1303.31 of the Revised Code.	825 826
(17) "Presentment" has the same meaning as in section 1303.61 of the Revised Code.	827 828
(18) "Reacquisition" has the same meaning as in section 1303.27 of the Revised Code.	829 830
(19) "Transfer of instrument" has the same meaning as in section 1303.22 of the Revised Code.	831 832
(C) As used in this chapter, "banking day," "clearing house," "collecting bank," "customer," "depository bank," "documentary draft," "intermediary bank," "item," "midnight deadline," "payor bank," and "suspends payments" have the same meanings as in section 1304.01 of the Revised Code.	833 834 835 836 837
(D) In addition, Chapter 1301. of the Revised Code contains general definitions and general principles of construction and interpretation applicable throughout this	838 839 840

chapter.	841
Sec. 1303.03. <u>Negotiable instrument [UCC 3-104]</u>	842
(A) Except as provided in divisions (C) and (D) of this section, "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it meets all of the following requirements:	843 844 845 846 847
(1) It is payable to bearer or to order at the time it is issued or first comes into possession of a holder.	848 849
(2) It is payable on demand or at a definite time.	850
(3) It does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain any of the following:	851 852 853 854
(a) An undertaking or power to give, maintain, or protect collateral to secure payment;	855 856
(b) An authorization or power to the holder to confess judgment or realize on or dispose of collateral;	857 858
(c) A waiver of the benefit of any law intended for the advantage or protection of an obligor;	859 860
<u>(d) A term that specifies the law that governs the promise or order;</u>	861 862
<u>(e) An undertaking to resolve in a specified forum a dispute concerning the promise or order.</u>	863 864
(B) "Instrument" means a negotiable instrument.	865
(C) An order that meets all of the requirements of divisions (A) (2) and (3) of this section and otherwise falls	866 867

within the definition of "check" is a negotiable instrument and	868
a check.	869
(D) A promise or order other than a check is not an	870
instrument if, at the time it is issued or first comes into	871
possession of a holder, it contains a conspicuous statement,	872
however expressed, to the effect that the promise or order is	873
not negotiable or is not an instrument governed by this chapter.	874
(E) (1) "Note" means an instrument that is a promise.	875
(2) "Draft" means an instrument that is an order.	876
(3) If an instrument is both a "note" and a "draft," a	877
person entitled to enforce the instrument may treat it as	878
either.	879
(F) "Check" means either of the following:	880
(1) A draft, other than a documentary draft, payable on	881
demand and drawn on a bank;	882
(2) A cashier's check or teller's check.	883
An instrument may be a "check" even though it is described	884
on its face as a "money order" or by another term.	885
(G) "Cashier's check" means a draft with respect to which	886
the drawer and drawee are the same bank or branches of the same	887
bank.	888
(H) "Teller's check" means a draft drawn by a bank on	889
another bank or payable at or through a bank.	890
(I) "Traveler's check" means an instrument that meets all	891
of the following conditions:	892
(1) It is payable on demand.	893

(2) It is drawn on or payable at or through a bank.	894
(3) It is designated by the term "traveler's check" or by a substantially similar term.	895 896
(4) It requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.	897 898 899
(J) "Certificate of deposit" means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A "certificate of deposit" is a note of the bank.	900 901 902 903
Sec. 1303.41. (A) <u>Signature necessary for liability on instrument [UCC 3-401]</u>	904 905
A person is not liable on an instrument unless the person signed the instrument or the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person pursuant to section 1303.42 of the Revised Code.	906 907 908 909 910
(B) A signature may be made manually or by means of a device or machine and by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing.	911 912 913 914 915
Sec. 1303.69. <u>Discharge by cancellation or renunciation [UCC 3-604]</u>	916 917
(A) A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument in either of the following ways:	918 919 920
(1) By surrender of the instrument to the party,	921

destruction, mutilation, or cancellation of the instrument, 922
cancellation or striking out of the party's signature, the 923
addition of words to the instrument indicating discharge, or any 924
other intentional voluntary act; 925

(2) By agreeing not to sue or otherwise renouncing rights 926
against the party by a signed record. 927

(B) Cancellation or striking out of an indorsement 928
pursuant to division (A) does not affect the status and rights 929
of a party derived from the indorsement. 930

~~(C) As used in this section, "signed," with respect to a~~ 931
~~record that is not a writing, includes the attachment to or~~ 932
~~logical association with the record of an electronic symbol,~~ 933
~~sound, or process with the present intent to adopt or accept the~~ 934
~~record.~~
The obligation of a party to pay a check is not discharged 935
solely by destruction of the check in connection with a process 936
in which information is extracted from the check and an image of 937
the check is made and, subsequently, the information and image 938
are transmitted for payment. 939

Sec. 1304.51. Definitions [UCC 4A-103 to 4A-105] 940

(A) As used in sections 1304.51 to 1304.85 of the Revised 941
Code: 942

(1) "Authorized account" means a deposit account of a 943
customer in a bank designated by the customer as a source of 944
payment of payment orders issued by the customer to the bank. If 945
a customer does not so designate an account, any account of the 946
customer is an authorized account if payment of a payment order 947
from that account is not inconsistent with a restriction on the 948
use of that account. 949

(2) "Bank" means a person engaged in the business of 950

banking and includes a savings bank, savings and loan 951
association, credit union, and trust company. A branch or 952
separate office of a bank is a separate bank for purposes of 953
sections 1304.51 to 1304.85 of the Revised Code. 954

(3) "Beneficiary" means the person to be paid by the 955
beneficiary's bank. 956

(4) "Beneficiary's bank" means the bank identified in a 957
payment order in which an account of the beneficiary is to be 958
credited pursuant to the order or which otherwise is to make 959
payment to the beneficiary if the order does not provide for 960
payment to an account. 961

(5) "Customer" means a person, including a bank, having an 962
account with a bank or from whom a bank has agreed to receive 963
payment orders. 964

(6) "Funds transfer" means the series of transactions, 965
beginning with the originator's payment order, made for the 966
purpose of making payment to the beneficiary of the order. 967
"Funds transfer" includes any payment order issued by the 968
originator's bank or an intermediary bank intended to carry out 969
the originator's payment order. A funds transfer is completed by 970
acceptance by the beneficiary's bank of a payment order for the 971
benefit of the beneficiary of the originator's payment order. 972

(7) "Funds-transfer business day" of a receiving bank 973
means the part of a day during which the receiving bank is open 974
for the receipt, processing, and transmittal of payment orders 975
and cancellations and amendments of payment orders. 976

(8) "Funds-transfer system" means a wire transfer network, 977
automated clearing house, or other communication system of a 978
clearing house or other association of banks through which a 979

payment order by a bank may be transmitted to the bank to which 980
the order is addressed. 981

(9) "Good faith" has the same meaning as in section 982
1301.201 of the Revised Code. 983

(10) "Intermediary bank" means a receiving bank other than 984
the originator's bank or the beneficiary's bank. 985

(11) "Originator" means the sender of the first payment 986
order in a funds transfer. 987

(12) "Originator's bank" means the receiving bank to which 988
the payment order of the originator is issued if the originator 989
is not a bank, or the originator if the originator is a bank. 990

(13) (a) "Payment order" means an instruction of a sender 991
to a receiving bank, transmitted orally, ~~electronically~~, or in 992
~~writing~~ a record, to pay, or to cause another bank to pay, a 993
fixed or determinable amount of money to a beneficiary if all of 994
the following apply: 995

(i) The instruction does not state a condition to payment 996
to the beneficiary other than time of payment. 997

(ii) The receiving bank is to be reimbursed by debiting an 998
account of, or otherwise receiving payment from, the sender. 999

(iii) The instruction is transmitted by the sender 1000
directly to the receiving bank or to an agent, funds-transfer 1001
system, or communication system for transmittal to the receiving 1002
bank. 1003

(b) If the instruction complying with division (A) (13) (a) 1004
of this section is to make more than one payment to a 1005
beneficiary, the instruction is a separate payment order with 1006
respect to each payment. 1007

(c) A payment order is issued when it is sent to the receiving bank.	1008 1009
(14) "Prove," with respect to a fact, means to meet the burden of establishing the fact.	1010 1011
(15) "Receiving bank" means the bank to which the sender's instruction is addressed.	1012 1013
(16) "Sender" means the person giving the instruction to the receiving bank.	1014 1015
(B) Other definitions applying to sections 1304.51 to 1304.85 of the Revised Code are:	1016 1017
(1) "Acceptance" as defined in section 1304.64 of the Revised Code;	1018 1019
(2) "Executed" as defined in section 1304.68 of the Revised Code;	1020 1021
(3) "Execution date" as defined in section 1304.68 of the Revised Code;	1022 1023
(4) "Funds-transfer system rule" as defined in section 1304.79 of the Revised Code;	1024 1025
(5) "Payment by beneficiary's bank to beneficiary" as defined in section 1304.77 of the Revised Code;	1026 1027
(6) "Payment by originator to beneficiary" as defined in section 1304.78 of the Revised Code;	1028 1029
(7) "Payment by sender to receiving bank" as defined in section 1304.75 of the Revised Code;	1030 1031
(8) "Payment date" as defined in section 1304.73 of the Revised Code;	1032 1033

(9) "Security procedure" as defined in section 1304.56 of the Revised Code. 1034
1035

(C) As used in sections 1304.51 to 1304.85 of the Revised Code, "clearing house," "item," and "suspends payments" have the same meanings as in section 1304.01 of the Revised Code. 1036
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(D) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout sections 1304.51 to 1304.85 of the Revised Code. 1039
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Sec. 1304.56. Security procedure [UCC 4A-201] 1043

"Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of verifying that a payment order or communication amending or cancelling a payment order is that of the customer, or detecting error in the transmission or the content of the payment order or communication. A security procedure may impose an obligation on the receiving bank or customer and may require the use of algorithms or other codes, identifying words ~~or~~, numbers, symbols, sounds, biometrics, encryption, callback procedures, or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer or requiring a payment order to be sent from a known electronic mail address, internet protocol address, or telephone number is not by itself a security procedure. 1044
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Sec. 1304.57. Authorized and verified payment orders [UCC 4A-202] 1058
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(A) A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under 1060
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1062

the law of agency. 1063

(B) (1) If a bank and its customer have agreed that the 1064
authenticity of payment orders issued to the bank in the name of 1065
the customer as sender will be verified pursuant to a security 1066
procedure, a payment order received by the receiving bank is 1067
effective as the order of the customer, whether or not 1068
authorized, if both of the following apply: 1069

(a) The security procedure is a commercially reasonable 1070
method of providing security against unauthorized payment 1071
orders. 1072

(b) The bank proves that it accepted the payment order in 1073
good faith and in compliance with the bank's obligations under 1074
the security procedure and any ~~written~~ agreement or instruction 1075
of the customer, evidenced by a record, restricting acceptance 1076
of payment orders issued in the name of the customer. 1077

(2) The bank is not required to follow an instruction that 1078
violates ~~a written~~ an agreement with the customer, evidenced by 1079
a record, or notice of which is not received at a time and in a 1080
manner affording the bank a reasonable opportunity to act on it 1081
before the payment order is accepted. 1082

(C) (1) Commercial reasonableness of a security procedure 1083
is a question of law to be determined by considering all of the 1084
following: 1085

(a) The wishes of the customer expressed to the bank; 1086

(b) The circumstances of the customer known to the bank, 1087
including the size, type, and frequency of payment orders 1088
normally issued by the customer to the bank; 1089

(c) Alternative security procedures offered to the 1090

customer;	1091
(d) Security procedures in general use by customers and receiving banks similarly situated.	1092 1093
(2) A security procedure is deemed to be commercially reasonable if both of the following apply:	1094 1095
(a) The security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer.	1096 1097 1098
(b) The customer expressly agreed in writing a record to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with <u>the bank's obligations under</u> the security procedure chosen by the customer.	1099 1100 1101 1102 1103
(D) As used in sections 1304.51 to 1304.85 of the Revised Code, "sender" includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under division (A) of this section, or is effective as the order of the customer under division (B) of this section.	1104 1105 1106 1107 1108
(E) This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.	1109 1110 1111
(F) Except as provided in this section and in division (A) (1) of section 1304.58 of the Revised Code, rights and obligations arising under this section or section 1304.58 of the Revised Code may not be varied by agreement.	1112 1113 1114 1115
Sec. 1304.58. <u>Unenforceability of certain verified payment orders [UCC 4A-203]</u>	1116 1117
(A) If an accepted payment order is not an authorized	1118

order of a customer identified as sender under division (A) of 1119
section 1304.57 of the Revised Code, but is effective as an 1120
order of the customer under division (B) of that section, both 1121
of the following apply: 1122

(1) By express ~~written~~ agreement evidenced by a record, 1123
the receiving bank may limit the extent to which it is entitled 1124
to enforce or retain payment of the payment order. 1125

(2) The receiving bank may not enforce or retain payment 1126
of the payment order if the customer proves that the order was 1127
not caused, directly or indirectly, by either of the following: 1128

(a) A person entrusted at any time with duties to act for 1129
the customer with respect to payment orders or the security 1130
procedure; 1131

(b) A person who obtained access to transmitting 1132
facilities of the customer or who obtained, from a source 1133
controlled by the customer and without authority of the 1134
receiving bank, information facilitating breach of the security 1135
procedure, regardless of how the information was obtained or 1136
whether the customer was at fault. As used in division (A) (2) (b) 1137
of this section, "information" includes any access device, 1138
computer software, or the like. 1139

(B) This section applies to amendments of payment orders 1140
to the same extent it applies to payment orders. 1141

Sec. 1304.62. Misdescription of beneficiary [UCC 4A-207] 1142

(A) Subject to division (B) of this section, if, in a 1143
payment order received by the beneficiary's bank, the name, bank 1144
account number, or other identification of the beneficiary 1145
refers to a nonexistent or unidentifiable person or account, no 1146
person has rights as a beneficiary of the order and acceptance 1147

of the order cannot occur. 1148

(B) If a payment order received by the beneficiary's bank 1149
identifies the beneficiary by name and an identifying or bank 1150
account number, and the name and number identify different 1151
persons, both of the following apply: 1152

(1) Except as otherwise provided in division (C) of this 1153
section, if the beneficiary's bank does not know that the name 1154
and number refer to different persons, it may rely on the number 1155
as the proper identification of the beneficiary of the order. 1156
The beneficiary's bank need not determine whether the name and 1157
number refer to the same person. 1158

(2) If the beneficiary's bank pays the person identified 1159
by name or knows that the name and number identify different 1160
persons, no person has rights as beneficiary except the person 1161
paid by the beneficiary's bank if that person was entitled to 1162
receive payment from the originator of the funds transfer. If no 1163
person has rights as beneficiary, acceptance of the order cannot 1164
occur. 1165

(C) If a payment order described in division (B) of this 1166
section is accepted, the originator's payment order described 1167
the beneficiary inconsistently by name and number, and the 1168
beneficiary's bank pays the person identified by number as 1169
permitted by division (B) (1) of this section, both of the 1170
following apply: 1171

(1) If the originator is a bank, the originator shall pay 1172
its order. 1173

(2) If the originator is not a bank and proves that the 1174
person identified by number was not entitled to receive payment 1175
from the originator, the originator is not obliged to pay its 1176

order unless the originator's bank proves that the originator, 1177
before acceptance of the originator's order, had notice that 1178
payment of a payment order issued by the originator might be 1179
made by the beneficiary's bank on the basis of an identifying or 1180
bank account number even if it identifies a person different 1181
from the named beneficiary. Proof of notice may be made by any 1182
admissible evidence. The originator's bank satisfies the burden 1183
of proof if it proves that the originator, before the payment 1184
order was accepted, signed a ~~writing~~-record stating the 1185
information to which the notice relates. 1186

(D) In a case governed by division (B) (1) of this section, 1187
if the beneficiary's bank rightfully pays the person identified 1188
by number and that person was not entitled to receive payment 1189
from the originator, the amount paid may be recovered from that 1190
person to the extent allowed by the law governing mistake and 1191
restitution as follows: 1192

(1) If the originator is obliged to pay its payment order 1193
as stated in division (C) of this section, the originator may 1194
recover. 1195

(2) If the originator is not a bank and is not obliged to 1196
pay its payment order, the originator's bank may recover. 1197

Sec. 1304.63. Misdescription of intermediary bank or 1198
beneficiary's bank [UCC 4A-208] 1199

(A) (1) Divisions (A) (2) and (3) of this section apply to a 1200
payment order identifying an intermediary bank or the 1201
beneficiary's bank only by an identifying number. 1202

(2) The receiving bank may rely on the number as the 1203
proper identification of the intermediary or beneficiary's bank 1204
and need not determine whether the number identifies a bank. 1205

(3) The sender shall compensate the receiving bank for any 1206
loss and expenses incurred by the receiving bank as a result of 1207
its reliance on the number in executing or attempting to execute 1208
the order. 1209

(B) (1) Divisions (B) (2) to (5) of this section apply to a 1210
payment order identifying an intermediary bank or the 1211
beneficiary's bank both by name and an identifying number if the 1212
name and number identify different persons. 1213

(2) If the sender is a bank, the receiving bank may rely 1214
on the number as the proper identification of the intermediary 1215
or beneficiary's bank if the receiving bank, when it executes 1216
the sender's order, does not know that the name and number 1217
identify different persons. The receiving bank need not 1218
determine whether the name and number refer to the same person 1219
or whether the number refers to a bank. The sender shall 1220
compensate the receiving bank for any loss and expenses incurred 1221
by the receiving bank as a result of its reliance on the number 1222
in executing or attempting to execute the order. 1223

(3) If the sender is not a bank, and the receiving bank 1224
proves that the sender, before the payment order was accepted, 1225
had notice that the receiving bank might rely on the number as 1226
the proper identification of the intermediary or beneficiary's 1227
bank even if it identifies a person different from the bank 1228
identified by name, the rights and obligations of the sender and 1229
the receiving bank are governed by division (B) (2) of this 1230
section, as though the sender were a bank. Proof of notice may 1231
be made by any admissible evidence. The receiving bank satisfies 1232
the burden of proof ~~if~~ it proves that the sender, before the 1233
payment order was accepted, signed a ~~writing~~ record stating the 1234
information to which the notice relates. 1235

(4) Regardless of whether the sender is a bank, the receiving bank may rely on the name as the proper identification of the intermediary or beneficiary's bank if the receiving bank, at the time it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person.

(5) If the receiving bank knows that the name and number identify different persons, reliance on either the name or the number in executing the sender's payment order is a breach of the obligation as provided in division (A)(1) of section 1304.69 of the Revised Code.

Sec. 1304.65. Rejection of payment order [UCC 4A-210]

(A) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally, ~~electronically,~~ or in writing a record. A notice of rejection need not use any particular words and is sufficient if it indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable in the circumstances. If notice of rejection is given by a means that is not reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, any means complying with the agreement is reasonable, and any means not complying is not reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

(B) This division applies if a receiving bank other than the beneficiary's bank fails to execute a payment order despite

the existence on the execution date of a withdrawable credit 1266
balance in an authorized account of the sender sufficient to 1267
cover the order. If the sender does not receive notice of 1268
rejection of the order on the execution date and the authorized 1269
account of the sender does not bear interest, the bank shall pay 1270
interest to the sender on the amount of the order for the number 1271
of days elapsing after the execution date to the earlier of the 1272
day the order is canceled pursuant to division (D) of section 1273
1304.66 of the Revised Code or the day the sender receives 1274
notice or learns that the order was not executed, counting the 1275
final day of the period as an elapsed day. If the withdrawable 1276
credit balance during that period falls below the amount of the 1277
order, the amount of interest is reduced accordingly. 1278

(C) If a receiving bank suspends payments, all unaccepted 1279
payment orders issued to it are deemed rejected at the time the 1280
bank suspends payments. 1281

(D) Acceptance of a payment order precludes a later 1282
rejection of the order. Rejection of a payment order precludes a 1283
later acceptance of the order. 1284

Sec. 1304.66. Cancellation and amendment of payment order 1285
[UCC 4A-211] 1286

(A) A communication of the sender of a payment order 1287
canceling or amending the order may be transmitted to the 1288
receiving bank orally, ~~electronically,~~ or in writing ~~a record~~. If 1289
a security procedure is in effect between the sender and the 1290
receiving bank, the communication is not effective to cancel or 1291
amend the order unless the communication is verified pursuant to 1292
the security procedure or the bank agrees to the cancellation or 1293
amendment. 1294

(B) Subject to division (A) of this section, a communication by the sender canceling or amending a payment order is effective to cancel or amend the order if notice of the communication is received at a time and in a manner affording the receiving bank a reasonable opportunity to act on the communication before the bank accepts the payment order.

(C) (1) After a payment order has been accepted, cancellation or amendment of the order is not effective unless the receiving bank agrees or a funds-transfer system rule allows cancellation or amendment without agreement of the bank.

(2) With respect to a payment order accepted by a receiving bank other than the beneficiary's bank, cancellation or amendment is not effective unless a conforming cancellation or amendment of the payment order issued by the receiving bank is also made.

(3) With respect to a payment order accepted by the beneficiary's bank, cancellation or amendment is not effective unless the order was issued in execution of an unauthorized payment order, or because of a mistake by a sender in the funds transfer that resulted in the issuance of a payment order that is a duplicate of a payment order previously issued by the sender, that orders payment to a beneficiary not entitled to receive payment from the originator, or that orders payment in an amount greater than the amount the beneficiary was entitled to receive from the originator. If the payment order is canceled or amended, the beneficiary's bank may recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution.

(D) An unaccepted payment order is canceled by operation of law at the close of the fifth funds-transfer business day of

the receiving bank after the execution date or payment date of 1325
the order. 1326

(E) A canceled payment order cannot be accepted. If an 1327
accepted payment order is canceled, the acceptance is nullified, 1328
and no person has any right or obligation based on the 1329
acceptance. Amendment of a payment order is deemed to be 1330
cancellation of the original order at the time of amendment and 1331
issue of a new payment order in the amended form at the same 1332
time. 1333

(F) Unless otherwise provided in an agreement of the 1334
parties or in a funds-transfer system rule, if the receiving 1335
bank, after accepting a payment order, agrees to cancellation or 1336
amendment of the order by the sender or is bound by a funds- 1337
transfer system rule allowing cancellation or amendment without 1338
the bank's agreement, the sender, whether or not cancellation or 1339
amendment is effective, is liable to the bank for any loss and 1340
expenses, including reasonable attorney's fees, incurred by the 1341
bank as a result of the cancellation, amendment, or attempted 1342
cancellation or amendment. 1343

(G) A payment order is not revoked by the death or legal 1344
incapacity of the sender unless the receiving bank knows of the 1345
death or of an adjudication of incapacity by a court of 1346
competent jurisdiction and has reasonable opportunity to act 1347
before acceptance of the order. 1348

(H) A funds-transfer system rule is not effective to the 1349
extent it conflicts with division (C) (3) of this section. 1350

Sec. 1304.72. Liability for late or improper execution or 1351
failure to execute payment order [UCC 4A-305] 1352

(A) If a funds transfer is completed but execution of a 1353

payment order by the receiving bank without compliance with 1354
section 1304.69 of the Revised Code results in delay in payment 1355
to the beneficiary, the bank shall pay interest to either the 1356
originator or the beneficiary of the funds transfer for the 1357
period of delay caused by the improper execution. Except as 1358
provided in division (C) of this section, additional damages are 1359
not recoverable. 1360

(B) If execution of a payment order by a receiving bank 1361
without compliance with section 1304.69 of the Revised Code 1362
results in noncompletion of the funds transfer, failure to use 1363
an intermediary bank designated by the originator, or issuance 1364
of a payment order that does not comply with the terms of the 1365
payment order of the originator, the bank is liable to the 1366
originator for its expenses in the funds transfer and for 1367
incidental expenses and interest losses, to the extent not 1368
covered by division (A) of this section, resulting from the 1369
improper execution. Except as provided in division (C) of this 1370
section, additional damages are not recoverable. 1371

(C) In addition to the amounts payable under divisions (A) 1372
and (B) of this section, damages, including consequential 1373
damages, are recoverable to the extent provided in an express 1374
~~written~~ agreement of the receiving bank, evidenced by a record. 1375

(D) If a receiving bank fails to execute a payment order 1376
it was obliged by express agreement to execute, the receiving 1377
bank is liable to the sender for its expenses in the transaction 1378
and for incidental expenses and interest losses resulting from 1379
the failure to execute. Additional damages, including 1380
consequential damages, are recoverable to the extent provided in 1381
an express ~~written~~ agreement of the receiving bank, evidenced by 1382
a record, but are not otherwise recoverable. 1383

(E) Reasonable attorney's fees are recoverable if demand 1384
for compensation under division (A) or (B) of this section is 1385
made and refused before an action is brought on the claim. If a 1386
claim is made for breach of an agreement under division (D) of 1387
this section and the agreement does not provide for damages, 1388
reasonable attorney's fees are recoverable if demand for 1389
compensation under division (D) of this section is made and 1390
refused before an action is brought on the claim. 1391

(F) Except as stated in this section, the liability of a 1392
receiving bank under divisions (A) and (B) of this section may 1393
not be varied by agreement. 1394

Sec. 1305.03. Formal requirements [UCC 5-104] 1395

A letter of credit, confirmation, advice, transfer, 1396
amendment, or cancellation may be issued in any form that is a 1397
signed record ~~and is authenticated by a signature or in~~ 1398
~~accordance with the agreement of the parties or the standard~~ 1399
~~practice referred to in division (E) of section 1305.07 of the~~ 1400
~~Revised Code.~~ 1401

Sec. 1305.15. Choice of law and forum [UCC 5-116] 1402

(A) The liability of an issuer, nominated person, or 1403
adviser for action or omission is governed by the law of the 1404
jurisdiction chosen by an agreement in the form of a record 1405
~~signed or otherwise authenticated by the affected parties in the~~ 1406
~~manner provided in section 1305.03 of the Revised Code or by a~~ 1407
provision in the person's letter of credit, confirmation, or 1408
other undertaking. The jurisdiction whose law is chosen need not 1409
bear any relation to the transaction. 1410

(B) Unless division (A) of this section applies, the 1411
liability of an issuer, nominated person, or adviser for action 1412

or omission is governed by the law of the jurisdiction in which 1413
the person is located. The person is considered to be located at 1414
the address indicated in the person's undertaking. If more than 1415
one address is indicated, the person is considered to be located 1416
at the address from which the person's undertaking was issued. 1417
~~For~~ 1418

(C) For the purpose of jurisdiction, choice of law, and 1419
recognition of interbranch letters of credit, but not 1420
enforcement of a judgment, all branches of a bank are considered 1421
separate juridical entities and a bank is considered to be 1422
located at the place where its relevant branch is considered to 1423
be located under ~~this~~ division (D) of this section. 1424

~~(C)-(D)~~ A branch of a bank is considered to be located at 1425
the address indicated in the branch's undertaking. If more than 1426
one address is indicated, the branch is considered to be located 1427
at the address from which the undertaking was issued. 1428

(E) Except as otherwise provided in this division, the 1429
liability of an issuer, nominated person, or adviser is governed 1430
by any rules of custom or practice, such as the uniform customs 1431
and practice for documentary credits, to which the letter of 1432
credit, confirmation, or other undertaking is expressly made 1433
subject. If (1) this chapter would govern the liability of an 1434
issuer, nominated person, or adviser under division (A) or (B) 1435
of this section, (2) the relevant undertaking incorporates rules 1436
of custom or practice, and (3) there is conflict between this 1437
chapter and those rules as applied to that undertaking, those 1438
rules govern except to the extent of any conflict with the 1439
nonvariable provisions specified in division (C) of section 1440
1305.02 of the Revised Code. 1441

~~(D)-(E)~~ If there is conflict between this chapter and 1442

Chapter 1303., 1304., or 1309. of the Revised Code, this chapter governs.	1443 1444
(E) <u>(G)</u> The forum for settling disputes arising out of an undertaking within this chapter may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with division (A) of this section.	1445 1446 1447 1448
Sec. 1307.102. Definitions and index of definitions [UCC 7-102]	1449 1450
(A) As used in sections 1307.101 to 1307.603 of the Revised Code, unless the context otherwise requires:	1451 1452
(1) "Bailee" means a person that by a warehouse receipt, bill of lading, or other document of the title acknowledges possession of goods and contracts to deliver them.	1453 1454 1455
(2) "Carrier" means a person that issues a bill of lading.	1456
(3) "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.	1457 1458
(4) "Consignor" means a person named in a bill of lading as the person from which the goods have been received for shipment.	1459 1460 1461
(5) "Delivery order" means a record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.	1462 1463 1464 1465
(6) "Good faith" has the same meaning as in section 1301.201 of the Revised Code.	1466 1467
(7) "Goods" means all things that are treated as movable for the purposes of a contract of storage or transportation.	1468 1469

(8) "Issuer" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

(9) "Person entitled under the document" means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

~~(10) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.~~ [Reserved.]

~~(11) "Sign" means, with present intent to authenticate or adopt a record:~~

~~(a) To execute or adopt a tangible symbol; or~~

~~(b) To attach to or logically associate with the record an electronic sound, symbol, or process.~~ [Reserved.]

(12) "Shipper" means a person that enters into a contract of transportation with a carrier.

(13) "Warehouse" means a person engaged in the business of storing of goods for hire.

(B) As used in sections 1307.101 to 1307.603 of the Revised Code, "contract for sale" and "receipt" of goods have

the meaning set forth in section 1302.01 of the Revised Code, 1498
and "lessee in the ordinary course of business" has the meaning 1499
set forth in section 1310.01 of the Revised Code. 1500

(C) In addition, Chapter 1301. of the Revised Code 1501
contains general definitions and principles of construction and 1502
interpretation applicable throughout this chapter. 1503

Sec. 1307.106. Control of electronic document of title 1504
[UCC 7-106] 1505

(A) A person has control of an electronic document of 1506
title if a system employed for evidencing the transfer of 1507
interests in the electronic document reliably establishes that 1508
person as the person to which the electronic document was issued 1509
or transferred. 1510

(B) A system satisfies division (A) of this section, and a 1511
person ~~is deemed to have~~ has control of an electronic document 1512
of title, if the document is created, stored, and ~~assigned-~~ 1513
transferred in such a manner that: 1514

(1) A single authoritative copy of the document exists 1515
which is unique, identifiable, and, except as otherwise provided 1516
in divisions (B)(4), (5), and (6) of this section, unalterable; 1517

(2) The authoritative copy identifies the person asserting 1518
control as: 1519

(a) The person to which the document was issued; or 1520

(b) If the authoritative copy indicates that the document 1521
has been transferred, the person to which the document was most 1522
recently transferred. 1523

(3) The authoritative copy is communicated to and 1524
maintained by the person asserting control or its designated 1525

custodian; 1526

(4) Copies or amendments that add or change an identified 1527
~~assignee~~transferee of the authoritative copy can be made only 1528
with the consent of the person asserting control; 1529

(5) Each copy of the authoritative copy and any copy of a 1530
copy is readily identifiable as a copy that is not the 1531
authoritative copy; and 1532

(6) Any amendment of the authoritative copy is readily 1533
identifiable as authorized or unauthorized. 1534

(C) A system satisfies division (A) of this section, and a 1535
person has control of an electronic document of title, if an 1536
authoritative electronic copy of the document, a record attached 1537
to or logically associated with the electronic copy, or a system 1538
in which the electronic copy is recorded does all of the 1539
following: 1540

(1) Enables the person to readily identify each electronic 1541
copy as either an authoritative or nonauthoritative copy; 1542

(2) Enables the person to readily identify itself in any 1543
way, including by name, identifying number, cryptographic key, 1544
office, or account number, as the person to which each 1545
authoritative electronic copy was issued or transferred; 1546

(3) Gives the person exclusive power, subject to division 1547
(D) of this section, to do both of the following: 1548

(a) Prevent others from adding or changing the person to 1549
which each authoritative electronic copy has been issued or 1550
transferred; 1551

(b) Transfer control of each authoritative electronic 1552
copy. 1553

(D) Subject to division (E) of this section, a power is 1554
exclusive under divisions (C) (3) (a) and (b) of this section even 1555
if one or both of the following apply: 1556

(1) The authoritative electronic copy, a record attached 1557
to or logically associated with the authoritative electronic 1558
copy, or a system in which the authoritative electronic copy is 1559
recorded limits the use of the document of title or has a 1560
protocol that is programmed to cause a change, including a 1561
transfer or loss of control; 1562

(2) The power is shared with another person. 1563

(E) A power of a person is not shared with another person 1564
under division (D) (2) of this section and the person's power is 1565
not exclusive if both of the following apply: 1566

(1) The person can exercise the power only if the power is 1567
also exercised by the other person; 1568

(2) The other person either: 1569

(a) Can exercise the power without exercise of the power 1570
by the person; 1571

(b) Is the transferor to the person of an interest in the 1572
document of title. 1573

(F) If a person has the powers specified in divisions (C) 1574
(3) (a) and (b) of this section, the powers are presumed to be 1575
exclusive. 1576

(G) A person has control of an electronic document of 1577
title if another person, other than the transferor to the person 1578
of an interest in the document, either: 1579

(1) Has control of the document and acknowledges that it 1580

has control on behalf of the person; 1581

(2) Obtains control of the document after having 1582
acknowledged that it will obtain control of the document on 1583
behalf of the person. 1584

(H) A person that has control under this section is not 1585
required to acknowledge that it has control on behalf of another 1586
person. 1587

(I) If a person acknowledges that it has or will obtain 1588
control on behalf of another person, unless the person otherwise 1589
agrees or law other than this chapter or Chapter 1309. of the 1590
Revised Code otherwise provides, the person does not owe any 1591
duty to the other person and is not required to confirm the 1592
acknowledgment to any person. 1593

Sec. 1308.01. Definitions and index of definitions [UCC 8- 1594
1021] 1595

(A) In this chapter: 1596

(1) "Adverse claim" means a claim that a claimant has a 1597
property interest in a financial asset and that it is a 1598
violation of the rights of the claimant for another person to 1599
hold, transfer, or deal with the financial asset. 1600

(2) "Bearer form," as applied to a certificated security, 1601
means a form in which the security is payable to the bearer of 1602
the security certificate according to its terms but not by 1603
reason of an indorsement. 1604

(3) "Broker" means a person defined as a broker or dealer 1605
under the federal securities laws, but without excluding a bank 1606
acting in that capacity. 1607

(4) "Certificated security" means a security that is 1608

- represented by a certificate. 1609
- (5) "Clearing corporation" means: 1610
- (a) A person that is registered as a "clearing agency" 1611
under the federal securities laws; 1612
- (b) A federal reserve bank; or 1613
- (c) Any other person that provides clearance or settlement 1614
services with respect to financial assets that would require it 1615
to register as a clearing agency under the federal securities 1616
laws but for an exclusion or exemption from the registration 1617
requirement, if its activities as a clearing corporation, 1618
including promulgation of rules, are subject to regulation by a 1619
federal or state governmental authority. 1620
- (6) "Communicate" means to: 1621
- (a) Send a signed ~~writing~~record; or 1622
- (b) Transmit information by any mechanism agreed upon by 1623
the persons transmitting and receiving the information. 1624
- (7) "Entitlement holder" means a person identified in the 1625
records of a securities intermediary as the person having a 1626
security entitlement against the securities intermediary. If a 1627
person acquires a security entitlement by virtue of division (B) 1628
(2) or (3) of section 1308.51 of the Revised Code, that person 1629
is the entitlement holder. 1630
- (8) "Entitlement order" means a notification communicated 1631
to a securities intermediary directing transfer or redemption of 1632
a financial asset to which the entitlement holder has a security 1633
entitlement. 1634
- (9) "Financial asset," except as otherwise provided in 1635

section 1308.02 of the Revised Code, means: 1636

(a) A security; 1637

(b) An obligation of a person or a share, participation, 1638
or other interest in a person or in property or an enterprise of 1639
a person, which is, or is of a type, dealt in or traded on 1640
financial markets, or which is recognized in any area in which 1641
it is issued or dealt in as a medium for investment; or 1642

(c) Any property that is held by a securities intermediary 1643
for another person in a securities account if the securities 1644
intermediary has expressly agreed with the other person that the 1645
property is to be treated as a financial asset under this 1646
chapter. 1647

As context requires, the term means either the interest 1648
itself or the means by which a person's claim to it is 1649
evidenced, including a certificated or uncertificated security, 1650
a security certificate, or a security entitlement. 1651

(10) "Good faith" has the same meaning as in section 1652
1301.201 of the Revised Code. 1653

(11) "Indorsement" means a signature that alone or 1654
accompanied by other words is made on a security certificate in 1655
registered form or on a separate document for the purpose of 1656
assigning, transferring, or redeeming the security or granting a 1657
power to assign, transfer, or redeem it. 1658

(12) "Instruction" means a notification communicated to 1659
the issuer of an uncertificated security which directs that the 1660
transfer of the security be registered or that the security be 1661
redeemed. 1662

(13) "Registered form," as applied to a certificated 1663

security, means a form in which: 1664

(a) The security certificate specifies a person entitled 1665
to the security; and 1666

(b) A transfer of the security may be registered upon 1667
books maintained for that purpose by or on behalf of the issuer, 1668
or the security certificate so states. 1669

(14) "Securities intermediary" means: 1670

(a) A clearing corporation; or 1671

(b) A person, including a bank or broker, that in the 1672
ordinary course of its business maintains securities accounts 1673
for others and is acting in that capacity. 1674

(15) "Security," except as otherwise provided in section 1675
1308.02 of the Revised Code, means an obligation of an issuer or 1676
a share, participation, or other interest in an issuer or in 1677
property or an enterprise of an issuer: 1678

(a) Which is represented by a security certificate in 1679
bearer or registered form, or the transfer of which may be 1680
registered upon books maintained for that purpose by or on 1681
behalf of the issuer; 1682

(b) Which is one of a class or series or by its terms is 1683
divisible into a class or series of shares, participations, 1684
interests, or obligations; and 1685

(c) Which: 1686

(i) Is, or is of a type, dealt in or traded on securities 1687
exchanges or securities markets; or 1688

(ii) Is a medium for investment and by its terms expressly 1689
provides that it is a security governed by this chapter. 1690

(16) "Security certificate" means a certificate representing a security.	1691 1692
(17) "Security entitlement" means the rights and property interest of an entitlement holder with respect to a financial asset specified in sections 1308.51 to 1308.61 of the Revised Code.	1693 1694 1695 1696
(18) "Uncertificated security" means a security that is not represented by a certificate.	1697 1698
(B) Other definitions applying to this chapter and the sections in which they appear are:	1699 1700
(1) "Appropriate person," as defined in section 1308.23 of the Revised Code.	1701 1702
(2) "Control," as defined in section 1308.24 of the Revised Code.	1703 1704
(3) <u>"Controllable account," as defined in section 1309.102 of the Revised Code.</u>	1705 1706
<u>(4) "Controllable electronic record," as defined in section 1314.102 of the Revised Code.</u>	1707 1708
<u>(5) "Controllable payment intangible," as defined in section 1309.102 of the Revised Code.</u>	1709 1710
<u>(6) "Delivery," as defined in section 1308.27 of the Revised Code.</u>	1711 1712
(4) <u>(7) "Investment company security," as defined in section 1308.02 of the Revised Code.</u>	1713 1714
(5) <u>(8) "Issuer," as defined in section 1308.08 of the Revised Code.</u>	1715 1716
(6) <u>(9) "Overissue," as defined in section 1308.03 of the</u>	1717

Revised Code.	1718
(7) <u>(10)</u> "Protected purchaser," as defined in section 1308.17 of the Revised Code.	1719 1720
(8) <u>(11)</u> "Securities account," as defined in section 1308.51 of the Revised Code.	1721 1722
(C) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout this chapter.	1723 1724 1725
(D) The characterization of a person, business, or transaction for purposes of this chapter does not determine the characterization of the person, business, or transaction for purposes of any other law, regulation, or rule.	1726 1727 1728 1729
Sec. 1308.02. <u>Rules for determining whether certain obligations and interests are securities or financial assets</u> <u>[UCC 8-103]</u>	1730 1731 1732
(A) A share or similar equity interest issued by a corporation, business trust, joint stock company, or similar entity is a security.	1733 1734 1735
(B) An "investment company security" is a security. "Investment company security" means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, an interest in a unit investment trust that is so registered, or a face-amount certificate issued by a face-amount certificate company that is so registered. Investment company security does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.	1736 1737 1738 1739 1740 1741 1742 1743 1744
(C) An interest in a partnership or limited liability	1745

company is not a security unless it is dealt in or traded on 1746
securities exchanges or in securities markets, its terms 1747
expressly provide that it is a security governed by this 1748
chapter, or it is an investment company security. However, an 1749
interest in a partnership or limited liability company is a 1750
financial asset if it is held in a securities account. 1751

(D) A writing that is a security certificate is governed 1752
by this chapter and not by Chapter 1303. of the Revised Code, 1753
even though it also meets the requirements of that chapter. 1754
However, a negotiable instrument governed by Chapter 1303. of 1755
the Revised Code is a financial asset if it is held in a 1756
securities account. 1757

(E) An option or similar obligation issued by a clearing 1758
corporation to its participants is not a security, but is a 1759
financial asset. 1760

(F) A commodity contract, as defined in ~~division (A) (15)~~ 1761
~~of~~ section 1309.102 of the Revised Code, is not a security or a 1762
financial asset. 1763

(G) A document of title is not a financial asset unless 1764
division (A) (9) (c) of section 1308.01 of the Revised Code 1765
applies. 1766

(H) A controllable account, controllable electronic 1767
record, or controllable payment is not a financial asset unless 1768
division (A) (9) (c) of section 1308.01 of the Revised Code 1769
applies. 1770

Sec. 1308.05. Applicability; choice of law [UCC 8-110] 1771

(A) The local law of the issuer's jurisdiction, as 1772
specified in division (D) of this section, governs: 1773

(1) The validity of a security;	1774
(2) The rights and duties of the issuer with respect to registration of transfer;	1775 1776
(3) The effectiveness of registration of transfer by the issuer;	1777 1778
(4) Whether the issuer owes any duties to an adverse claimant to a security; and	1779 1780
(5) Whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.	1781 1782 1783 1784
(B) The local law of the securities intermediary's jurisdiction, as specified in division (E) of this section, governs:	1785 1786 1787
(1) Acquisition of a security entitlement from the securities intermediary;	1788 1789
(2) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;	1790 1791
(3) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and	1792 1793
(4) Whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a security entitlement or interest therein from an entitlement holder.	1794 1795 1796 1797
(C) The local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the	1798 1799 1800

security certificate is delivered. 1801

(D) "Issuer's jurisdiction" means the jurisdiction under 1802
which the issuer of the security is organized or, if permitted 1803
by the law of that jurisdiction, the law of another jurisdiction 1804
specified by the issuer. An issuer organized under the law of 1805
this state may specify the law of another jurisdiction as the 1806
law governing the matters specified in divisions (A) (2) to (5) 1807
of this section. 1808

(E) The following rules determine a "securities 1809
intermediary's jurisdiction" for purposes of this section: 1810

(1) If an agreement between the securities intermediary 1811
and its entitlement holder governing the securities account 1812
expressly provides that a particular jurisdiction is the 1813
securities intermediary's jurisdiction for purposes of Chapter 1814
1308. or 1309. of the Revised Code, that jurisdiction is the 1815
securities intermediary's jurisdiction. 1816

(2) If division (E) (1) of this section does not apply and 1817
an agreement between the securities intermediary and its 1818
entitlement holder governing the securities account expressly 1819
provides that the agreement is governed by the law of a 1820
particular jurisdiction, that jurisdiction is the securities 1821
intermediary's jurisdiction. 1822

(3) If divisions (E) (1) and (2) of this section do not 1823
apply and an agreement between the securities intermediary and 1824
its entitlement holder governing the securities account 1825
expressly provides that the securities account is maintained at 1826
an office in a particular jurisdiction, that jurisdiction is the 1827
securities intermediary's jurisdiction. 1828

(4) If divisions (E) (1), (2), and (3) of this section do 1829

not apply, the securities intermediary's jurisdiction is the 1830
jurisdiction in which the office identified in an account 1831
statement as the office serving the entitlement holder's account 1832
is located. 1833

(5) If divisions (E) (1), (2), (3), and (4) of this section 1834
do not apply, the securities intermediary's jurisdiction is the 1835
jurisdiction in which the chief executive office of the 1836
securities intermediary is located. 1837

(F) A securities intermediary's jurisdiction is not 1838
determined by the physical location of certificates representing 1839
financial assets, or by the jurisdiction in which is organized 1840
the issuer of the financial asset with respect to which an 1841
entitlement holder has a security entitlement, or by the 1842
location of facilities for data processing or other record 1843
keeping concerning the account. 1844

(G) The local law of the issuer's jurisdiction or the 1845
securities intermediary's jurisdiction governs a matter or 1846
transaction specified in division (A) or (B) of this section, 1847
even if the matter or transaction does not bear any relation to 1848
the jurisdiction. 1849

Sec. 1308.17. Protected purchaser [8-303] 1850

(A) A "protected purchaser" means a purchaser of a 1851
certificated or uncertificated security, or of an interest 1852
therein, who: 1853

(1) Gives value; 1854

(2) Does not have notice of any adverse claim to the 1855
security; and 1856

(3) Obtains control of the certificated or uncertificated 1857

security. 1858

(B) ~~In addition to acquiring the rights of a purchaser, a~~ 1859
A protected purchaser ~~also~~ acquires its interest in the security 1860
free of any adverse claim. 1861

Sec. 1308.24. Control [UCC 8-106] 1862

(A) A purchaser has "control" of a certificated security 1863
in bearer form if the certificated security is delivered to the 1864
purchaser. 1865

(B) A purchaser has "control" of a certificated security 1866
in registered form if the certificated security is delivered to 1867
the purchaser, and: 1868

(1) The certificate is indorsed to the purchaser or in 1869
blank by an effective indorsement; or 1870

(2) The certificate is registered in the name of the 1871
purchaser, upon original issue or registration of transfer by 1872
the issuer. 1873

(C) A purchaser has "control" of an uncertificated 1874
security if: 1875

(1) The uncertificated security is delivered to the 1876
purchaser; or 1877

(2) The issuer has agreed that it will comply with 1878
instructions originated by the purchaser without further consent 1879
by the registered owner. 1880

(D) A purchaser has "control" of a security entitlement 1881
if: 1882

(1) The purchaser becomes the entitlement holder; or 1883

(2) The securities intermediary has agreed that it will 1884

comply with entitlement orders originated by the purchaser 1885
without further consent by the entitlement holder; or 1886

~~(3) Another person has control of the security entitlement~~ 1887
~~on behalf of the purchaser or, having previously acquired~~ 1888
~~control of the security entitlement, acknowledges having control~~ 1889
~~on behalf of the purchaser, other than the transferor to the~~ 1890
purchaser of an interest in the security entitlement: 1891

(a) Has control of the security entitlement and 1892
acknowledges that it has control on behalf of the purchaser; or 1893

(b) Obtains control of the security entitlement after 1894
having acknowledged that it will obtain control of the security 1895
entitlement on behalf of the purchaser. 1896

(E) If an interest in a security entitlement is granted by 1897
the entitlement holder to the entitlement holder's own 1898
securities intermediary, the securities intermediary has 1899
control. 1900

(F) A purchaser who has satisfied the requirements of 1901
division (C) or (D) of this section has control even if the 1902
registered owner in the case of division (C) of this section or 1903
the entitlement holder in the case of division (D) of this 1904
section retains the right to make substitutions for the 1905
uncertificated security or security entitlement, to originate 1906
instructions or entitlement orders to the issuer or securities 1907
intermediary, or otherwise to deal with the uncertificated 1908
security or security entitlement. 1909

(G) An issuer or a securities intermediary may not enter 1910
into an agreement of the kind described in division (C) (2) or 1911
(D) (2) of this section without the consent of the registered 1912
owner or entitlement holder, but an issuer or a securities 1913

intermediary is not required to enter into such an agreement 1914
even though the registered owner or entitlement holder so 1915
directs. An issuer or securities intermediary that has entered 1916
into such an agreement is not required to confirm the existence 1917
of the agreement to another party unless requested to do so by 1918
the registered owner or entitlement holder. 1919

(H) A person that has control under this section is not 1920
required to acknowledge that it has control on behalf of a 1921
purchaser. 1922

(I) If a person acknowledges that it has or will obtain 1923
control on behalf of a purchaser, unless the person otherwise 1924
agrees or law other than this chapter or Chapter 1309. of the 1925
Revised Code otherwise provides, the person does not owe any 1926
duty to the purchaser and is not required to confirm the 1927
acknowledgement to any other person. 1928

**Sec. 1309.102. Definitions and index of definitions [UCC 1929
9-102] 1930**

(A) As used in this chapter, unless the context requires 1931
otherwise: 1932

(1) "Accession" means goods that are physically united 1933
with other goods in such a manner that the identity of the 1934
original goods is not lost. 1935

(2) (a) "Account," except as used in "account for," 1936
"account statement," "account to," "commodity account," 1937
"customer's account," "deposit account," and "statement of 1938
account," means a right to payment of a monetary obligation, 1939
whether or not earned by performance, (i) for property that has 1940
been or is to be sold, leased, licensed, assigned, or otherwise 1941
disposed of, (ii) for services rendered or to be rendered, (iii) 1942

for a policy of insurance issued or to be issued, (iv) for a 1943
secondary obligation incurred or to be incurred, (v) for energy 1944
provided or to be provided, (vi) for the use or hire of a vessel 1945
under a charter or other contract, (vii) arising out of the use 1946
of a credit or charge card or information contained on or for 1947
use with the card, or (viii) as winnings in a lottery or other 1948
game of chance operated or sponsored by a state, governmental 1949
unit of a state, or person licensed or authorized to operate the 1950
game by a state or governmental unit of a state. 1951

(b) "Account" includes controllable accounts and health- 1952
care insurance receivables. 1953

(c) "Account" does not include (i) ~~rights to payment~~ 1954
~~evidenced by chattel paper or an instrument~~, (ii) commercial 1955
tort claims, (iii) deposit accounts, (iv) investment property, 1956
(v) letter-of-credit rights or letters of credit, ~~or~~ (vi) rights 1957
to payment for money or funds advanced or sold, other than 1958
rights arising out of the use of a credit or charge card or 1959
information contained on or for use with the card, or (vii) 1960
rights to payment evidenced by an instrument. 1961

(3) "Account debtor" means a person who is obligated on an 1962
account, chattel paper, or general intangible. "Account debtor" 1963
does not include a person who is obligated to pay a negotiable 1964
instrument, even if the negotiable instrument ~~constitutes part~~ 1965
~~of evidences~~ chattel paper. 1966

(4) "Accounting," except as used in "accounting for," 1967
means a record: 1968

(a) ~~Authenticated~~ Signed by a secured party; 1969

(b) Indicating the aggregate unpaid secured obligations as 1970
of a date not more than thirty-five days earlier or thirty-five 1971

days later than the date of the record; and	1972
(c) Identifying the components of the obligations in reasonable detail.	1973 1974
(5) "Agricultural lien" means an interest, other than a security interest, in farm products:	1975 1976
(a) That secures payment or performance of an obligation for:	1977 1978
(i) Goods or services furnished in connection with a debtor's farming operation; or	1979 1980
(ii) Rent on real property leased by a debtor in connection with its farming operation.	1981 1982
(b) That is created by statute in favor of a person who:	1983
(i) In the ordinary course of business, furnished goods or services to a debtor in connection with the debtor's farming operation; or	1984 1985 1986
(ii) Leased real property to a debtor in connection with the debtor's farming operation; and	1987 1988
(c) Whose effectiveness does not depend on the person's possession of the personal property.	1989 1990
(6) "As-extracted collateral" means:	1991
(a) Oil, gas, or other minerals that are subject to a security interest that:	1992 1993
(i) Is created by a debtor having an interest in the minerals before extraction; and	1994 1995
(ii) Attaches to the minerals as extracted; or	1996
(b) Accounts arising out of the sale at the wellhead or	1997

minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.	1998 1999
(7) "Authenticate" means:	2000
(a) To sign; or	2001
(b) With present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process[Reserved.]	2002 2003 2004
<u>(a) "Assignee," except as used in "assignee for benefit of creditors," means a person (i) in whose favor a security interest that secures an obligation is created or provided for under a security agreement, whether or not the obligation is outstanding, or (ii) to which an account, chattel paper, payment intangible, or promissory note has been sold. The term includes a person to which a security interest has been transferred by a secured party.</u>	2005 2006 2007 2008 2009 2010 2011 2012
<u>(b) "Assignor" means a person that (i) under a security agreement creates or provides for a security interest that secures an obligation, or (ii) sells an account, chattel paper, payment intangible, or promissory note. The term includes a secured party that has transferred a security interest to another person.</u>	2013 2014 2015 2016 2017 2018
(8) "Bank" means an organization that is engaged in the business of banking. "Bank" includes savings banks, savings and loan associations, credit unions, and trust companies.	2019 2020 2021
(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.	2022 2023
(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security	2024 2025

interest in question to be indicated on the certificate as a 2026
condition or result of the security interest's obtaining 2027
priority over the rights of a lien creditor with respect to the 2028
collateral. The term includes another record maintained as an 2029
alternative to a certificate of title by the governmental unit 2030
that issues certificates of title if a statute permits the 2031
security interest in question to be indicated on the record as a 2032
condition or result of the security interest's obtaining 2033
priority over the rights of a lien creditor with respect to the 2034
collateral. 2035

~~(11)(a) (11) "Chattel paper" means a record that evidences 2036
both a monetary obligation and a security interest in specific 2037
goods, a security interest in specific goods and software used 2038
in the goods, a security interest in specific goods and license 2039
of software used in the goods, a lease of specific goods, or a 2040
lease of specific goods and license of software used in the 2041
goods. 2042~~

~~As used in division (A) (11)(a) of this section, "monetary 2043
obligation" means a monetary obligation secured by the goods or 2044
owed under a lease of the goods and includes a monetary 2045
obligation with respect to software used in the goods. 2046~~

~~(b) If a transaction is evidenced by records that include 2047
an instrument or series of instruments, the group of records 2048
taken together constitutes chattel paper. 2049~~

~~(c) "Chattel paper" does not include (i) charters or other 2050
contracts involving the use or hire of a vessel or (ii) records 2051
that evidence a right to payment arising out of the use of a 2052
credit or charge card or information contained on or for use 2053
with the card either of the following: 2054~~

(a) A right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; 2055
2056
2057

(b) A right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if both of the following apply: 2058
2059
2060
2061
2062

(i) The right to payment and lease agreement are evidenced by a record; 2063
2064

(ii) The predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of goods. 2065
2066
2067

The term does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel, or a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. 2068
2069
2070
2071
2072

(12) "Collateral" means the property subject to a security interest or agricultural lien, including: 2073
2074

(a) Proceeds to which a security interest attaches; 2075

(b) Accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and 2076
2077

(c) Goods that are the subject of a consignment. 2078

(13) "Commercial tort claim" means a claim arising in tort with respect to which: 2079
2080

(a) The claimant is an organization; or 2081

(b) The claimant is an individual, and the claim:	2082
(i) Arose in the course of the claimant's business or profession; and	2083 2084
(ii) Does not include damages arising out of personal injury to or the death of an individual.	2085 2086
(14) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.	2087 2088 2089
(15) "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:	2090 2091 2092
(a) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws; or	2093 2094 2095
(b) Traded on a foreign commodity board of trade, exchange, or market and is carried on the books of a commodity intermediary for a commodity customer.	2096 2097 2098
(16) "Commodity customer" means a person for whom a commodity intermediary carries a commodity contract on its books.	2099 2100 2101
(17) "Commodity intermediary" means a person that:	2102
(a) Is registered as a futures commission merchant under the federal commodities laws; or	2103 2104
(b) In the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to the federal commodities laws.	2105 2106 2107 2108

- (18) "Communicate" means: 2109
- (a) To send a written or other tangible record; 2110
 - (b) To transmit a record by any means agreed upon by the persons sending and receiving the record; or 2111
2112
 - (c) In the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule. 2113
2114
2115
- (19) "Consignee" means a merchant to whom goods are delivered in a consignment. 2116
2117
- (20) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and: 2118
2119
2120
- (a) The merchant: 2121
 - (i) Deals in goods of that kind under a name other than the name of the person making delivery; 2122
2123
 - (ii) Is not an auctioneer; and 2124
 - (iii) Is not generally known by its creditors to be substantially engaged in selling the goods of others; 2125
2126
 - (b) With respect to each delivery, the aggregate value of the goods is one thousand dollars or more at the time of delivery. 2127
2128
2129
 - (c) The goods are not consumer goods immediately before delivery; and 2130
2131
 - (d) The transaction does not create a security interest that secures an obligation. 2132
2133
- (21) "Consignor" means a person that delivers goods to a 2134

consignee in a consignment.	2135
(22) "Consumer debtor" means a debtor in a consumer transaction.	2136 2137
(23) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.	2138 2139
(24) "Consumer-goods transaction" means a consumer transaction in which:	2140 2141
(a) An individual incurs an obligation primarily for personal, family, or household purposes; and	2142 2143
(b) A security interest in consumer goods secures the obligation.	2144 2145
(25) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.	2146 2147 2148 2149
(26) "Consumer transaction" means a transaction in which:	2150
(a) an individual incurs an obligation primarily for personal, family, or household purposes, (b) a security interest secures the obligation, and (c) the collateral is held or acquired primarily for personal, family, or household purposes. "Consumer transaction" includes consumer-goods transactions.	2151 2152 2153 2154 2155
(27) <u>(27) (a)</u> "Continuation statement" means an amendment of a financing statement that:	2156 2157
(a) <u>(i)</u> Identifies, by its file number, the initial financing statement to which it relates; and	2158 2159
(b) <u>(ii)</u> Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the	2160 2161

identified financing statement. 2162

(b) "Controllable account" means an account evidenced by a 2163
controllable electronic record that provides that the account 2164
debtor undertakes to pay the person that has control under 2165
section 1314.105 of the Revised Code of the controllable account 2166
record. 2167

(c) "Controllable payment intangible" means a payment 2168
intangible evidenced by a controllable electronic record that 2169
provides that the account debtor undertakes to pay the person 2170
that has control under section 1314.105 of the Revised Code of 2171
the controllable electronic record. 2172

(28) "Debtor" means: 2173

(a) A person having an interest, other than a security 2174
interest or other lien, in the collateral, whether or not the 2175
person is an obligor; 2176

(b) A seller of accounts, chattel paper, payment 2177
intangibles, or promissory notes; or 2178

(c) A consignee. 2179

(29) "Deposit account" means a demand, time, savings, 2180
passbook, or similar account maintained with a bank but does not 2181
include investment property or accounts evidenced by an 2182
instrument. 2183

(30) "Document" means a document of title or a receipt of 2184
the type described in division (B) of section 1307.201 of the 2185
Revised Code. 2186

(31) ~~"Electronic chattel paper" means chattel paper~~ 2187
~~evidenced by a record consisting of information stored in an~~ 2188
~~electronic medium~~[Reserved.] 2189

<u>(a) "Electronic money" means money in an electronic form.</u>	2190
(32) "Encumbrance" means a right, other than an ownership interest, in real property. "Encumbrance" includes mortgages and other liens on real property.	2191 2192 2193
(33) "Equipment" means goods other than inventory, farm products, or consumer goods.	2194 2195
(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and that are:	2196 2197 2198
(a) Crops grown, growing, or to be grown, including:	2199
(i) Crops produced on trees, vines, and bushes;	2200
(ii) Aquatic goods produced in aquacultural operations;	2201
(iii) Algacultural products as defined in section 901.511 of the Revised Code that are produced as a result of aglaculture meaning the farming of algae.	2202 2203 2204
(b) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;	2205 2206
(c) Supplies used or produced in a farming operation; or	2207
(d) Products of crops or livestock in their unmanufactured states.	2208 2209
(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.	2210 2211 2212
(36) "File number" means the number assigned to an initial financing statement under division (A) of section 1309.519 of the Revised Code.	2213 2214 2215

(37) "Filing office" means an office designated in section 2216
1309.501 of the Revised Code as the place to file a financing 2217
statement. 2218

(38) "Filing-office rule" means a rule adopted under 2219
section 1309.526 of the Revised Code. 2220

(39) "Financing statement" means a record composed of an 2221
initial financing statement and any filed record or records 2222
relating to the initial financing statement. For the purposes of 2223
this chapter, financing statements filed for recording with the 2224
secretary of state shall not be required to include social 2225
security or employer identification numbers. 2226

(40) "Fixture filing" means the filing of a financing 2227
statement covering goods that are or are to become fixtures and 2228
satisfying divisions (A) and (B) of section 1309.502 of the 2229
Revised Code. "Fixture filing" includes the filing of a 2230
financing statement covering goods of a transmitting utility 2231
that are or are to become fixtures. 2232

(41) "Fixtures" means goods that have become so related to 2233
particular real property that an interest in them arises under 2234
real property law. 2235

(42) "General intangible" means any personal property, 2236
including things in action, other than accounts, chattel paper, 2237
commercial tort claims, deposit accounts, documents, goods, 2238
instruments, investment property, letter-of-credit rights, 2239
letters of credit, money, and oil, gas, or other minerals before 2240
extraction. "General intangible" includes controllable 2241
electronic records, payment intangibles, and software. 2242

(43) ~~"Good faith" has the same meaning as in section~~ 2243
~~1301.201 of the Revised Code.~~ [Reserved.] 2244

(44) (a) "Goods" means all things that are movable when a security interest attaches. "Goods" includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes.

(b) "Goods" also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods.

(c) "Goods" does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. "Goods" does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

(45) "Governmental unit" means a subdivision, agency, department, county, parish, municipal corporation, or other unit of the government of the United States, a state, or a foreign country. "Governmental unit" includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

(46) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance that is a right to payment of a monetary obligation for health-care goods or

services provided. 2275

(47) (a) "Instrument" means a negotiable instrument or any 2276
other writing that evidences a right to the payment of a 2277
monetary obligation, is not itself a security agreement or 2278
lease, and is of a type that in ordinary course of business is 2279
transferred by delivery with any necessary indorsement or 2280
assignment. 2281

(b) "Instrument" does not include (i) investment property, 2282
(ii) letters of credit, ~~or~~ (iii) writings that evidence a right 2283
to payment arising out of the use of a credit or charge card or 2284
information contained on or for use with the card, or (iv) 2285
writings that evidence chattel paper. 2286

(48) "Inventory" means goods, other than farm products, 2287
that: 2288

(a) Are leased by a person as lessor; 2289

(b) Are held by a person for sale or lease or to be 2290
furnished under a contract of service; 2291

(c) Are furnished by a person under a contract of service; 2292
or 2293

(d) Consist of raw materials, work in process, or 2294
materials used or consumed in a business. 2295

(49) "Investment property" means a security, whether 2296
certificated or uncertificated, a security entitlement, a 2297
securities account, a commodity contract, or a commodity 2298
account. 2299

(50) "Jurisdiction of organization," with respect to a 2300
registered organization, means the jurisdiction under whose law 2301
the organization is formed or organized. 2302

(51) "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. "Letter-of-credit right" does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) "Lien creditor" means:

(a) A creditor who has acquired a lien on the property involved by attachment, levy or the like;

(b) An assignee for benefit of creditors from the time of assignment;

(c) A trustee in bankruptcy from the date of the filing of the petition; or

(d) A receiver in equity from the time of appointment.

(53) "Manufactured home" means a structure, transportable in one or more sections, that, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and that is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure. "Manufactured home" includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States secretary of housing and urban development and complies with the standards established under Title 42 of the United States Code.

(54) <u>(54) (a)</u> "Manufactured-home transaction" means a	2332
secured transaction:	2333
(a) <u>(i)</u> That creates a purchase-money security interest in	2334
a manufactured home, other than a manufactured home held as	2335
inventory; or	2336
(b) <u>(ii)</u> In which a manufactured home, other than a	2337
manufactured home held as inventory, is the primary collateral.	2338
<u>(b) "Money" has the same meaning as in section 1301.201 of</u>	2339
<u>the Revised Code, but does not include either of the following:</u>	2340
<u>(i) A deposit account;</u>	2341
<u>(ii) Money in an electronic form that cannot be subjected</u>	2342
<u>to control under section 1309.105 of the Revised Code.</u>	2343
(55) "Mortgage" means a consensual interest in real	2344
property, including fixtures, that secures payment or	2345
performance of an obligation.	2346
(56) "New debtor" means a person that becomes bound as	2347
debtor under division (D) of section 1309.203 of the Revised	2348
Code by a security agreement previously entered into by another	2349
person.	2350
(57) (a) "New value" means (i) money, (ii) money's worth in	2351
property, services, or new credit, or (iii) release by a	2352
transferee of an interest in property previously transferred to	2353
the transferee.	2354
(b) "New value" does not include an obligation substituted	2355
for another obligation.	2356
(58) "Noncash proceeds" means proceeds other than cash	2357
proceeds.	2358

(59) (a) "Obligor" means a person who, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation.

(b) "Obligor" does not include issuers or nominated persons under a letter of credit.

(60) "Original debtor," except as used in division (C) of section 1309.310 of the Revised Code, means a person who, as debtor, entered into a security agreement to which a new debtor has become bound under division (D) of section 1309.203 of the Revised Code.

(61) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation. The term includes a controllable payment intangible.

(62) "Person related to," with respect to an individual, means:

(a) The spouse of the individual;

(b) A brother, brother-in-law, sister, or sister-in-law of the individual;

(c) An ancestor or lineal descendant of the individual or the individual's spouse; or

(d) Any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

(63) "Person related to," with respect to an organization,

means:	2387
(a) A person directly or indirectly controlling,	2388
controlled by, or under common control with the organization;	2389
(b) An officer or director of, or a person performing	2390
similar functions with respect to, the organization;	2391
(c) An officer or director of, or a person performing	2392
similar functions with respect to, a person described in	2393
division (A) (63) (a) of this section;	2394
(d) The spouse of an individual described in division (A)	2395
(63) (a), (b), or (c) of this section; or	2396
(e) An individual who is related by blood or marriage to	2397
an individual described in division (A) (63) (a), (b), (c), or (d)	2398
of this section and shares the same home with the individual.	2399
(64) "Proceeds," except as used in division (B) of section	2400
1309.609 of the Revised Code, means the following property:	2401
(a) Whatever is acquired upon the sale, lease, license,	2402
exchange, or other disposition of collateral;	2403
(b) Whatever is collected on, or distributed on account	2404
of, collateral;	2405
(c) Rights arising out of collateral;	2406
(d) To the extent of the value of collateral, claims	2407
arising out of the loss, nonconformity, or interference with the	2408
use of, defects or infringement of rights in, or damage to the	2409
collateral; or	2410
(e) To the extent of the value of collateral and to the	2411
extent payable to the debtor or the secured party, insurance	2412
payable by reason of the loss or nonconformity of, defects or	2413

infringement of rights in, or damage to the collateral. 2414

(65) "Promissory note" means an instrument that evidences 2415
a promise to pay a monetary obligation, does not evidence an 2416
order to pay, and does not contain an acknowledgment by a bank 2417
that the bank has received for deposit a sum of money or funds. 2418

(66) "Proposal" means a record ~~authenticated~~ signed by a 2419
secured party that includes the terms on which the secured party 2420
is willing to accept collateral in full or partial satisfaction 2421
of the obligation it secures pursuant to sections 1309.620, 2422
1309.621, and 1309.622 of the Revised Code. 2423

(67) "Public-finance transaction" means a secured 2424
transaction in connection with which: 2425

(a) Debt securities are issued; 2426

(b) All or a portion of the securities issued have an 2427
initial stated maturity of at least twenty years; and 2428

(c) The debtor, obligor, secured party, account debtor or 2429
other person obligated on collateral, assignor or assignee of a 2430
secured obligation, or assignor or assignee of a security 2431
interest is a state or a governmental unit of a state. 2432

(68) "Public organic record" means a record that is 2433
available to the public for inspection and is: 2434

(a) A record consisting of the record initially filed with 2435
or issued by a state or the United States to form or organize an 2436
organization and any record filed with or issued by the state or 2437
the United States that amends or restates the initial record; 2438

(b) An organic record of a business trust consisting of 2439
the record initially filed with a state and any record filed 2440
with the state that amends or restates the initial record, if a 2441

statute of the state governing business trusts requires that the 2442
record be filed with the state; or 2443

(c) A record consisting of legislation enacted by the 2444
legislature of a state or the congress of the United States that 2445
forms or organizes an organization, any record amending the 2446
legislation, and any record filed with or issued by the state or 2447
the United States that amends or restates the name of the 2448
organization. 2449

(69) "Pursuant to commitment," with respect to an advance 2450
made or other value given by a secured party, means pursuant to 2451
the secured party's obligation, whether or not a subsequent 2452
event of default or other event not within the secured party's 2453
control has relieved or may relieve the secured party from its 2454
obligation. 2455

(70) "Record," except as used in "for record," "of 2456
record," "record or legal title," and "record owner," means 2457
information that is inscribed on a tangible medium or that is 2458
stored in an electronic or other medium and is retrievable in 2459
perceivable form. 2460

(71) "Registered organization" means an organization 2461
formed or organized solely under the law of a single state or 2462
the United States by the filing of a public organic record with, 2463
the issuance of a public organic record by, or the enactment of 2464
legislation by the state or the United States. The term includes 2465
a business trust that is formed or organized under the law of a 2466
single state if a statute of the state governing business trusts 2467
requires that the business trust's organic record be filed with 2468
the state. 2469

(72) "Secondary obligor" means an obligor to the extent 2470

that:	2471
(a) The obligor's obligation is secondary; or	2472
(b) The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.	2473 2474 2475
(73) "Secured party" means:	2476
(a) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;	2477 2478 2479
(b) A person that holds an agricultural lien;	2480
(c) A consignor;	2481
(d) A person to whom accounts, chattel paper, payment intangibles, or promissory notes have been sold;	2482 2483
(e) A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or	2484 2485 2486
(f) A person who holds a security interest arising under section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54 of the Revised Code.	2487 2488 2489
(74) "Security agreement" means an agreement that creates or provides for a security interest.	2490 2491
(75) "Send," in connection with a record or notification, means:	2492 2493
(a) To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or	2494 2495 2496 2497

(b) To cause the record or notification to be received	2498
within the time that it would have been received if properly	2499
sent under division (A) (74) (a) of this section <u>[Reserved.]</u>	2500
(76) "Software" means a computer program and any	2501
supporting information provided in connection with a transaction	2502
relating to the program. "Software" does not include a computer	2503
program that is included in the definition of goods.	2504
(77) "State" means a state of the United States, the	2505
District of Columbia, Puerto Rico, the United States Virgin	2506
Islands, or any territory or insular possession subject to the	2507
jurisdiction of the United States.	2508
(78) "Supporting obligation" means a letter-of-credit	2509
right or secondary obligation that supports the payment or	2510
performance of an account, chattel paper, a document, a general	2511
intangible, an instrument, or investment property.	2512
(79) "Tangible chattel paper" means chattel paper	2513
evidenced by a record consisting of information that is	2514
inscribed on a tangible medium <u>[Reserved.]</u>	2515
<u>(a) "Tangible money" means money in a tangible form.</u>	2516
(80) "Termination statement" means an amendment of a	2517
financing statement that:	2518
(a) Identifies, by its file number, the initial financing	2519
statement to which it relates; and	2520
(b) Indicates either that it is a termination statement or	2521
that the identified financing statement is no longer effective.	2522
(81) "Transmitting utility" means a person primarily	2523
engaged in the business of:	2524

(a) Operating a railroad, subway, street railway, or trolley bus;	2525 2526
(b) Transmitting communications electrically, electromagnetically, or by light;	2527 2528
(c) Transmitting goods by pipeline or sewer; or	2529
(d) Transmitting or producing and transmitting electricity, steam, gas, or water.	2530 2531
(B) Other definitions applying to this chapter are:	2532
(1) "Applicant" has the same meaning as in section 1305.01 of the Revised Code.	2533 2534
(2) "Beneficiary" has the same meaning as in section 1305.01 of the Revised Code.	2535 2536
(3) "Broker" has the same meaning as in section 1308.01 of the Revised Code.	2537 2538
(4) "Certificated security" has the same meaning as in section 1308.01 of the Revised Code.	2539 2540
(5) "Check" has the same meaning as in section 1303.03 of the Revised Code.	2541 2542
(6) "Clearing corporation" has the same meaning as in section 1308.01 of the Revised Code.	2543 2544
(7) "Contract for sale" has the same meaning as in section 1302.01 of the Revised Code.	2545 2546
(8) "Control" with respect to a document of title, has the same meaning as in section 1307.106 of the Revised Code.	2547 2548
(9) <u>"Controllable electronic record" has the same meaning as in section 1314.102 of the Revised Code.</u>	2549 2550

(10) "Customer" has the same meaning as in section 1304.01 of the Revised Code.	2551 2552
(10) (11) "Entitlement holder" has the same meaning as in section 1308.01 of the Revised Code.	2553 2554
(11) (12) "Financial asset" has the same meaning as in section 1308.01 of the Revised Code.	2555 2556
(12) (13) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.	2557 2558
(13) (14) "Issuer," with respect to a letter of credit or letter-of-credit right, has the same meaning as in section 1305.01 of the Revised Code.	2559 2560 2561
(14) (15) "Issuer," with respect to a security, has the same meaning as in section 1308.08 of the Revised Code.	2562 2563
(15) (16) "Issuer," with respect to a document of title, has the same meaning as in section 1307.102 of the Revised Code.	2564 2565
(16) (17) "Lease," "lease agreement," "lease contract," "leasehold interest," "lessee," "lessee in ordinary course of business," "lessor," and "lessor's residual interest" have the same meanings as in section 1310.01 of the Revised Code.	2566 2567 2568 2569
(17) (18) "Letter of credit" has the same meaning as in section 1305.01 of the Revised Code.	2570 2571
(18) (19) "Merchant" has the same meaning as in section 1302.01 of the Revised Code.	2572 2573
(19) (20) "Negotiable instrument" has the same meaning as in section 1303.03 of the Revised Code.	2574 2575
(20) (21) "Nominated person" has the same meaning as in section 1305.01 of the Revised Code.	2576 2577

(21) <u>(22)</u> "Note" has the same meaning as in section 1303.03 of the Revised Code.	2578 2579
(22) <u>(23)</u> "Proceeds of a letter of credit" has the same meaning as in section 1305.13 of the Revised Code.	2580 2581
<u>(24) "Protected purchaser" has the same meaning as in section 1308.17 of the Revised Code.</u>	2582 2583
(23) <u>(25)</u> "Prove" has the same meaning as in section 1303.01 of the Revised Code.	2584 2585
<u>(26) "Qualifying purchaser" has the same meaning as in section 1314.102 of the Revised Code.</u>	2586 2587
(24) <u>(27)</u> "Sale" has the same meaning as in division (A) (11) of section 1302.01 of the Revised Code.	2588 2589
(25) <u>(28)</u> "Securities account" has the same meaning as in section 1308.51 of the Revised Code.	2590 2591
(26) <u>(29)</u> "Securities intermediary," "security," "security certificate," "security entitlement," and "uncertificated security" have the same meanings as in section 1308.01 of the Revised Code.	2592 2593 2594 2595
(C) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretations applicable throughout this chapter.	2596 2597 2598
Sec. 1309.104. <u>Control of deposit account [UCC 9-104]</u>	2599
(A) A secured party has control of a deposit account if:	2600
(1) The secured party is the bank with which the deposit account is maintained;	2601 2602
(2) The debtor, secured party, and bank have agreed in an <u>authenticated a signed</u> record that the bank will comply with	2603 2604

instructions originated by the secured party directing 2605
disposition of the funds in the deposit account without further 2606
consent by the debtor; ~~or~~ 2607

(3) The secured party becomes the bank's customer with 2608
respect to the deposit account; or 2609

(4) Another person other than the debtor: 2610

(a) Has control of the deposit account and acknowledges 2611
that it has control on behalf of the secured party; or 2612

(b) Obtains control of the deposit account after having 2613
acknowledged that it will obtain control of the deposit account 2614
on behalf of the secured party. 2615

(B) A secured party that has satisfied division (A) of 2616
this section has control of a deposit account, even if the 2617
debtor retains the right to direct the disposition of funds from 2618
the deposit account. 2619

Sec. 1309.105. Control of electronic copy of record 2620
evidencing chattel paper [UCC 9-105] 2621

(A) A ~~secured party purchaser~~ has control of ~~electronic an~~ 2622
authoritative electronic copy of a record evidencing chattel 2623
paper if a system employed for evidencing the ~~transfer~~ 2624
assignment of interests in the chattel paper reliably 2625
establishes the ~~secured party purchaser~~ as the person to which 2626
the ~~chattel paper authoritative electronic copy~~ was assigned. 2627

(B) A system satisfies division (A) of this section if the 2628
record or records ~~comprising evidencing~~ the chattel paper are 2629
created, stored, and assigned in such a manner that: 2630

(1) A single authoritative copy of the record or records 2631
exists that is unique, identifiable, and, except as otherwise 2632

provided in divisions (B) (4), (5), and (6) of this section, 2633
unalterable; 2634

(2) The authoritative copy identifies the ~~secured party~~ 2635
purchaser as the assignee of the record or records; 2636

(3) The authoritative copy is communicated to and 2637
maintained by the ~~secured party purchaser~~ or its designated 2638
custodian; 2639

(4) Copies or amendments that add or change an identified 2640
assignee of the authoritative copy may be made only with the 2641
consent of the ~~secured party purchaser~~; 2642

(5) Each copy of the authoritative copy and any copy of a 2643
copy is readily identifiable as a copy that is not the 2644
authoritative copy; and 2645

(6) Any amendment of the authoritative copy is readily 2646
identifiable as authorized or unauthorized. 2647

(C) A system satisfies division (A) of this section, and a 2648
purchaser has control of an authoritative electronic copy of a 2649
record evidencing chattel paper, if the electronic copy, a 2650
record attached to or logically associated with the electronic 2651
copy, or a system in which the electronic copy is recorded: 2652

(1) Enables the purchaser to readily identify each 2653
electronic copy as either an authoritative copy or a 2654
nonauthoritative copy; 2655

(2) Enables the purchaser to readily identify itself in 2656
any way, including by name, identifying number, cryptographic 2657
key, office, or account number, as the assignee of the 2658
authoritative electronic copy; and 2659

(3) Gives the purchaser exclusive power, subject to 2660

division (D) of this section, to: 2661

(a) Prevent others from adding or changing an identified assignee of the authoritative electronic copy; and 2662
2663

(b) Transfer control of the authoritative electronic copy. 2664

(D) Subject to division (E) of this section, a power is exclusive under divisions (C) (3) (a) and (b) of this section even if: 2665
2666
2667

(1) The authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is recorded limits the use of the authoritative electronic copy or has a protocol programmed to cause a change, including a transfer or loss of control; or 2668
2669
2670
2671
2672
2673

(2) The power is shared with another person. 2674

(E) A power of a purchaser is not shared with another person under division (D) (2) of this section and the purchaser's power is not exclusive if: 2675
2676
2677

(1) The purchaser can exercise the power only if the power is also exercised by the other person; and 2678
2679

(2) The other person: 2680

(a) Can exercise power without exercise of the power of the purchaser; or 2681
2682

(b) Is the transferor to the purchaser of an interest in the chattel paper. 2683
2684

(F) If a purchaser has the powers specified in divisions (C) (3) (a) and (b) of this section, the powers are presumed to be exclusive. 2685
2686
2687

(G) A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if another person, other than the transferor to the purchaser of an interest in the chattel paper: 2688
2689
2690
2691

(1) Has control of the authoritative electronic copy and acknowledges that it has control on behalf of the purchaser; or 2692
2693

(2) Obtains control of the authoritative electronic copy after having acknowledged that it will obtain control of the electronic copy on behalf of the purchaser. 2694
2695
2696

Sec. 1309.111. Control of electronic money [UCC 9-105A] 2697

(A) A person has control of electronic money if both of the following apply: 2698
2699

(1) The electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded gives the person both of the following: 2700
2701
2702
2703

(a) Power to avail itself of substantially all the benefits from the electronic money; 2704
2705

(b) Exclusive power, subject to division (B) of this section, to do both of the following: 2706
2707

(i) Prevent others from availing themselves of substantially all the benefit from the electronic money; 2708
2709

(ii) Transfer control of the electronic money to another person or cause another person to obtain control of other electronic money as a result of the transfer of the electronic money. 2710
2711
2712
2713

(2) The electronic money, a record attached to or 2714

logically associated with the electronic money, or a system in 2715
which the electronic money is recorded enables the person to 2716
readily identify itself in any way, including by name, 2717
identifying number, cryptographic key, office, or account 2718
number, as having the powers under division (A)(1) of this 2719
section. 2720

(B) Subject to division (C) of this section, a power is 2721
exclusive under divisions (A)(1)(b)(i) and (ii) of this section 2722
even if either or both of the following apply: 2723

(1) The electronic money, a record attached to or 2724
logically associated with the electronic money, or a system in 2725
which the electronic money is recorded limits the use of the 2726
electronic money or has a protocol programmed to cause a change, 2727
including a transfer or loss of control; 2728

(2) The power is shared with another person. 2729

(C) A power of a person is not shared with another person 2730
under division (B)(2) of this section and the person's power is 2731
not exclusive if both of the following apply: 2732

(1) The person can exercise the power only if the power is 2733
also exercised by the other person. 2734

(2) The other person either: 2735

(a) Can exercise the power without exercise of the power 2736
by the person; 2737

(b) Is the transferor to the person of an interest in the 2738
electronic money. 2739

(D) If a person has the powers specified in divisions (A) 2740
(1)(b)(i) and (ii) of this section, the powers are presumed to 2741
be exclusive. 2742

(E) A person has control of electronic money if another 2743
person, other than the transferor to the person of an interest 2744
in the electronic money, either: 2745

(1) Has control of the electronic money and acknowledges 2746
that it has control on behalf of the person; 2747

(2) Obtains control of the electronic money after having 2748
acknowledged that it will obtain control of the electronic money 2749
on behalf of the person. 2750

Sec. 1309.112. Control of controllable electronic record, 2751
controllable account, or controllable payment intangible [UCC 9- 2752
107A] 2753

(A) A secured party has control of a controllable 2754
electronic record as provided in section 1314.105 of the Revised 2755
Code. 2756

(B) A secured party has control of a controllable account 2757
or controllable payment intangible if the secured party has 2758
control of the controllable electronic record that evidences the 2759
controllable account or controllable payment intangible. 2760

Sec. 1309.113. No requirement to acknowledge or confirm; 2761
no duties [UCC 9-107B] 2762

(A) A person that has control under section 1309.104 or 2763
1309.105 of the Revised Code is not required to acknowledge that 2764
it has control on behalf of another person. 2765

(B) If a person acknowledges that it has or will obtain 2766
control on behalf of another person, unless the person otherwise 2767
agrees or law other than this chapter otherwise provides, the 2768
person does not owe any duty to the other person and is not 2769
required to confirm the acknowledgment to any other person. 2770

Sec. 1309.203. Attachment and enforceability of security interest; proceeds; supporting obligations; formal requisites [UCC 9-203] 2771
2772
2773

(A) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment. 2774
2775
2776
2777

(B) Except as otherwise provided in divisions (C) to (I) of this section, a security interest is enforceable against the debtor and third parties with respect to the collateral only if: 2778
2779
2780

(1) Value has been given; 2781

(2) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and 2782
2783

(3) One of the following conditions is met: 2784

(a) The debtor has ~~authenticated~~ signed a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned; 2785
2786
2787
2788

(b) The collateral is not a certificated security and is in the possession of the secured party under section 1309.313 of the Revised Code pursuant to the debtor's security agreement; 2789
2790
2791

(c) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 1308.27 of the Revised Code pursuant to the debtor's security agreement; ~~or~~ 2792
2793
2794
2795

(d) The collateral is controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic ~~chattel paper~~ documents, electronic money, 2796
2797
2798

investment property, or letter-of-credit rights, ~~or electronic~~ 2799
~~documents,~~ and the secured party has control under section 2800
1307.106, 1309.104, 1309.105, 1309.106, ~~or~~ 1309.107, 1309.111, 2801
or 1309.112 of the Revised Code pursuant to the debtor's 2802
security agreement; 2803

(e) The collateral is chattel paper and the secured party 2804
has possession and control under section 1309.345 of the Revised 2805
Code pursuant to the debtor's security agreement. 2806

(C) Division (B) of this section is subject to section 2807
1304.20 of the Revised Code on the security interest of a 2808
collecting bank, section 1305.18 of the Revised Code on the 2809
security interest of a letter-of-credit issuer or nominated 2810
person, section 1309.110 of the Revised Code on a security 2811
interest arising under Chapter 1302. or 1310. of the Revised 2812
Code, and section 1309.206 of the Revised Code on security 2813
interests in investment property. 2814

(D) A person becomes bound as debtor by a security 2815
agreement entered into by another person if, by operation of law 2816
other than this article or by contract: 2817

(1) The security agreement becomes effective to create a 2818
security interest in the person's property; or 2819

(2) The person becomes generally obligated for the 2820
obligations of the other person, including the obligation 2821
secured under the security agreement, and acquires or succeeds 2822
to all or substantially all of the assets of the other person. 2823

(E) If a new debtor becomes bound as debtor by a security 2824
agreement entered into by another person: 2825

(1) The agreement satisfies division (B) (3) of this 2826
section with respect to existing or after-acquired property of 2827

the new debtor to the extent the property is described in the 2828
agreement; and 2829

(2) Another agreement is not necessary to make a security 2830
interest in the property enforceable. 2831

(F) The attachment of a security interest in collateral 2832
gives the secured party the rights to proceeds provided by 2833
section 1309.315 of the Revised Code and is also attachment of a 2834
security interest in a supporting obligation for the collateral. 2835

(G) The attachment of a security interest in a right to 2836
payment or performance secured by a security interest or other 2837
lien on personal or real property is also attachment of a 2838
security interest in the security interest, mortgage, or other 2839
lien. 2840

(H) The attachment of a security interest in a securities 2841
account is also attachment of a security interest in the 2842
security entitlements carried in the securities account. 2843

(I) The attachment of a security interest in a commodity 2844
account is also attachment of a security interest in the 2845
commodity contracts carried in the commodity account. 2846

Sec. 1309.204. After-acquired property; future advances 2847
[UCC 9-204] 2848

(A) Except as provided in division (B) of this section, a 2849
security agreement may create or provide for a security interest 2850
in after-acquired collateral. 2851

(B) ~~A~~ Subject to division (D) of this section, a security 2852
interest does not attach under a term constituting an after- 2853
acquired property clause to: 2854

(1) Consumer goods other than accessions when given as 2855

additional security unless the debtor acquires rights in them	2856
within ten days after the secured party gives value; or	2857
(2) A commercial tort claim.	2858
(C) A security agreement may provide that collateral	2859
secures, or that accounts, chattel paper, payment intangibles,	2860
or promissory notes are sold in connection with, future advances	2861
or other value, whether or not the advances or value are given	2862
pursuant to commitment.	2863
<u>(D) Division (B) of this section does not prevent a</u>	2864
<u>security interest from attaching to any of the following:</u>	2865
<u>(1) To consumer goods as proceeds under section 1309.315</u>	2866
<u>of the Revised Code or as commingled goods under section</u>	2867
<u>1309.336 of the Revised Code;</u>	2868
<u>(2) To a commercial tort claim as proceeds under section</u>	2869
<u>1309.315 of the Revised Code;</u>	2870
<u>(3) Under an after-acquired property clause to property</u>	2871
<u>that is proceeds of consumer goods or a commercial tort claim.</u>	2872
Sec. 1309.207. <u>Rights and duties of secured party having</u>	2873
<u>possession or control of collateral [UCC 9-207]</u>	2874
(A) Except as otherwise provided in division (D) of this	2875
section, a secured party shall use reasonable care in the	2876
custody and preservation of collateral in the secured party's	2877
possession. In the case of an instrument or chattel paper,	2878
reasonable care includes taking necessary steps to preserve	2879
rights against prior parties unless otherwise agreed.	2880
(B) Except as otherwise provided in division (D) of this	2881
section, if a secured party has possession of collateral:	2882

- (1) Reasonable expenses, including the cost of insurance 2883
and payment of taxes or other charges, incurred in the custody, 2884
preservation, use, or operation of the collateral are chargeable 2885
to the debtor and are secured by the collateral; 2886
- (2) The risk of accidental loss or damage is on the debtor 2887
to the extent of a deficiency in any effective insurance 2888
coverage; 2889
- (3) The secured party shall keep the collateral 2890
identifiable but fungible collateral may be commingled; and 2891
- (4) The secured party may use or operate the collateral: 2892
- (a) For the purpose of preserving the collateral or its 2893
value; 2894
- (b) As permitted by an order of a court having competent 2895
jurisdiction; or 2896
- (c) Except in the case of consumer goods, in the manner 2897
and to the extent agreed by the debtor. 2898
- (C) Except as otherwise provided in division (D) of this 2899
section, a secured party having possession of collateral or 2900
control of collateral under section 1307.106, 1309.104, 2901
1309.105, 1309.106, ~~or~~ 1309.107, 1309.111, or 1309.112 of the 2902
Revised Code: 2903
- (1) May hold as additional security any proceeds, except 2904
money or funds, received from the collateral; 2905
- (2) Shall apply money or funds received from the 2906
collateral to reduce the secured obligation, unless remitted to 2907
the debtor; and 2908
- (3) May create a security interest in the collateral. 2909

(D) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor:	2910
	2911
(1) Division (A) of this section does not apply unless the secured party is entitled under an agreement:	2912
	2913
(a) To charge back uncollected collateral; or	2914
(b) Otherwise to full or limited recourse against the debtor or a secondary obligor based on the nonpayment or other default of an account debtor or other obligor on the collateral; and	2915
	2916
	2917
	2918
(2) Divisions (B) and (C) of this section do not apply.	2919
Sec. 1309.208. <u>Additional duties of secured party having control of collateral [UCC 9-208]</u>	2920
	2921
(A) This section applies to cases in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.	2922
	2923
	2924
	2925
(B) Within ten days after receiving an authenticated a <u>signed</u> demand by the debtor:	2926
	2927
(1) A secured party having control of a deposit account under division (A) (2) of section 1309.104 of the Revised Code shall send to the bank with which the deposit account is maintained an authenticated statement <u>a signed record</u> that releases the bank from any further obligation to comply with instructions originated by the secured party.	2928
	2929
	2930
	2931
	2932
	2933
(2) A secured party having control of a deposit account under division (A) (3) of section 1309.104 of the Revised Code shall:	2934
	2935
	2936

(a) Pay the debtor the balance on deposit in the deposit account; or

(b) Transfer the balance on deposit into a deposit account in the debtor's name.

(3) A secured party, other than a buyer, having control under section 1309.105 of the Revised Code of an authoritative electronic copy of a record evidencing chattel paper ~~under section 1309.105 of the Revised Code shall:~~

~~(a) Communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;~~

~~(b) If the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic chattel paper is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and~~

~~(c) Take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy that add or change an identified assignee of the authoritative copy without the consent of the secured party.~~

transfer control of the electronic copy to the debtor or a person designated by the debtor;

(4) A secured party having control of investment property under division (D) (2) of section 1308.24 or division (B) of section 1309.106 of the Revised Code shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained ~~an~~

~~authenticated a signed~~ record that releases the securities 2966
intermediary or commodity intermediary from any further 2967
obligation to comply with entitlement orders or directions 2968
originated by the secured party; ~~and~~ 2969

(5) A secured party having control of a letter-of-credit 2970
right under section 1309.107 of the Revised Code shall send to 2971
each person having an unfulfilled obligation to pay or deliver 2972
proceeds of the letter of credit to the secured party ~~an~~ 2973
~~authenticated a signed~~ release from any further obligation to 2974
pay or deliver proceeds of the letter of credit to the secured 2975
party. ~~;~~ 2976

(6) A secured party having control under section 1307.106 2977
of the Revised Code of an authoritative electronic copy of an 2978
electronic document shall. 2979

~~(a) Give control of the electronic document to the debtor~~ 2980
~~or its designated custodian;~~ 2981

~~(b) If the debtor designates a custodian that is the~~ 2982
~~designated custodian with which the authoritative copy of the~~ 2983
~~electronic document is maintained for the secured party,~~ 2984
~~communicate to the custodian an authenticated record releasing~~ 2985
~~the designated custodian from any further obligation to comply~~ 2986
~~with instructions originated by the secured party and~~ 2987
~~instructing the custodian to comply with instructions originated~~ 2988
~~by the debtor; and~~ 2989

~~(c) Take appropriate action to enable the debtor or its~~ 2990
~~designated custodian to make copies of or revisions to the~~ 2991
~~authoritative copy which add or change an identified assignee of~~ 2992
~~the authoritative copy without the consent of the secured party~~ 2993
transfer control of the electronic copy to the debtor or a 2994

person designated by the debtor; 2995

(7) A secured party having control under section 1309.111 2996
of the Revised Code of electronic money shall transfer control 2997
of the electronic money to the debtor or a person designated by 2998
the debtor; and 2999

(8) A secured party having control under section 1314.105 3000
of the Revised Code of a controllable electronic record, other 3001
than a buyer of a controllable account or a controllable payment 3002
intangible evidenced by the controllable electronic record, 3003
shall transfer control of the controllable electronic record to 3004
the debtor or a person designated by the debtor. 3005

Sec. 1309.209. Duties of secured party if account debtor 3006
has been notified of assignment [UCC 9-209] 3007

(A) Except as otherwise provided in division (C) of this 3008
section, this section applies if: 3009

(1) There is no outstanding secured obligation; and 3010

(2) The secured party is not committed to make advances, 3011
incur obligations, or otherwise give value. 3012

(B) Within ten days after receiving ~~an authenticated a~~ 3013
signed demand by the debtor, a secured party shall send to an 3014
account debtor that has received notification under section 3015
1309.406 or 1314.106 of the Revised Code of an assignment to the 3016
secured party as assignee ~~under division (A) of section 1309.406~~ 3017
~~of the Revised Code an authenticated a signed~~ record that 3018
releases the account debtor from any further obligation to the 3019
secured party. 3020

(C) This section does not apply to an assignment 3021
constituting the sale of an account, chattel paper, or payment 3022

intangible.	3023
Sec. 1309.210. <u>Request for accounting; request regarding</u>	3024
<u>list of collateral or statement of account [UCC 9-210]</u>	3025
(A) As used in this section:	3026
(1) "Request" means a record of a type described in	3027
division (A)(2), (3), or (4) of this section.	3028
(2) "Request for an accounting" means a record	3029
authenticated - <u>signed</u> by a debtor requesting that the recipient	3030
provide an accounting of the unpaid obligations secured by	3031
collateral and reasonably identifying the transaction or	3032
relationship that is the subject of the request.	3033
(3) "Request regarding a list of collateral" means a	3034
record authenticated - <u>signed</u> by a debtor requesting that the	3035
recipient approve or correct a list of what the debtor believes	3036
to be the collateral securing an obligation and reasonably	3037
identifying the transaction or relationship that is the subject	3038
of the request.	3039
(4) "Request regarding a statement of account" means a	3040
record authenticated - <u>signed</u> by a debtor requesting that the	3041
recipient approve or correct a statement indicating what the	3042
debtor believes to be the aggregate amount of unpaid obligations	3043
secured by collateral as of a specified date and reasonably	3044
identifying the transaction or relationship that is the subject	3045
of the request.	3046
(B) Subject to divisions (C), (D), (E), and (F) of this	3047
section, a secured party, other than a buyer of accounts,	3048
chattel paper, payment intangibles, or promissory notes or a	3049
consignor, shall comply with a request within fourteen days	3050
after receipt:	3051

(1) In the case of a request for an accounting, by 3052
~~authenticating~~ signing and sending to the debtor an accounting; 3053
and 3054

(2) In the case of a request regarding a list of 3055
collateral or a request regarding a statement of account, by 3056
~~authenticating~~ signing and sending to the debtor an approval or 3057
correction. 3058

(C) A secured party that claims a security interest in all 3059
of a particular type of collateral owned by the debtor may 3060
comply with a request regarding a list of collateral by sending 3061
to the debtor ~~an authenticated~~ a signed record including a 3062
statement to that effect within fourteen days after receipt. 3063

(D) A person that receives a request regarding a list of 3064
collateral, claims no interest in the collateral when it 3065
receives the request, and claimed an interest in the collateral 3066
at an earlier time shall comply with the request within fourteen 3067
days after receipt by sending to the debtor ~~an authenticated~~ a 3068
signed record: 3069

(1) Disclaiming any interest in the collateral; and 3070

(2) If known to the recipient, providing the name and 3071
mailing address of any assignee of or successor to the 3072
recipient's interest in the collateral. 3073

(E) A person that receives a request for an accounting or 3074
a request regarding a statement of account, claims no interest 3075
in the obligations when it receives the request, and claimed an 3076
interest in the obligations at an earlier time shall comply with 3077
the request within fourteen days after receipt by sending to the 3078
debtor ~~an authenticated~~ a signed record: 3079

(1) Disclaiming any interest in the obligations; and 3080

(2) If known to the recipient, providing the name and 3081
mailing address of any assignee of or successor to the 3082
recipient's interest in the obligations. 3083

(F) A debtor is entitled without charge to one response to 3084
a request under this section during any six-month period. The 3085
secured party may require payment of a charge not exceeding 3086
twenty-five dollars for each additional response. 3087

Sec. 1309.301. Law governing perfection and priority of 3088
security interests [UCC 9-301] 3089

Except as otherwise provided in sections 1309.303 to 3090
1309.306 and section 1309.344 of the Revised Code, the following 3091
rules determine the law governing perfection, the effect of 3092
perfection or nonperfection, and the priority of a security 3093
interest in collateral: 3094

(A) Except as otherwise provided in this section, while a 3095
debtor is located in a jurisdiction, the local law of that 3096
jurisdiction governs perfection, the effect of perfection or 3097
nonperfection, and the priority of a security interest in 3098
collateral. 3099

(B) While collateral is located in a jurisdiction, the 3100
local law of that jurisdiction governs perfection, the effect of 3101
perfection or nonperfection, and the priority of a possessory 3102
security interest in that collateral. 3103

(C) Except as otherwise provided in division (D) of this 3104
section, while ~~tangible~~-negotiable tangible documents, goods, 3105
instruments, or tangible money, ~~or tangible chattel paper~~ is 3106
located in a jurisdiction, the local law of that jurisdiction 3107
governs: 3108

(1) Perfection of a security interest in the goods by 3109

filing a fixture filing;	3110
(2) Perfection of a security interest in timber to be cut;	3111
and	3112
(3) The effect of perfection or nonperfection and the	3113
priority of a nonpossessory security interest in the collateral.	3114
(D) The local law of the jurisdiction in which the	3115
wellhead or minehead is located governs perfection, the effect	3116
of perfection or nonperfection, and the priority of a security	3117
interest in as-extracted collateral.	3118
Sec. 1309.304. <u>Law governing perfection and priority of</u>	3119
<u>security interests in deposit accounts [UCC 9-304]</u>	3120
(A) The local law of a bank's jurisdiction governs	3121
perfection, the effect of perfection or nonperfection, and the	3122
priority of a security interest in a deposit account maintained	3123
with that bank <u>even if the transaction does not bear any</u>	3124
<u>relation to the bank's jurisdiction.</u>	3125
(B) The following rules determine a bank's jurisdiction	3126
for purposes of this section:	3127
(1) If an agreement between the bank and the debtor	3128
governing the deposit account expressly provides that a	3129
particular jurisdiction is the bank's jurisdiction for purposes	3130
of this chapter or Chapters 1301. to 1305. and 1307. to 1310. of	3131
the Revised Code, that jurisdiction is the bank's jurisdiction.	3132
(2) If division (B) (1) of this section does not apply and	3133
an agreement between the bank and its customer governing the	3134
deposit account expressly provides that the agreement is	3135
governed by the law of a particular jurisdiction, that	3136
jurisdiction is the bank's jurisdiction.	3137

(3) If neither division (B) (1) nor (2) of this section 3138
applies and an agreement between the bank and its customer 3139
governing the deposit account expressly provides that the 3140
deposit account is maintained at an office in a particular 3141
jurisdiction, that jurisdiction is the bank's jurisdiction. 3142

(4) If neither division (B) (1), (2), nor (3) of this 3143
section applies, the bank's jurisdiction is the jurisdiction in 3144
which the office identified in an account statement as the 3145
office serving the customer's account is located. 3146

(5) If neither division (B) (1), (2), (3), nor (4) of this 3147
section applies, the bank's jurisdiction is the jurisdiction in 3148
which the chief executive office of the bank is located. 3149

Sec. 1309.305. Law governing perfection and priority of 3150
security interests in investment property [UCC 9-305] 3151

(A) Except as otherwise provided in division (C) of this 3152
section, the following rules apply: 3153

(1) While a security certificate is located in a 3154
jurisdiction, the local law of that jurisdiction governs 3155
perfection, the effect of perfection or nonperfection, and the 3156
priority of a security interest in the certificated security 3157
represented thereby. 3158

(2) The local law of the issuer's jurisdiction as 3159
specified in division (D) of section 1308.05 of the Revised Code 3160
governs perfection, the effect of perfection or nonperfection, 3161
and the priority of a security interest in an uncertificated 3162
security. 3163

(3) The local law of the securities intermediary's 3164
jurisdiction as specified in division (E) of section 1308.05 of 3165
the Revised Code governs perfection, the effect of perfection or 3166

nonperfection, and the priority of a security interest in a 3167
security entitlement or securities account. 3168

(4) The local law of the commodity intermediary's 3169
jurisdiction governs perfection, the effect of perfection or 3170
nonperfection, and the priority of a security interest in a 3171
commodity contract or commodity account. 3172

(5) Divisions (A) (2), (3), and (4) of this section apply 3173
even if the transaction does not bear any relation to the 3174
jurisdiction. 3175

(B) The following rules determine a commodity 3176
intermediary's jurisdiction for purposes of sections 1309.301 to 3177
1309.342 of the Revised Code: 3178

(1) If an agreement between the commodity intermediary and 3179
commodity customer governing the commodity account expressly 3180
provides that a particular jurisdiction is the commodity 3181
intermediary's jurisdiction for purposes of sections 1309.301 to 3182
1309.342 of the Revised Code, this chapter, or Chapters 1301., 3183
1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of 3184
the Revised Code, that jurisdiction is the commodity 3185
intermediary's jurisdiction. 3186

(2) If division (B) (1) of this section does not apply and 3187
an agreement between the commodity intermediary and commodity 3188
customer governing the commodity account expressly provides that 3189
the agreement is governed by the law of a particular 3190
jurisdiction, that jurisdiction is the commodity intermediary's 3191
jurisdiction. 3192

(3) If neither division (B) (1) nor (2) of this section 3193
applies and an agreement between the commodity intermediary and 3194
commodity customer governing the commodity account expressly 3195

provides that the commodity account is maintained at an office 3196
in a particular jurisdiction, that jurisdiction is the commodity 3197
intermediary's jurisdiction. 3198

(4) If neither division (B) (1), (2), nor (3) of this 3199
section applies, the commodity intermediary's jurisdiction is 3200
the jurisdiction in which the office identified in an account 3201
statement as the office serving the commodity customer's account 3202
is located. 3203

(5) If neither division (B) (1), (2), (3), nor (4) of this 3204
section applies, the commodity intermediary's jurisdiction is 3205
the jurisdiction in which the chief executive office of the 3206
commodity intermediary is located. 3207

(C) The local law of the jurisdiction in which the debtor 3208
is located governs: 3209

(1) Perfection of a security interest in investment 3210
property by filing; 3211

(2) Automatic perfection of a security interest in 3212
investment property created by a broker or securities 3213
intermediary; and 3214

(3) Automatic perfection of a security interest in a 3215
commodity contract or commodity account created by a commodity 3216
intermediary. 3217

Sec. 1309.310. When filing required to perfect security 3218
interest or agricultural lien; security interests and 3219
agricultural liens to which filing provisions do not apply [UCC 3220
9-310] 3221

(A) Except as otherwise provided in division (B) of this 3222
section and division (B) of section 1309.312 of the Revised 3223

Code, a financing statement must be filed to perfect all	3224
security interests and agricultural liens.	3225
(B) The filing of a financing statement is not necessary	3226
to perfect a security interest:	3227
(1) That is perfected under division (D), (E), (F), or (G)	3228
of section 1309.308 of the Revised Code;	3229
(2) That is perfected under section 1309.309 of the	3230
Revised Code when it attaches;	3231
(3) In property subject to a statute, regulation, or	3232
treaty described in division (A) of section 1309.311 of the	3233
Revised Code;	3234
(4) In goods in possession of a bailee which is perfected	3235
under division (D) (1) or (2) of section 1309.312 of the Revised	3236
Code;	3237
(5) In certificated securities, documents, goods, or	3238
instruments which is perfected without filing, control, or	3239
possession under division (E), (F), or (G) of section 1309.312	3240
of the Revised Code;	3241
(6) In collateral in the secured party's possession under	3242
section 1309.313 of the Revised Code;	3243
(7) In a certificated security perfected by delivery of	3244
the security certificate to the secured party under section	3245
1309.313 of the Revised Code;	3246
(8) (8) (a) In <u>controllable accounts, controllable</u>	3247
<u>electronic records, controllable payment intangibles, deposit</u>	3248
<u>accounts, electronic chattel paper, electronic documents,</u>	3249
investment property, or letter-of-credit rights perfected by	3250
control under section 1309.314 of the Revised Code;	3251

<u>(b) In chattel paper which is perfected by possession and control under section 1309.345 of the Revised Code.</u>	3252
	3253
(9) In proceeds which is perfected under section 1309.315 of the Revised Code; or	3254
	3255
(10) That is perfected under section 1309.316 of the Revised Code.	3256
	3257
(C) If a secured party assigns a perfected security interest or agricultural lien, a filing under this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.	3258
	3259
	3260
	3261
	3262
Sec. 1309.312. <u>Perfection of security interests in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, negotiable documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money; perfection by permissive filing; temporary perfection without filing or transfer of possession [UCC 9-312]</u>	3263
	3264
	3265
	3266
	3267
	3268
	3269
(A) A security interest in chattel paper, negotiable documents <u>controllable accounts, controllable electronic records, controllable payment intangibles, instruments,</u> or investment property, <u>or negotiable documents</u> may be perfected by filing.	3270
	3271
	3272
	3273
(B) Except as otherwise provided in divisions (C) and (D) of section 1309.315 of the Revised Code for proceeds:	3274
	3275
(1) A security interest in a deposit account may be perfected only by control under section 1309.314 of the Revised Code;	3276
	3277
	3278
(2) And except <u>Except</u> as otherwise provided in division	3279

(D) of section 1309.308 of the Revised Code, a security interest	3280
in a letter-of-credit right may be perfected only by control	3281
under section 1309.314 of the Revised Code; and	3282
(3) A security interest in <u>tangible</u> money may be perfected	3283
only by the secured party's taking possession under section	3284
1309.313 of the Revised Code;	3285
<u>(4) A security interest in electronic money may be</u>	3286
<u>perfected only by control under section 1309.314 of the Revised</u>	3287
<u>Code.</u>	3288
(C) While goods are in the possession of a bailee that has	3289
issued a negotiable document covering the goods:	3290
(1) A security interest in the goods may be perfected by	3291
perfecting a security interest in the document; and	3292
(2) A security interest perfected in the document has	3293
priority over any security interest that becomes perfected in	3294
the goods by another method during that time.	3295
(D) While goods are in the possession of a bailee that has	3296
issued a non-negotiable document covering the goods, a security	3297
interest in the goods may be perfected by:	3298
(1) Issuance of a document in the name of the secured	3299
party;	3300
(2) The bailee's receipt of notification of the secured	3301
party's interest; or	3302
(3) Filing as to the goods.	3303
(E) A security interest in certificated securities, or	3304
negotiable documents, or instruments is perfected without filing	3305
or the taking of possession or control for a period of twenty	3306

days from the time it attaches to the extent that it arises for 3307
new value given under ~~an authenticated~~ a signed security 3308
agreement. 3309

(F) A perfected security interest in a negotiable document 3310
or goods in possession of a bailee, other than one that has 3311
issued a negotiable document for the goods, remains perfected 3312
for a period of twenty days without filing if the secured party 3313
makes available to the debtor the goods or documents 3314
representing the goods for the purpose of: 3315

(1) Ultimate sale or exchange; or 3316

(2) Loading, unloading, storing, shipping, trans-shipping, 3317
manufacturing, processing, or otherwise dealing with them in a 3318
manner preliminary to their sale or exchange. 3319

(G) A perfected security interest in an instrument or 3320
certificated security remains perfected for twenty days without 3321
filing if the secured party delivers the security certificate or 3322
instrument to the debtor for the purpose of: 3323

(1) Ultimate sale or exchange; or 3324

(2) Presentation, collection, enforcement, renewal, or 3325
registration of transfer. 3326

(H) After the twenty-day period specified in divisions 3327
(E), (F), or (G) of this section expires, perfection depends 3328
upon compliance with this chapter. 3329

Sec. 1309.313. When possession by or delivery to secured 3330
party perfects security interest without filing [UCC 9-313] 3331

(A) Except as otherwise provided in division (B) of this 3332
section, a secured party may perfect a security interest in 3333
~~tangible negotiable documents,~~ goods, instruments, negotiable 3334

~~tangible documents, or tangible money, or tangible chattel paper~~ 3335
by taking possession of the collateral. A secured party may 3336
perfect a security interest in certificated securities by taking 3337
delivery of the certificated securities under section 1308.27 of 3338
the Revised Code. 3339

(B) With respect to goods covered by a certificate of 3340
title issued by this state, a secured party may perfect a 3341
security interest in the goods by taking possession of the goods 3342
only in the circumstances described in division (D) of section 3343
1309.316 of the Revised Code. 3344

(C) With respect to collateral other than certificated 3345
securities and goods covered by a document, a secured party 3346
takes possession of collateral in the possession of a person 3347
other than the debtor, the secured party, or a lessee of the 3348
collateral from the debtor in the ordinary course of the 3349
debtor's business, when: 3350

(1) The person in possession ~~authenticates~~ signs a record 3351
acknowledging that the person holds possession of the collateral 3352
for the secured party's benefit; or 3353

(2) The person takes possession of the collateral after 3354
having ~~authenticated~~ signed a record acknowledging that the 3355
person will hold possession of the collateral for the secured 3356
party's benefit. 3357

(D) If perfection of a security interest depends upon 3358
possession of the collateral by a secured party, perfection 3359
occurs ~~no~~ not earlier than the time the secured party takes 3360
possession and continues only while the secured party retains 3361
possession. 3362

(E) A security interest in a certificated security in 3363

registered form is perfected by delivery when delivery of the 3364
certificated security occurs under section 1308.27 of the 3365
Revised Code and remains perfected by delivery until the debtor 3366
obtains possession of the security certificate. 3367

(F) A person in possession of collateral is not required 3368
to acknowledge that the person holds possession for a secured 3369
party's benefit. 3370

(G) If a person acknowledges that the person holds 3371
possession for the secured party's benefit: 3372

(1) The acknowledgment is effective under division (C) of 3373
this section or division (A) of section 1308.27 of the Revised 3374
Code, even if the acknowledgment violates the rights of a 3375
debtor; and 3376

(2) Unless the person otherwise agrees or law other than 3377
this chapter otherwise provides, the person does not owe any 3378
duty to the secured party and is not required to confirm the 3379
acknowledgment to another person. 3380

(H) A secured party having possession of collateral does 3381
not relinquish possession by delivering the collateral to a 3382
person other than the debtor or a lessee of the collateral from 3383
the debtor in the ordinary course of the debtor's business if 3384
the person was instructed before the delivery or is instructed 3385
contemporaneously with the delivery: 3386

(1) To hold possession of the collateral for the secured 3387
party's benefit; or 3388

(2) To redeliver the collateral to the secured party. 3389

(I) A secured party does not relinquish possession, even 3390
if a delivery under division (H) of this section violates the 3391

rights of a debtor. A person to whom collateral is delivered 3392
under division (H) of this section does not owe any duty to the 3393
secured party and is not required to confirm the delivery to 3394
another person unless the person otherwise agrees or law other 3395
than this chapter otherwise provides. 3396

Sec. 1309.314. Perfection by control [UCC 9-314] 3397

(A) A security interest in ~~investment property, deposit~~ 3398
~~accounts, letter of credit rights, electronic chattel paper, or~~ 3399
~~electronic documents~~ controllable accounts, controllable 3400
electronic records, controllable payment intangibles, deposit 3401
accounts, electronic documents, electronic money, investment 3402
property, or letter-of-credit rights may be perfected by control 3403
of the collateral under section 1307.106, 1309.104, ~~1309.105,~~ 3404
1309.106, ~~or~~ 1309.107, 1309.111, or 1309.112 of the Revised 3405
Code. 3406

(B) A security interest in ~~deposit accounts, electronic~~ 3407
~~chattel paper, letter of credit rights, or electronic documents~~ 3408
controllable accounts, controllable electronic records, 3409
controllable payment intangibles, deposit accounts, electronic 3410
documents, electronic money, or letter-of-credit rights is 3411
perfected by control under section 1307.106, 1309.104, ~~1309.105,~~ 3412
~~or~~ 1309.107, 1309.111, or 1309.112 of the Revised Code ~~when not~~ 3413
earlier than the time the secured party obtains control and 3414
remains perfected by control only while the secured party 3415
retains control. 3416

(C) A security interest in investment property is 3417
perfected by control under section 1309.106 of the Revised Code 3418
~~from not earlier than~~ the time the secured party obtains control 3419
and remains perfected by control until: 3420

(1) The secured party does not have control; and	3421
(2) One of the following occurs:	3422
(a) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate;	3423 3424
(b) If the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or	3425 3426 3427
(c) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder.	3428 3429
Sec. 1309.316. <u>Continued perfection of security interest following change in governing law [UCC 9-316]</u>	3430 3431
(A) A security interest perfected pursuant to the law of the jurisdiction designated in division (A) of section 1309.301 or, division (C) of section 1309.305, division (D) of section 1309.343, or division (B) of section 1309.344 of the Revised Code remains perfected until the earliest of:	3432 3433 3434 3435 3436
(1) The time perfection would have ceased under the law of that jurisdiction;	3437 3438
(2) The expiration of four months after a change of the debtor's location to another jurisdiction; or	3439 3440
(3) The expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.	3441 3442 3443
(B) If a security interest described in division (A) of this section becomes perfected under the law of the other jurisdiction before the earliest time or event described in that division, it remains perfected thereafter. If the security	3444 3445 3446 3447

interest does not become perfected under the law of the other 3448
jurisdiction before that earliest time or event, it becomes 3449
unperfected and is deemed never to have been perfected as 3450
against a purchaser of the collateral for value. 3451

(C) A possessory security interest in collateral, other 3452
than goods covered by a certificate of title and as-extracted 3453
collateral consisting of goods, remains continuously perfected 3454
if: 3455

(1) The collateral is located in one jurisdiction and 3456
subject to a security interest perfected under the law of that 3457
jurisdiction; 3458

(2) Thereafter, the collateral is brought into another 3459
jurisdiction; and 3460

(3) Upon entry into the other jurisdiction, the security 3461
interest is perfected under the law of the other jurisdiction. 3462

(D) Except as otherwise provided in division (E) of this 3463
section, a security interest in goods covered by a certificate 3464
of title that is perfected by any method under the law of 3465
another jurisdiction when the goods become covered by a 3466
certificate of title from this state remains perfected until the 3467
security interest would have become unperfected under the law of 3468
the other jurisdiction had the goods not become so covered. 3469

(E) A security interest described in division (D) of this 3470
section becomes unperfected as against a purchaser of the goods 3471
for value and is deemed never to have been perfected as against 3472
a purchaser of the goods for value if the applicable 3473
requirements for perfection under division (B) of section 3474
1309.311 or section 1309.313 of the Revised Code are not 3475
satisfied before the earlier of: 3476

(1) The time the security interest would have become 3477
unperfected under the law of the other jurisdiction had the 3478
goods not become covered by a certificate of title from this 3479
state; or 3480

(2) The expiration of four months after the goods had 3481
become so covered. 3482

(F) A security interest in chattel paper, controllable 3483
accounts, controllable electronic records, controllable payment 3484
intangibles, deposit accounts, letter-of-credit rights, or 3485
investment property that is perfected under the law of the 3486
chattel paper's jurisdiction, the controllable electronic 3487
record's jurisdiction, the bank's jurisdiction, the issuer's 3488
jurisdiction, a nominated person's jurisdiction, the securities 3489
intermediary's jurisdiction, or the commodity intermediary's 3490
jurisdiction, as applicable, remains perfected until the earlier 3491
of: 3492

(1) The time the security interest would have become 3493
unperfected under the law of that jurisdiction; or 3494

(2) The expiration of four months after a change of the 3495
applicable jurisdiction to another jurisdiction. 3496

(G) If a security interest described in division (F) of 3497
this section becomes perfected under the law of the other 3498
jurisdiction before the earlier of the time or the end of the 3499
period described in that division, it remains perfected 3500
thereafter. If the security interest does not become perfected 3501
under the law of the other jurisdiction before the earlier of 3502
that time or the end of that period, it becomes unperfected and 3503
is deemed never to have been perfected as against a purchaser of 3504
the collateral for value. 3505

(H) The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:

(1) A financing statement filed before the change pursuant to the law of the jurisdiction designated in division (A) of section 1309.301 or division (C) of section 1309.305 of the Revised Code 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 had the debtor not changed its location.

(2) If a security interest perfected by a financing statement that is effective under division (H)(1) of this section 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 division (A) of section 1309.301 or division (C) of section 1309.305 of the Revised Code or the expiration of the four-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.

(I) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in division (A) of section 1309.301 or division (C) of section 1309.305 of the Revised Code and the new debtor is located in another jurisdiction, the following rules apply:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the new debtor

before, and within four months after, the new debtor becomes 3536
bound under division (D) of section 1309.203 of the Revised 3537
Code, if the financing statement would have been effective to 3538
perfect a security interest in the collateral had the collateral 3539
been acquired by the original debtor. 3540

(2) A security interest perfected by the financing 3541
statement and that becomes perfected under the law of the other 3542
jurisdiction before the earlier of the time the financing 3543
statement would have become ineffective under the law of the 3544
jurisdiction designated in division (A) of section 1309.301 or 3545
division (C) of section 1309.305 of the Revised Code or the 3546
expiration of the four-month period remains perfected 3547
thereafter. A security interest that is perfected by the 3548
financing statement but that does not become perfected under the 3549
law of the other jurisdiction before the earlier time or event 3550
becomes unperfected and is deemed never to have been perfected 3551
as against a purchaser of the collateral for value. 3552

Sec. 1309.317. Interests that take priority over or take 3553
free of security interest or agricultural lien [UCC 9-317] 3554

(A) A security interest or agricultural lien is 3555
subordinate to the rights of: 3556

(1) A person entitled to priority under section 1309.322 3557
of the Revised Code; and 3558

(2) Except as otherwise provided in division (E) of this 3559
section, a person who becomes a lien creditor before the earlier 3560
of the time: 3561

(a) The security interest or agricultural lien is 3562
perfected; or 3563

(b) One of the conditions specified in division (B) (3) of 3564

section 1309.203 of the Revised Code is met and a financing 3565
statement covering the collateral is filed. 3566

(B) Except as otherwise provided in division (E) of this 3567
section, a buyer, other than a secured party, of ~~tangible~~ 3568
~~chattel paper, tangible documents,~~ goods, instruments, tangible 3569
documents, or a certificated security takes free of a security 3570
interest or agricultural lien if the buyer gives value and 3571
receives delivery of the collateral without knowledge of the 3572
security interest or agricultural lien and before it is 3573
perfected. 3574

(C) Except as otherwise provided in division (E) of this 3575
section, a lessee of goods takes free of a security interest or 3576
agricultural lien if the lessee gives value and receives 3577
delivery of the collateral without knowledge of the security 3578
interest or agricultural lien and before it is perfected. 3579

(D) ~~A-Subject to divisions (F) to (I) of this section, a~~ 3580
licensee of a general intangible or a buyer, other than a 3581
secured party, of collateral other than ~~tangible chattel~~ 3582
~~paper~~ electronic money, ~~tangible documents,~~ goods, instruments, 3583
tangible documents, or a certificated security takes free of a 3584
security interest if the licensee or buyer gives value without 3585
knowledge of the security interest and before it is perfected. 3586

(E) Except as otherwise provided in sections 1309.320 and 3587
1309.321 of the Revised Code, if a person files a financing 3588
statement with respect to a purchase money security interest 3589
before or within twenty days after the debtor receives delivery 3590
of the collateral, the security interest takes priority over the 3591
rights of a buyer, lessee, or lien creditor that arise between 3592
the time the security interest attaches and the time of filing. 3593

(F) A buyer, other than a secured party, of chattel paper 3594
takes free of a security interest if, without knowledge of the 3595
security interest and before it is perfected, the buyer gives 3596
value and: 3597

(1) Receives delivery of each authoritative copy of the 3598
record evidencing the chattel paper; and 3599

(2) If each authoritative electronic copy of the record 3600
evidencing the chattel paper can be subjected to control under 3601
section 1309.105 of the Revised Code, obtains control of each 3602
authoritative electronic copy. 3603

(G) A buyer of an electronic document takes free of a 3604
security interest if, without knowledge of the security interest 3605
and before it is perfected, the buyer gives value and, if each 3606
authoritative electronic copy of the document can be subjected 3607
to control under section 1307.106 of the Revised Code, obtains 3608
control of each authoritative electronic copy. 3609

(H) A buyer of a controllable electronic record takes free 3610
of a security interest if, without knowledge of the security 3611
interest and before it is perfected, the buyer gives value and 3612
obtains control of the controllable electronic record. 3613

(I) A buyer, other than a secured party, of a controllable 3614
account or a controllable payment intangible takes free of a 3615
security interest if, without knowledge of the security interest 3616
and before it is perfected, the buyer gives value and obtains 3617
control of the controllable account or controllable payment 3618
intangible. 3619

Sec. 1309.323. Future advances [UCC 9-323] 3620

(A) Except as otherwise provided in division (C) of this 3621
section, for purposes of determining the priority of a perfected 3622

security interest under division (A) (1) of section 1309.322 of 3623
the Revised Code, perfection of the security interest dates from 3624
the time an advance is made to the extent that the security 3625
interest secures an advance that: 3626

(1) Is made while the security interest is perfected only: 3627

(a) Under section 1309.309 of the Revised Code when it 3628
attaches; or 3629

(b) Temporarily under division (E), (F), or (G) of section 3630
1309.312 of the Revised Code. 3631

(2) Is not made pursuant to a commitment entered into 3632
before or while the security interest is perfected by a method 3633
other than under section 1309.309 or division (E), (F), or (G) 3634
of section 1309.312 of the Revised Code. 3635

(B) Except as otherwise provided in division (C) of this 3636
section, a security interest is subordinate to the rights of a 3637
person that becomes a lien creditor to the extent that the 3638
security interest secures advances made more than forty-five 3639
days after the person becomes a lien creditor unless the advance 3640
is made: 3641

(1) Without knowledge of the lien; or 3642

(2) Pursuant to a commitment entered into without 3643
knowledge of the lien. 3644

(C) Divisions (A) and (B) of this section do not apply to 3645
a security interest held by a secured party that is a buyer of 3646
accounts, chattel paper, payment intangibles, or promissory 3647
notes or a consignor. 3648

(D) Except as otherwise provided in division (E) of this 3649
section, a buyer of goods ~~other than a buyer in ordinary course~~ 3650

~~of business~~ takes free of a security interest to the extent that 3651
it secures advances made after the earlier of: 3652

(1) The time the secured party acquires knowledge of the 3653
buyer's purchase; or 3654

(2) Forty-five days after the purchase. 3655

(E) Division (D) of this section does not apply if the 3656
advance is made pursuant to a commitment entered into without 3657
knowledge of the buyer's purchase and before the expiration of 3658
the forty-five-day period. 3659

(F) Except as otherwise provided in division (G) of this 3660
section, a lessee of goods, ~~other than a lessee in ordinary~~ 3661
~~course of business,~~ takes the leasehold interest free of a 3662
security interest to the extent that it secures advances made 3663
after the earlier of: 3664

(1) The time the secured party acquires knowledge of the 3665
lease; or 3666

(2) Forty-five days after the lease contract becomes 3667
enforceable. 3668

(G) Division (F) of this section does not apply if the 3669
advance is made pursuant to a commitment entered into without 3670
knowledge of the lease and before the expiration of the forty- 3671
five-day period. 3672

Sec. 1309.324. Priority of purchase-money security 3673
interests [UCC 9-324] 3674

(A) Except as otherwise provided in division (G) of this 3675
section, a perfected purchase money security interest in goods 3676
other than inventory or livestock has priority over a 3677
conflicting security interest in the same goods, and, except as 3678

otherwise provided in section 1309.327 of the Revised Code, a 3679
perfected security interest in its identifiable proceeds also 3680
has priority, if the purchase money security interest is 3681
perfected when the debtor receives possession of the collateral 3682
or within twenty days thereafter. 3683

(B) Subject to division (C) of this section and except as 3684
otherwise provided in division (G) of this section, a perfected 3685
purchase money security interest in inventory has priority over 3686
a conflicting security interest in the same inventory, has 3687
priority over a conflicting security in chattel paper or an 3688
instrument constituting proceeds of the inventory and in 3689
proceeds of the chattel paper, if provided in section 1309.330 3690
of the Revised Code, and, except as otherwise provided in 3691
section 1309.327 of the Revised Code, also has priority in 3692
identifiable cash proceeds of the inventory to the extent the 3693
identifiable cash proceeds are received on or before the 3694
delivery of the inventory to a buyer if: 3695

(1) The purchase money security interest is perfected when 3696
the debtor receives possession of the inventory; 3697

(2) The purchase money secured party sends ~~an~~ 3698
~~authenticated~~ a signed notification to the holder of the 3699
conflicting security interest; 3700

(3) The holder of the conflicting security interest 3701
receives the notification within five years before the debtor 3702
receives possession of the inventory; and 3703

(4) The notification states that the person sending the 3704
notification has or expects to acquire a purchase money security 3705
interest in inventory of the debtor and describes the inventory. 3706

(C) Divisions (B) (2), (3), and (4) of this section apply 3707

only if the holder of the conflicting security interest filed a financing statement covering the same types of inventory: 3708
3709

(1) If the purchase money security interest is perfected by filing, before the date of the filing; or 3710
3711

(2) If the purchase money security interest is temporarily perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period. 3712
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(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if: 3716
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(1) The purchase money security interest is perfected when the debtor receives possession of the livestock; 3724
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(2) The purchase money secured party sends ~~an~~ authenticated ~~a signed~~ notification to the holder of the conflicting security interest; 3726
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3728

(3) The holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and 3729
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(4) The notification states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock. 3732
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(E) Divisions (D) (2), (3), and (4) of this section apply 3735

only if the holder of the conflicting security interest had 3736
filed a financing statement covering the same types of 3737
livestock: 3738

(1) If the purchase money security interest is perfected 3739
by filing, before the date of the filing; or 3740

(2) If the purchase money security interest is temporarily 3741
perfected without filing or possession under division (F) of 3742
section 1309.312 of the Revised Code, before the beginning of 3743
the twenty-day period. 3744

(F) Except as otherwise provided in division (G) of this 3745
section, a perfected purchase money security interest in 3746
software has priority over a conflicting security interest in 3747
the same collateral, and, except as otherwise provided in 3748
section 1309.327 of the Revised Code, a perfected security 3749
interest in its identifiable proceeds also has priority, to the 3750
extent that the purchase money security interest in the goods in 3751
which the software was acquired for use has priority in the 3752
goods and proceeds of the goods under this section. 3753

(G) If more than one security interest qualifies for 3754
priority in the same collateral under division (A), (B), (D), or 3755
(F) of this section: 3756

(1) A security interest securing an obligation incurred as 3757
all or part of the price of the collateral has priority over a 3758
security interest securing an obligation incurred for value 3759
given to enable the debtor to acquire rights in or the use of 3760
collateral; and 3761

(2) In all other cases, division (A) of section 1309.322 3762
of the Revised Code applies to the qualifying security 3763
interests. 3764

Sec. 1309.330. Priority of purchaser of chattel paper or instrument [UCC 9-330] 3765
3766

(A) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed merely as proceeds of inventory subject to a security interest if: 3767
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3769

(1) In good faith and in the ordinary course of the purchaser's business, the purchaser gives new value ~~and~~, takes possession of each authoritative tangible copy of the record evidencing the chattel paper ~~or~~, and obtains control ~~of the chattel paper~~ under section 1309.105 of the Revised Code of each authoritative electronic copy of the record evidencing the chattel paper; and 3770
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(2) The authoritative copies of the record evidencing the chattel paper ~~does~~ do not indicate that ~~it~~ the chattel paper has been assigned to an identified assignee other than the purchaser. 3777
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(B) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value ~~and~~, takes possession of each authoritative tangible copy of the record evidencing the chattel paper ~~or~~, and obtains control ~~of the chattel paper~~ under section 1309.105 of the Revised Code of each authoritative electronic copy of the record evidencing the chattel paper in good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party. 3781
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(C) Except as otherwise provided in section 1309.327 of the Revised Code, a purchaser having priority in chattel paper 3792
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under division (A) or (B) of this section also has priority in 3794
proceeds of the chattel paper to the extent that: 3795

(1) Section 1309.322 of the Revised Code provides for 3796
priority in the proceeds; or 3797

(2) The proceeds consist of the specific goods covered by 3798
the chattel paper or cash proceeds of the specific goods, even 3799
if the purchaser's security interest in the proceeds is 3800
unperfected. 3801

(D) Except as otherwise provided in division (A) of 3802
section 1309.331 of the Revised Code, a purchaser of an 3803
instrument has priority over a security interest in the 3804
instrument perfected by a method other than possession if the 3805
purchaser gives value and takes possession of the instrument in 3806
good faith and without knowledge that the purchase violates the 3807
rights of the secured party. 3808

(E) For purposes of divisions (A) and (B) of this section, 3809
the holder of a purchase money security interest in inventory 3810
gives new value for chattel paper constituting proceeds of the 3811
inventory. 3812

(F) For purposes of divisions (B) and (D) of this section, 3813
if the authoritative copies of the record evidencing chattel 3814
paper or an instrument ~~indicates~~ indicate that ~~it the chattel~~ 3815
paper or instrument has been assigned to an identified secured 3816
party other than the purchaser, a purchaser of the chattel paper 3817
or instrument has knowledge that the purchase violates the 3818
rights of the secured party. 3819

Sec. 1309.331. Priority of rights of purchasers of 3820
controllable accounts, controllable electronic records, 3821
controllable payment intangibles, documents, instruments, and 3822

securities under other chapters; priority of interests in 3823
financial assets and security entitlements and protection 3824
against assertion of claim under Chapters 1303., 1307., 1308., 3825
and 1314. of the Revised Code [UCC 9-331] 3826

(A) This chapter does not limit the rights of a holder in 3827
due course of a negotiable instrument, as defined in section 3828
1303.32 of the Revised Code, or a holder to whom a negotiable 3829
document of title has been duly negotiated under section 3830
1307.501 of the Revised Code, ~~or~~ a protected purchaser of a 3831
security under section 1308.17 of the Revised Code, or a 3832
qualifying purchaser of a controllable account, controllable 3833
electronic record, or controllable payment intangible. These 3834
holders or purchasers take priority over an earlier security 3835
interest, even though perfected, to the extent provided in 3836
Chapters 1303., 1307., ~~and 1308.,~~ and 1314. of the Revised Code. 3837

(B) This chapter does not limit the rights of or impose 3838
liability on a person to the extent that the person is protected 3839
against the assertion of a claim under ~~Chapter~~ Chapters 1308. 3840
and 1314. of the Revised Code. 3841

(C) Filing under this chapter does not constitute notice 3842
of a claim or defense to the holders, purchasers, or persons 3843
described in divisions (A) and (B) of this section. 3844

Sec. 1309.332. Transfer of money; transfer of funds from 3845
deposit account [UCC 9-332] 3846

(A) A transferee of tangible money takes the money free of 3847
a security interest ~~unless if~~ the transferee ~~acts receives~~ 3848
possession of the money without acting in collusion with the 3849
debtor in violating the rights of the secured party. 3850

(B) A transferee of funds from a deposit account takes the 3851

funds free of a security interest in the deposit account ~~unless~~ 3852
if the transferee acts receives the funds without acting in 3853
collusion with the debtor in violating the rights of the secured 3854
party. 3855

(C) A transferee of electronic money takes the money free 3856
of a security interest if the transferee obtains control of the 3857
money without acting in collusion with the debtor in violating 3858
the rights of the secured party. 3859

Sec. 1309.334. Priority of security interests in fixtures 3860
and crops [UCC 9-334] 3861

(A) A security interest under this chapter may be created 3862
in goods that are fixtures or may continue in goods that become 3863
fixtures. A security interest does not exist under this chapter 3864
in ordinary building materials incorporated into an improvement 3865
on land. 3866

(B) This chapter does not prevent creation of an 3867
encumbrance upon fixtures pursuant to real property law. 3868

(C) In cases not governed by divisions (D) to (H) of this 3869
section, a security interest in fixtures is subordinate to a 3870
conflicting interest of an encumbrancer or owner of the related 3871
real property other than the debtor. 3872

(D) Except as otherwise provided in division (H) of this 3873
section, a perfected security interest in fixtures has priority 3874
over a conflicting interest of an encumbrancer or owner of the 3875
real property if the debtor has an interest of record in or is 3876
in possession of the real property and: 3877

(1) The security interest is a purchase money security 3878
interest; 3879

(2) The interest of the encumbrancer or owner arises	3880
before the goods become fixtures; and	3881
(3) The security interest is perfected by a fixture filing	3882
before the goods become fixtures or within twenty days	3883
thereafter.	3884
(E) A perfected security interest in fixtures has priority	3885
over a conflicting interest of an encumbrancer or owner of the	3886
real property if:	3887
(1) The debtor has an interest of record in the real	3888
property or is in possession of the real property, and the	3889
security interest:	3890
(a) Is perfected by a fixture filing before the interest	3891
of the encumbrancer or owner is of record; and	3892
(b) Has priority over any conflicting interest of a	3893
predecessor in title of the encumbrancer or owner;	3894
(2) Before the goods became fixtures, the security	3895
interest is perfected by any method permitted by this chapter,	3896
and the fixtures are readily removable:	3897
(a) Factory or office machines;	3898
(b) Equipment that is not primarily used or leased for use	3899
in the operation of the real property; or	3900
(c) Replacements of domestic appliances that are consumer	3901
goods;	3902
(3) The conflicting interest is a lien on the real	3903
property obtained by legal or equitable proceedings after the	3904
security interest was perfected by any method permitted by this	3905
chapter; or	3906

(4) The security interest is:	3907
(a) Created in a manufactured home in a manufactured home transaction; and	3908 3909
(b) Perfected pursuant to a section listed in division (A)	3910
(2) of section 1309.311 of the Revised Code.	3911
(F) A security interest in fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real property if:	3912 3913 3914
(1) The encumbrancer or owner has, in an authenticated a <u>signed record</u> , consented to the security interest or disclaimed an interest in the goods as fixtures; or	3915 3916 3917
(2) The debtor has a right to remove the goods as against the encumbrancer or owner.	3918 3919
(G) The priority of the security interest under division (F) (2) of this section continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.	3920 3921 3922 3923
(H) A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if a recorded record of the mortgage so indicates. Except as otherwise provided in divisions (E) and (F) of this section, a security interest in fixtures is subordinate to a construction mortgage if a record of the mortgage is recorded before the goods become fixtures and the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.	3924 3925 3926 3927 3928 3929 3930 3931 3932 3933 3934

(I) A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property.

(J) Division (I) of this section prevails over any inconsistent statutes not specifically enumerated under division (D) (2) of section 1309.109 of the Revised Code and applicable by their terms.

Sec. 1309.341. Bank's rights and duties with respect to deposit account [UCC 9-341]

Except as otherwise provided in division (C) of section 1309.340 of the Revised Code, and unless the bank otherwise agrees in ~~an authenticated~~ a signed record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:

(A) The creation, attachment, or perfection of a security interest in the deposit account;

(B) The bank's knowledge of the security interest; or

(C) The bank's receipt of instructions from the secured party.

Sec. 1309.343. Law governing perfection and priority of security interests in chattel paper [UCC 9-306A]

(A) Except as provided in division (D) of this section, if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a

security interest in the chattel paper, even if the transaction 3963
does not bear any relation to the chattel paper's jurisdiction. 3964

(B) The following rules determine the chattel paper's 3965
jurisdiction under this section: 3966

(1) If the authoritative electronic copy of a recording 3967
evidencing chattel paper, or a record attached to or logically 3968
associated with the electronic copy and readily available for 3969
review, expressly provides that a particular jurisdiction is the 3970
chattel paper's jurisdiction for purposes of this section, this 3971
chapter, or Chapters 1301., 1302., 1303., 1304., 1305., 1307., 3972
1308., 1309., 1310., and 1314. of the Revised Code, that 3973
jurisdiction is the chattel paper's jurisdiction. 3974

(2) If division (B) (1) of this section does not apply and 3975
the rules of the system in which the authoritative electronic 3976
copy is recorded are readily available for review and expressly 3977
provide that a particular jurisdiction is the chattel paper's 3978
jurisdiction for purposes of this section, this chapter, or 3979
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 3980
1310., and 1314. of the Revised Code, that jurisdiction is the 3981
chattel paper's jurisdiction. 3982

(3) If divisions (B) (1) and (2) of this section do not 3983
apply and the authoritative electronic copy, or a record 3984
attached to or logically associated with the electronic copy and 3985
readily available for review, expressly provides that the 3986
chattel paper is governed by the law of a particular 3987
jurisdiction, that jurisdiction is the chattel paper's 3988
jurisdiction. 3989

(4) If divisions (B) (1), (2), and (3) of this section do 3990
not apply and the rules of the system in which the authoritative 3991

electronic copy is recorded are readily available for review and 3992
expressly provide that the chattel paper or the system is 3993
governed by the law of a particular jurisdiction, that 3994
jurisdiction is the chattel paper's jurisdiction. 3995

(5) If divisions (B)(1) to (4) of this section do not 3996
apply, the chattel paper's jurisdiction is the jurisdiction in 3997
which the debtor is located. 3998

(C) If an authoritative tangible copy of a record 3999
evidences chattel paper and the chattel paper is not evidenced 4000
by an authoritative electronic copy, while the authoritative 4001
tangible copy of the record is located in a jurisdiction, the 4002
local law of that jurisdiction governs both of the following: 4003

(1) Perfection of a security interest in the chattel paper 4004
by possession under section 1309.314 of the Revised Code; 4005

(2) The effect of perfection and nonperfection and the 4006
priority of a security interest in the chattel paper. 4007

(D) The local law of the jurisdiction in which the debtor 4008
is located governs perfection of a security interest in the 4009
chattel paper by filing. 4010

Sec. 1309.344. Law governing perfection and priority of 4011
security interests in controllable accounts, controllable 4012
electronic records, and controllable payment intangibles [UCC 9- 4013
306B] 4014

(A) Except as provided in division (B) of this section, 4015
the local law of the controllable electronic record's 4016
jurisdiction specified in divisions (C) and (D) of section 4017
1314.107 of the Revised Code governs perfection, the effect of 4018
perfection or nonperfection, and the priority of a security 4019
interest in a controllable electronic record and a security 4020

<u>interest in a controllable account or controllable payment</u>	4021
<u>intangible governed by the controllable electronic record.</u>	4022
<u>(B) The local law of the jurisdiction in which the debtor</u>	4023
<u>is located governs both of the following:</u>	4024
<u>(1) Perfection of a security interest in a controllable</u>	4025
<u>account, controllable electronic record, or controllable payment</u>	4026
<u>intangible by filing;</u>	4027
<u>(2) Automatic perfection of a security interest in a</u>	4028
<u>controllable payment intangible created by the sale of the</u>	4029
<u>controllable payment intangible.</u>	4030
<u>Sec. 1309.345. Perfection by possession and control of</u>	4031
<u>chattel paper [UCC 9-314A]</u>	4032
<u>(A) A secured party may perfect a security interest in</u>	4033
<u>chattel paper by taking possession of each authoritative</u>	4034
<u>tangible copy of the record evidencing the chattel paper and</u>	4035
<u>obtaining control of each authoritative electronic copy of the</u>	4036
<u>electronic record evidencing the chattel paper.</u>	4037
<u>(B) A security interest is perfected under division (A) of</u>	4038
<u>this section not earlier than the time the secured party takes</u>	4039
<u>possession and obtains control and remains perfected under</u>	4040
<u>division (A) of this section only while the secured party</u>	4041
<u>retains possession and control.</u>	4042
<u>(C) Divisions (C), (F), (G), (H), and (I) of section</u>	4043
<u>1309.313 of the Revised Code apply to perfection by possession</u>	4044
<u>of an authoritative tangible copy of a record evidencing chattel</u>	4045
<u>paper.</u>	4046
<u>Sec. 1309.346. Priority of security interest in</u>	4047
<u>controllable account, controllable electronic record, and</u>	4048

<u>controllable payment intangible [UCC 9-326A]</u>	4049
<u>A security interest in a controllable account,</u>	4050
<u>controllable electronic record, or controllable payment</u>	4051
<u>intangible held by a secured party having control of the</u>	4052
<u>account, electronic record, or payment intangible has priority</u>	4053
<u>over a conflicting security interest held by a secured party</u>	4054
<u>that does not have control.</u>	4055
Sec. 1309.404. <u>Rights acquired by assignee; claims and</u>	4056
<u>defenses against assignee [UCC 9-404]</u>	4057
(A) Unless an account debtor has made an enforceable	4058
agreement not to assert defenses or claims, and subject to	4059
divisions (B) to (E) of this section, the rights of an assignee	4060
are subject to:	4061
(1) All terms of the agreement between the account debtor	4062
and assignor and any defense or claim in recoupment arising from	4063
the transaction that gave rise to the contract; and	4064
(2) Any other defense or claim of the account debtor	4065
against the assignor that accrues before the account debtor	4066
receives a notification of the assignment authenticated <u>signed</u>	4067
by the assignor or the assignee.	4068
(B) Subject to division (C) of this section and except as	4069
provided in division (D) of this section, the claim of an	4070
account debtor against an assignor may be asserted against an	4071
assignee under division (A) of this section only to reduce the	4072
amount the account debtor owes.	4073
(C) This section is subject to law other than this chapter	4074
that establishes a different rule for an account debtor who is	4075
an individual and who incurred the obligation primarily for	4076
personal, family, or household purposes.	4077

(D) In a consumer transaction, if a record evidences the account debtor's obligation, if law other than this chapter requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and if the record does not include the required statement, the extent to which a claim of an account debtor against the assignor may be asserted against an assignee is determined as if the record included the required statement.

(E) This section does not apply to an assignment of a health-care-insurance receivable.

Sec. 1309.406. Discharge of account debtor; notification of assignment; identification and proof of assignment; restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective [UCC 9-406]

(A) Subject to divisions (B) to (I) and division (L) of this section, an account debtor on an account, chattel paper, or payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, ~~authenticated~~ signed by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(B) Subject to ~~division~~ divisions (H) and (L) of this section, notification under division (A) of this section is not effective:

(1) If the notification does not reasonably identify the rights assigned; 4107
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(2) To the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this chapter; or 4109
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(3) At the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if: 4113
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(a) Only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee; 4117
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(b) A portion has been assigned to another assignee; or 4119

(c) The account debtor knows that the assignment to that assignee is limited. 4120
4121

(C) Subject to ~~division~~divisions (H) and (L) of this section, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under division (A) of this section. 4122
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(D) As used in this division, "promissory note" includes a negotiable instrument that evidences chattel paper. Except as otherwise provided in division (E) of this section and sections 1309.407 and 1310.31 of the Revised Code, and subject to division (H) of this section, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it: 4129
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(1) Prohibits, restricts, or requires the consent of the 4136
account debtor or person obligated on the promissory note to the 4137
assignment or transfer of, or the creation, attachment, 4138
perfection, or enforcement of a security interest in, the 4139
account, chattel paper, payment intangible, or promissory note; 4140
or 4141

(2) Provides that the assignment or transfer or the 4142
creation, attachment, perfection, or enforcement of the security 4143
interest may give rise to a default, breach, right of 4144
recoupment, claim, defense, termination, right of termination, 4145
or remedy under the account, chattel paper, payment intangible, 4146
or promissory note. 4147

(E) Division (D) of this section does not apply to the 4148
sale of a payment intangible or promissory note, other than a 4149
sale pursuant to a disposition under section 1309.610 of the 4150
Revised Code or an acceptance of collateral under section 4151
1309.620 of the Revised Code. 4152

(F) Except as provided in sections 1309.407 and 1310.31 of 4153
the Revised Code and subject to divisions (H) and (I) of this 4154
section, a rule of law, statute, or regulation that prohibits, 4155
restricts, or requires the consent of a government, governmental 4156
body or official, or account debtor to the assignment or 4157
transfer of, or creation of a security interest in, an account 4158
or chattel paper is not effective to the extent that the rule of 4159
law, statute, or regulation: 4160

(1) Prohibits, restricts, or requires the consent of the 4161
government, governmental body or official, or account debtor to 4162
the assignment or transfer of, or the creation, attachment, 4163
perfection, or enforcement of a security interest in the account 4164
or chattel paper; or 4165

(2) Provides that the assignment or transfer or the 4166
creation, attachment, perfection, or enforcement of the security 4167
interest may give rise to a default, breach, right of 4168
recoupment, claim, defense, termination, right of termination, 4169
or remedy under the account or chattel paper. 4170

(G) Subject to ~~division~~divisions (H) and (L) of this 4171
section, an account debtor may not waive or vary its option 4172
under division (B) (3) of this section. 4173

(H) This section is subject to law other than this chapter 4174
that establishes a different rule for an account debtor who is 4175
an individual and who incurred the obligation primarily for 4176
personal, family, or household purposes. 4177

(I) This section does not apply to an assignment of a 4178
health-care-insurance receivable. 4179

(J) Divisions (D) and (F) of this section do not apply to: 4180

(1) A claim or right to receive compensation for injuries 4181
or sickness as described in section 104(a)(1) or (2) of the 4182
Internal Revenue Code, as amended; or 4183

(2) A claim or right to receive benefits under a special 4184
needs trust as described in the "Omnibus Budget Reconciliation 4185
Act of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended. 4186

(K) Divisions (D), (F), and (J) of this section apply only 4187
to a security interest created on or after July 1, 2001. Nothing 4188
in this section shall supersede the provisions of sections 4189
2323.58 to 2323.587 of the Revised Code. This section shall be 4190
interpreted consistently with sections 2323.58 to 2323.587 of 4191
the Revised Code. 4192

(L) Divisions (A), (B), (C), and (G) of this section do 4193

not apply to a controllable account or controllable payment 4194
intangible. 4195

Sec. 1309.408. Restrictions on assignment of promissory 4196
notes, health-care-insurance receivables, and certain general 4197
intangibles ineffective [UCC 9-408] 4198

(A) Except as otherwise provided in division (B) of this 4199
section, a term in a promissory note or in an agreement between 4200
an account debtor and a debtor that relates to a health-care- 4201
insurance receivable or a general intangible, including a 4202
contract, permit, license, or franchise, and which term 4203
prohibits, restricts, or requires the consent of the person 4204
obligated on the promissory note or the account debtor to, the 4205
assignment or transfer of, or creation, attachment, or 4206
perfection of a security interest in, the promissory note, 4207
health-care-insurance receivable, or general intangible, is not 4208
effective to the extent that the term: 4209

(1) Would impair the creation, attachment, or perfection 4210
of a security interest; or 4211

(2) Provides that the assignment or transfer or the 4212
creation, attachment, or perfection of the security interest may 4213
give rise to a default, breach, right of recoupment, claim, 4214
defense, termination, right of termination, or remedy under the 4215
promissory note, health-care-insurance receivable, or general 4216
intangible. 4217

(B) Division (A) applies to a security interest in a 4218
payment intangible or promissory note only if the security 4219
interest arises out of a sale of the payment intangible or 4220
promissory note, other than a sale pursuant to a disposition 4221
under section 1309.610 of the Revised Code or an acceptance of 4222

collateral under section 1309.620 of the Revised Code. 4223

(C) A rule of law, statute, or regulation that prohibits, 4224
restricts, or requires the consent of a government, governmental 4225
body or official, person obligated on a promissory note, or 4226
account debtor to the assignment or transfer of, or creation of 4227
a security interest in, a promissory note, health-care-insurance 4228
receivable, or general intangible, including a contract, permit, 4229
license, or franchise between an account debtor and a debtor, is 4230
not effective to the extent that the rule of law, statute, or 4231
regulation: 4232

(1) Would impair the creation, attachment, or perfection 4233
of a security interest; or 4234

(2) Provides that the assignment or transfer or the 4235
creation, attachment, or perfection of the security interest may 4236
give rise to a default, breach, right of recoupment, claim, 4237
defense, termination, right of termination, or remedy under the 4238
promissory note, health-care-insurance receivable, or general 4239
intangible. 4240

(D) To the extent that a term in a promissory note or in 4241
an agreement between an account debtor and a debtor that relates 4242
to a health-care-insurance receivable or general intangible or a 4243
rule of law, statute, or regulation described in division (C) of 4244
this section would be effective under law other than this 4245
chapter but is ineffective under division (A) or (C) of this 4246
section, the creation, attachment, or perfection of a security 4247
interest in the promissory note, health-care-insurance 4248
receivable, or general intangible: 4249

(1) Is not enforceable against the person obligated on the 4250
promissory note or the account debtor; 4251

(2) Does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;	4252 4253
(3) Does not require the person obligated on the promissory note or the account debtor to recognize the security interest, pay or render performance to the secured party, or accept payment or performance from the secured party;	4254 4255 4256 4257
(4) Does not entitle the secured party to use or assign the debtor's rights under the promissory note, health-care-insurance receivable, or general intangible, including any related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health-care-insurance receivable, or general intangible;	4258 4259 4260 4261 4262 4263
(5) Does not entitle the secured party to use, assign, possess, or have access to any trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and	4264 4265 4266 4267
(6) Does not entitle the secured party to enforce the security interest in the promissory note, health-care-insurance receivable, or general intangible.	4268 4269 4270
(E) Divisions (A) and (C) of this section do not apply to:	4271
(1) A claim or right to receive compensation for injuries or sickness as described in section 104(a)(1) or (2) of the Internal Revenue Code as amended; or	4272 4273 4274
(2) A claim or right to receive benefits under a special needs trust as described in the "Omnibus Budget Reconciliation Act of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended.	4275 4276 4277
(F) Divisions (A), (C), and (E) of this section apply only to a security interest created on or after July 1, 2001. Nothing	4278 4279

in this section shall supersede the provisions of sections 4280
2323.58 to 2323.587 of the Revised Code. This section shall be 4281
interpreted consistently with sections 2323.58 to 2323.587 of 4282
the Revised Code. 4283

(G) As used in this section, "promissory note" includes a 4284
negotiable instrument that evidences chattel paper. 4285

Sec. 1309.509. Persons entitled to file a record [UCC 9- 4286
509] 4287

(A) A person may file an initial financing statement, 4288
amendment that adds collateral covered by a financing statement, 4289
or amendment that adds a debtor to a financing statement only 4290
if: 4291

(1) The debtor authorizes the filing in ~~an authenticated a~~ 4292
signed record or pursuant to division (B) or (C) of this 4293
section; or 4294

(2) The person holds an agricultural lien that has become 4295
effective at the time of filing, and the financing statement 4296
covers only collateral in which the person holds an agricultural 4297
lien. 4298

(B) By ~~authenticating signing~~ or becoming bound as debtor 4299
by a security agreement, a debtor or new debtor authorizes the 4300
filing of an initial financing statement, and an amendment, 4301
covering: 4302

(1) The collateral described in the security agreement; 4303
and 4304

(2) Property that becomes collateral under division (A) (2) 4305
of section 1309.315 of the Revised Code, whether or not the 4306
security agreement expressly covers proceeds. 4307

(C) By acquiring collateral in which a security interest 4308
or agricultural lien continues under division (A) (1) of section 4309
1309.315 of the Revised Code, a debtor authorizes the filing of 4310
an initial financing statement, and an amendment, covering the 4311
collateral and property that becomes collateral under division 4312
(A) (2) of section 1309.315 of the Revised Code. 4313

(D) A person may file an amendment other than an amendment 4314
that adds collateral covered by a financing statement or an 4315
amendment that adds a debtor to a financing statement only if: 4316

(1) The secured party of record authorizes the filing; or 4317

(2) The amendment is a termination statement for a 4318
financing statement as to which the secured party of record has 4319
failed to file or send a termination statement as required by 4320
division (A) or (C) of section 1309.513 of the Revised Code, the 4321
debtor authorizes the filing, and the termination statement 4322
indicates that the debtor authorized it to be filed. 4323

(E) If there is more than one secured party of record for 4324
a financing statement, each secured party of record may 4325
authorize the filing of an amendment under division (D) of this 4326
section. 4327

Sec. 1309.513. Termination statement [UCC 9-513] 4328

(A) A secured party shall cause the secured party of 4329
record for a financing statement to file a termination statement 4330
for the financing statement if the financing statement covers 4331
consumer goods and: 4332

(1) There is no obligation secured by the collateral 4333
covered by the financing statement, and no commitment to make an 4334
advance, incur an obligation, or otherwise give value; or 4335

(2) The debtor did not authorize the filing of the initial 4336
financing statement. 4337

(B) To comply with division (A) of this section, a secured 4338
party shall cause the secured party of record to file the 4339
termination statement: 4340

(1) Within one month after there is no obligation secured 4341
by the collateral covered by the financing statement and no 4342
commitment to make an advance, incur an obligation, or otherwise 4343
give value; or 4344

(2) If earlier, within twenty days after the secured party 4345
receives ~~an authenticated~~ a signed demand from a debtor. 4346

(C) In cases not governed by division (A) of this section, 4347
within twenty days after a secured party receives ~~an~~ 4348
~~authenticated~~ a signed demand from a debtor, the secured party 4349
shall cause the secured party of record for a financing 4350
statement to send to the debtor a termination statement for the 4351
financing statement or file the termination statement in the 4352
filing office if: 4353

(1) Except in the case of a financing statement covering 4354
accounts or chattel paper that has been sold or goods that are 4355
the subject of a consignment, there is no obligation secured by 4356
the collateral covered by the financing statement and no 4357
commitment to make an advance, incur an obligation, or otherwise 4358
give value; 4359

(2) The financing statement covers accounts or chattel 4360
paper that have been sold but as to which the account debtor or 4361
other person obligated has discharged its obligation; 4362

(3) The financing statement covers goods that were the 4363
subject of a consignment to the debtor but are not in the 4364

debtor's possession; or 4365

(4) The debtor did not authorize the filing of the initial 4366
financing statement. 4367

(D) Except as provided in section 1309.510 of the Revised 4368
Code, upon the filing of a termination statement with the filing 4369
office, the financing statement to which the termination 4370
statement relates ceases to be effective. Except as provided in 4371
section 1309.510 of the Revised Code, for purposes of division 4372
(G) of section 1309.519, division (A) of section 1309.522, and 4373
division (C) of section 1309.523 of the Revised Code, the filing 4374
with the filing office of a termination statement relating to a 4375
financing statement that indicates that the debtor is a 4376
transmitting utility also causes the effectiveness of the 4377
financing statement to lapse. 4378

Sec. 1309.601. Rights after default; judicial enforcement; 4379
consignor or buyer of accounts, chattel paper, payment 4380
intangibles, or promissory notes [UCC 9-601] 4381

(A) After default, a secured party has the rights provided 4382
in sections 1309.601 to 1309.628 of the Revised Code and, except 4383
as otherwise provided in section 1309.602 of the Revised Code, 4384
those provided by agreement of the parties. A secured party: 4385

(1) May reduce a claim to judgment, foreclose, or 4386
otherwise enforce the claim, security interest, or agricultural 4387
lien by any available judicial procedure; and 4388

(2) If the collateral is documents, proceed either as to 4389
the documents or as to the goods they cover. 4390

(B) A secured party in possession of collateral or control 4391
of collateral under section 1307.106, 1309.104, 1309.105, 4392
1309.106, ~~or~~ 1309.107, 1309.111, or 1309.112 of the Revised Code 4393

has the rights and duties provided in section 1309.207 of the Revised Code. 4394
4395

(C) The rights under divisions (A) and (B) of this section are cumulative and may be exercised simultaneously. 4396
4397

(D) Except as otherwise provided in division (G) of this section and section 1309.605 of the Revised Code, after default, a debtor and an obligor have the rights provided in sections 1309.601 to 1309.628 of the Revised Code and by agreement of the parties. 4398
4399
4400
4401
4402

(E) If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of: 4403
4404
4405
4406

(1) The date of perfection of the security interest or agricultural lien in the collateral; 4407
4408

(2) The date of filing a financing statement covering the collateral; or 4409
4410

(3) Any date specified in a statute under which the agricultural lien was created. 4411
4412

(F) A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and after the sale may hold the collateral free of any other requirements of this chapter. 4413
4414
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4416
4417

(G) Except as provided in division (C) of section 1309.607 of the Revised Code, sections 1309.601 to 1309.628 of the Revised Code do not impose any duties upon a secured party who is a consignor or a buyer of accounts, chattel paper, payment 4418
4419
4420
4421

intangibles, or promissory notes. 4422

Sec. 1309.605. ~~A~~ Unknown debtor or secondary obligor [UCC 4423
9-605] 4424

(A) Except as otherwise provided in division (B) of this 4425
section, a secured party does not owe a duty based on its status 4426
as secured party: 4427

~~(A)~~ (1) To a person who is a debtor or obligor, unless the 4428
secured party knows: 4429

~~(1)~~ (a) That the person is a debtor or obligor; 4430

~~(2)~~ (b) The identity of the person; and 4431

~~(3)~~ (c) How to communicate with the person; or 4432

~~(B)~~ (2) To a secured party or lienholder who has filed a 4433
financing statement against a person, unless the secured party 4434
knows: 4435

~~(1)~~ (a) That the person is a debtor; and 4436

~~(2)~~ (b) The identity of the person. 4437

(B) A secured party owes a duty based on its status as a 4438
secured party to a person if, at the time the secured party 4439
obtains control of collateral that is a controllable account, 4440
controllable electronic record, or controllable payment 4441
intangible or at a time the security interest attaches to the 4442
collateral, whichever is later: 4443

(1) The person is a debtor or obligor; and 4444

(2) The secured party knows that the information in 4445
division (A) (1) (a), (b), or (c) of this section relating to the 4446
person is not provided by the collateral, a record attached to 4447
or logically associated with the collateral, or the system in 4448

which the collateral is recorded. 4449

Sec. 1309.608. Application of proceeds of collection or 4450
enforcement; liability for deficiency and right to surplus [UCC 4451
9-608] 4452

(A) If a security interest or agricultural lien secures 4453
payment or performance of an obligation, the following rules 4454
apply: 4455

(1) A secured party shall apply or pay over for 4456
application the cash proceeds of collection or enforcement under 4457
section 1309.607 of the Revised Code in the following order: 4458

(a) The reasonable expenses of collection and enforcement 4459
and, to the extent provided for by agreement and not prohibited 4460
by law, reasonable attorney's fees and legal expenses incurred 4461
by the secured party; 4462

(b) The satisfaction of obligations secured by the 4463
security interest or agricultural lien under which the 4464
collection or enforcement is made; and 4465

(c) The satisfaction of obligations secured by any 4466
subordinate security interest in or other lien on the collateral 4467
subject to the security interest or agricultural lien under 4468
which the collection or enforcement is made if the secured party 4469
receives ~~an authenticated~~ a signed demand for proceeds before 4470
distribution of the proceeds is completed. 4471

(2) If requested by a secured party, a holder of a 4472
subordinate security interest or other lien shall furnish 4473
reasonable proof of the interest or lien within a reasonable 4474
time. Unless the holder complies, the secured party is not 4475
required to comply with the holder's demand made under division 4476
(A) (1) (c) of this section. 4477

(3) A secured party is not required to apply or pay over 4478
for application noncash proceeds of collection and enforcement 4479
under section 1309.607 of the Revised Code unless the failure to 4480
do so would be commercially unreasonable. A secured party who 4481
applies or pays over for application noncash proceeds shall do 4482
so in a commercially reasonable manner. 4483

(4) A secured party shall account to and pay a debtor for 4484
any surplus, and the obligor is liable for any deficiency. 4485

(B) If the underlying transaction is a sale of accounts, 4486
chattel paper, payment intangibles, or promissory notes, the 4487
debtor is not entitled to any surplus, and the obligor is not 4488
liable for any deficiency. 4489

Sec. 1309.611. Notification before disposition of 4490
collateral [UCC 9-611] 4491

(A) As used in this section, "notification date" means the 4492
earlier of the date on which: 4493

(1) A secured party sends to the debtor and any secondary 4494
obligor ~~an authenticated~~ a signed notification of disposition; 4495
or 4496

(2) The debtor and any secondary obligor waive the right 4497
to notification. 4498

(B) Except as provided in division (D) of this section, a 4499
secured party who disposes of collateral under section 1309.610 4500
of the Revised Code shall send a reasonable ~~authenticated~~ signed 4501
notification of disposition to the persons specified in division 4502
(C) of this section. 4503

(C) To comply with division (B) of this section, the 4504
secured party shall send ~~an authenticated~~ a signed notification 4505

of disposition to:	4506
(1) The debtor;	4507
(2) Any secondary obligor; and	4508
(3) If the collateral is other than consumer goods:	4509
(a) Any other person from whom the secured party has	4510
received, before the notification date, an authenticated a	4511
<u>signed</u> notification of a claim of an interest in the collateral;	4512
(b) Any other secured party or lienholder who, ten days	4513
before the notification date, held a security interest in or	4514
other lien on the collateral perfected by the filing of a	4515
financing statement that:	4516
(i) Identified the collateral;	4517
(ii) Was indexed under the debtor's name as of that date;	4518
and	4519
(iii) Was filed in the office in which to file a financing	4520
statement against the debtor covering the collateral as of that	4521
date; and	4522
(c) Any other secured party who, ten days before the	4523
notification date, held a security interest in the collateral	4524
perfected by compliance with a statute, rule, or treaty	4525
described in division (A) of section 1309.311 of the Revised	4526
Code.	4527
(D) Division (B) of this section does not apply if the	4528
collateral is perishable or threatens to decline speedily in	4529
value or is of a type customarily sold on a recognized market.	4530
(E) A secured party complies with the requirement for	4531
notification prescribed by division (C) (3) (b) of this section	4532

if: 4533

(1) Not later than twenty days nor earlier than thirty 4534
days before the notification date, the secured party requests, 4535
in a commercially reasonable manner, information concerning 4536
financing statements indexed under the debtor's name in the 4537
office indicated in division (C) (3) (b) of this section; and 4538

(2) Before the notification date, the secured party: 4539

(a) Did not receive a response to the request for 4540
information; or 4541

(b) Received a response to the request for information and 4542
sent ~~an authenticated~~ a signed notification of disposition to 4543
each secured party or other lienholder named in that response 4544
whose financing statement covered the collateral. 4545

Sec. 1309.613. Contents and form of notification before 4546
disposition of collateral: general [UCC 9-613] 4547

(A) Except in a consumer-goods transaction, all of the 4548
following rules apply to a notification of disposition of 4549
collateral and to a disposition of collateral: 4550

(1) The contents of a notification of disposition are 4551
sufficient if the notification: 4552

(a) Describes the debtor and the secured party; 4553

(b) Describes the collateral that is the subject of the 4554
intended disposition; 4555

(c) States the method of intended disposition; 4556

(d) States that the debtor is entitled to an accounting of 4557
the unpaid indebtedness and states the charge, if any, for an 4558
accounting; and 4559

(e) States the time and place, by identifying the place of 4560
business or address or by providing other information that, in 4561
each case, reasonably describes the location, of a public 4562
disposition or the time after which any other disposition is to 4563
be made. 4564

(2) Whether the contents of a notification that lacks any 4565
of the information specified in division (A)(1) of this section 4566
are nevertheless sufficient is a question of fact. 4567

(3) The contents of a notification providing substantially 4568
the information specified in division (A)(1) of this section are 4569
sufficient, even if the notification includes: 4570

(a) Information not specified by that division; or 4571

(b) Minor errors that are not seriously misleading. 4572

(4) A particular phrasing of the notification is not 4573
required. 4574

(B) The following form of notification and the form 4575
appearing in division (B) of section 1309.614 of the Revised 4576
Code, when completed in accordance with the instructions in 4577
division (C) of this section and in division (F) of section 4578
1309.614 of the Revised Code, each provides sufficient 4579
information: 4580

"NOTIFICATION OF DISPOSITION OF COLLATERAL 4581

To: (Name of debtor, obligor, or other person to whom the 4582
notification is sent) 4583

From: (Name, address, and telephone number of secured 4584
party) 4585

(1) Name of Debtor(s): ~~(Include only if debtor(s) are not~~ 4586

~~an addressee)~~ 4587

~~(FOR A PUBLIC DISPOSITION:)~~ any debtor that is not an 4588
addressee: (Name of each debtor) 4589

(2) We will sell ~~(or lease or license, as applicable)~~ the 4590
(describe collateral) (to the highest qualified bidder) in at a 4591
public sale. A sale could include a lease or license. The sale 4592
will be held as follows: 4593

~~Day and Date:~~ _____ 4594

~~Time:~~ _____ 4595

~~Place:~~ _____ 4596

~~(FOR A PRIVATE DISPOSITION:)~~ 4597

(3) We will sell ~~(or lease or license, as applicable)~~ the 4598
(describe collateral) privately at a private sale sometime after 4599
(day and date). A sale could include a lease or license. 4600

(4) You are entitled to an accounting of the unpaid 4601
indebtedness secured by the property that we intend to sell (or, 4602
as applicable, lease or license, as applicable). 4603

(5) If you request an accounting, you must pay (for a 4604
charge of \$ _____). 4605

(6) You may request an accounting by calling us at 4606
(telephone number)." 4607

(C) The following instructions apply to the form of 4608
notification in division (B) of this section: 4609

(1) The instructions in division (C) of this section refer 4610
to the items in the form of notification described in division 4611
(B) of this section. Do not include the references to division 4612
(B) of this section in the notification. The division references 4613

are used only for the purpose of these instructions. 4614

(2) Include and complete division (B) (1) of this section 4615
only if there is a debtor that is not an addressee of the 4616
notification and list the name or names. 4617

(3) Include and complete either division (B) (2) of this 4618
section, if the notification relates to a public disposition of 4619
the collateral, or division (B) (3) of this section, if the 4620
notification relates to a private disposition of the collateral. 4621
If division (B) (2) of this section is included, include the 4622
words "to the highest qualified bidder" only if applicable. 4623

(4) Include and complete divisions (B) (4) and (6) of this 4624
section. 4625

(5) Include and complete division (B) (5) of this section 4626
only if the sender will charge the recipient for an accounting. 4627

Sec. 1309.614. Contents and form of notification before 4628
disposition of collateral; consumer-goods transaction [UCC 9- 4629
614] 4630

(A) In a consumer-goods transaction, the following rules 4631
apply: 4632

(1) A notification of disposition must provide all of the 4633
following information: 4634

(a) The information specified in division (A) (1) of 4635
section 1309.613 of the Revised Code; 4636

(b) A description of any liability for a deficiency of the 4637
person to whom the notification is sent; 4638

(c) A telephone number from which the amount that must be 4639
paid to the secured party to redeem the collateral under section 4640

1309.623 of the Revised Code is available; and 4641

(d) A telephone number or mailing address from which 4642
additional information concerning the disposition and the 4643
obligation secured is available. 4644

(2) A particular phrasing of the notification is not 4645
required. 4646

(B) The following form of notification of disposition, 4647
when completed in accordance with the instructions in division 4648
(F) of this section, provides sufficient information: 4649

"(Name and address of secured party) 4650

(Date) 4651

NOTICE OF OUR PLAN TO SELL PROPERTY 4652

(Name and address of any obligor who is also a debtor) 4653

Subject: (~~Identification of~~ Identify Transaction) 4654

We have your (describe collateral), because you broke 4655
promises in our agreement. 4656

~~(For a public disposition)~~ 4657

(1) We will sell your (describe collateral) at public 4658
sale. A sale could include a lease or license. The sale will be 4659
held as follows: 4660

Day and date: _____ 4661

Time: _____ 4662

Place: _____ 4663

You may attend the sale and bring bidders if you want. 4664

~~(For a private disposition)~~ 4665

(2) We will sell (describe collateral) at private sale 4666
sometime after (date). A sale could include a lease or license. 4667

(3) The money that we get from the sale ~~(, after paying~~ 4668
our costs) ~~, will~~ reduce the amount you owe. If we get less money 4669
than you owe, you (will or will not, as applicable) still owe us 4670
the difference. If we get more money than you owe, you will get 4671
the extra money, unless we must pay it to someone else. 4672

(4) You can get the property back at any time before we 4673
sell it by paying us the full amount you owe (not just the past 4674
due payments), including our expenses. To learn the exact amount 4675
you must pay, call us at (telephone number). 4676

(5) If you want us to explain to you in writing how we 4677
have figured the amount that you owe us, ~~you may call~~ do both of 4678
the following: 4679

(a) Call us at (telephone number) (or) write us at 4680
(secured party's address) ~~and request~~ (or contact us by 4681
(description of electronic communication method)); 4682

(b) Request (a written explanation) (a written explanation 4683
or an explanation in (description of electronic record)) (an 4684
explanation in (description of electronic record)). ~~(We~~ 4685

(6) We will charge you \$_____ for the explanation if we 4686
sent you another written explanation of the amount you owe us 4687
within the last six months. ~~→~~ 4688

(7) If you need more information about the sale, (call us 4689
at (telephone number)) (or) (write us at (secured party's 4690
address)) (or contact us by (description of electronic 4691
communication method)). 4692

(8) We are sending this notice to the following other 4693

people who have an interest in (describe collateral) or who owe
money under your agreement:

(Names of all other debtors and obligors, if any)."

(C) A notification in the form contained in division (B)
of this section is sufficient, even if additional information
appears at the end of the form.

(D) A notification in the form of division (B) of this
section is sufficient, even if it includes errors in information
not required by division (A) (1) of this section, unless the
error is misleading with respect to rights arising under this
chapter.

(E) If a notification under this section is not in the
form contained in division (B) of this section, law other than
this chapter determines the effect of including information not
required by division (A) (1) of this section.

(F) The following instructions apply to the form of
notification in division (B) of this section:

(1) The instructions in division (F) of this section refer
to the items in the form of notification described in division
(B) of this section. Do not include the references to division
(B) of this section in the notification. The division references
are used only for the purposes of these instructions.

(2) Include and complete either division (B) (1) of this
section, if the notification relates to a public disposition of
the collateral, or division (B) (2) of this section, if the
notification relates to a private disposition of the collateral.

(3) Include and complete divisions (B) (3), (4), and (5) of
this section.

(4) In division (B)(5) of this section, include and 4722
complete any one of the three alternative methods for the 4723
explanation: writing, writing or electronic record, or 4724
electronic record. 4725

(5) In division (B)(5)(a) of this section, include the 4726
telephone number. In addition, the sender may include and 4727
complete either or both of the two alternative methods of 4728
communication, writing or electronic communication, for the 4729
recipient of the notification to communicate with the sender. 4730
Neither of the two additional methods of communication is 4731
required to be included. 4732

(6) In division (B)(5)(b) of this section, include and 4733
complete the method for the explanation: writing, writing or 4734
electronic record, or electronic record, included in division 4735
(B)(5) of this section. 4736

(7) Include and complete division (B)(6) of this section 4737
only if a written explanation is included in division (B)(5) of 4738
this section as a method for communicating the explanation and 4739
the sender will charge the recipient for another written 4740
explanation. 4741

(8) In division (B)(7) of this section, include either the 4742
telephone number or the address or both the telephone number and 4743
address. In addition, the sender may include and complete the 4744
additional method of communication, electronic communication, 4745
for the recipient of the notification to communicate with the 4746
sender. The additional method of electronic communication is not 4747
required to be included. 4748

(9) If division (B)(8) of this section does not apply, 4749
insert "none" after "agreement:". 4750

Sec. 1309.615. <u>Application of proceeds of disposition;</u>	4751
<u>liability for deficiency and right to surplus [UCC 9-615]</u>	4752
(A) A secured party shall apply or pay over for	4753
application the cash proceeds of disposition under section	4754
1309.610 of the Revised Code in the following order to:	4755
(1) The reasonable expenses of retaking, holding,	4756
preparing for disposition, processing, and disposing, and, to	4757
the extent provided for by agreement and not prohibited by law,	4758
reasonable attorney's fees and legal expenses incurred by the	4759
secured party;	4760
(2) The satisfaction of obligations secured by the	4761
security interest or agricultural lien under which the	4762
disposition is made;	4763
(3) The satisfaction of obligations secured by any	4764
subordinate security interest in or other subordinate lien on	4765
the collateral if:	4766
(a) The secured party receives from the holder of the	4767
subordinate security interest or other lien an authenticated a	4768
<u>signed demand</u> for proceeds before distribution of the proceeds	4769
is completed; and	4770
(b) In a case in which a consignor has an interest in the	4771
collateral, the subordinate security interest or other lien is	4772
senior to the interest of the consignor; and	4773
(4) A secured party who is a consignor of the collateral	4774
if the secured party receives from the consignor an	4775
<u>authenticated a signed demand</u> for proceeds before distribution	4776
of the proceeds is completed.	4777
(B) If a secured party so requests, a holder of a	4778

subordinate security interest or other lien shall furnish 4779
reasonable proof of the interest or lien within a reasonable 4780
time. Unless the holder does so, the secured party is not 4781
required to comply with the holder's demand under division (A) 4782
(3) of this section. 4783

(C) A secured party is not required to apply or pay over 4784
for application noncash proceeds of disposition under section 4785
1309.610 unless the failure to do so would be commercially 4786
unreasonable. A secured party who applies or pays over for 4787
application noncash proceeds shall do so in a commercially 4788
reasonable manner. 4789

(D) If the security interest under which a disposition is 4790
made secures payment or performance of an obligation, after 4791
making the payments and applications required by division (A) of 4792
this section and permitted by division (C) of this section: 4793

(1) Unless division (A) (4) of this section requires the 4794
secured party to apply or pay over cash proceeds to a consignor, 4795
the secured party shall account to and pay a debtor for any 4796
surplus; and 4797

(2) The obligor is liable for any deficiency. 4798

(E) If the underlying transaction is a sale of accounts, 4799
chattel paper, payment intangibles, or promissory notes, the 4800
debtor is not entitled to any surplus, and the obligor is not 4801
liable for any deficiency. 4802

(F) The surplus or deficiency following a disposition is 4803
calculated based on the amount of proceeds that would have been 4804
realized in a disposition complying with sections 1309.601 to 4805
1309.628 of the Revised Code to a transferee other than the 4806
secured party, a person related to the secured party, or a 4807

secondary obligor if:	4808
(1) The transferee in the disposition is the secured party, a person related to the secured party, or a secondary obligor; and	4809 4810 4811
(2) The amount of proceeds of the disposition is significantly below the range of proceeds that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.	4812 4813 4814 4815 4816
(G) A secured party who receives cash proceeds of a disposition in good faith and without knowledge that the receipt violates the rights of the holder of a security interest or other lien that is not subordinate to the security interest or agricultural lien under which the disposition is made:	4817 4818 4819 4820 4821
(1) Takes the cash proceeds free of the security interest or other lien;	4822 4823
(2) Is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and	4824 4825 4826
(3) Is not obligated to account to or pay the holder of the security interest or other lien for any surplus.	4827 4828
Sec. 1309.616. <u>Explanation of calculation of surplus or deficiency [UCC 9-616]</u>	4829 4830
(A) As used in this section:	4831
(1) "Explanation" means a writing <u>record</u> that:	4832
(a) States the amount of the surplus or deficiency;	4833
(b) Provides an explanation in accordance with division	4834

(C) of this section of how the secured party calculated the surplus or deficiency; 4835
4836

(c) States, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and 4837
4838
4839
4840

(d) Provides a telephone number or mailing address from which additional information concerning the transaction is available. 4841
4842
4843

(2) "Request" means a record: 4844

(a) ~~Authenticated~~ Signed by a debtor or consumer obligor; 4845

(b) Requests that the recipient provide an explanation; 4846
and 4847

(c) Sent after disposition of the collateral under section 1309.610 of the Revised Code. 4848
4849

(B) In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under section 1309.615 of the Revised Code, the secured party shall: 4850
4851
4852
4853

(1) Send an explanation to the debtor or consumer obligor, as applicable, after the disposition and: 4854
4855

(a) Before or when the secured party accounts to the debtor and pays any surplus or first makes ~~written demand~~ in a record on the consumer obligor after the disposition for payment of the deficiency; and 4856
4857
4858
4859

(b) Within fourteen days after receipt of a request; or 4860

(2) In the case of a consumer obligor who is liable for a 4861

deficiency, within fourteen days after receipt of a request, 4862
send to the consumer obligor a record waiving the secured 4863
party's right to a deficiency. 4864

(C) To comply with division (A)(1)(b) of this section, ~~a-~~ 4865
~~writing an explanation~~ must provide all of the following 4866
information in the following order: 4867

(1) The aggregate amount of obligations secured by the 4868
security interest under which the disposition was made, and, if 4869
the amount reflects a rebate of unearned interest or credit 4870
service charge, an indication of that fact, calculated as of a 4871
specified date: 4872

(a) If the secured party takes or receives possession of 4873
the collateral after default, not more than thirty-five days 4874
before the secured party takes or receives possession; or 4875

(b) If the secured party takes or receives possession of 4876
the collateral before default or does not take possession of the 4877
collateral, not more than thirty-five days before the 4878
disposition; 4879

(2) The amount of proceeds of the disposition; 4880

(3) The aggregate amount of the obligations after 4881
deducting the amount of proceeds; 4882

(4) The amount, in the aggregate or by type, and types of 4883
expenses, including expenses of retaking, holding, preparing for 4884
disposition, processing, and disposing of the collateral, and 4885
attorney's fees secured by the collateral that are known to the 4886
secured party and relate to the current disposition; 4887

(5) The amount, in the aggregate or by type, and types of 4888
credits, including rebates of interest or credit service 4889

charges, to which the obligor is known to be entitled and that 4890
are not reflected in the amount in division (C) (1) of this 4891
section; and 4892

(6) The amount of the surplus or deficiency. 4893

(D) A particular phrasing of the explanation is not 4894
required. An explanation that complies substantially with the 4895
requirements of division (A) of this section is sufficient, even 4896
if it includes minor errors that are not seriously misleading. 4897

(E) A debtor or consumer obligor is entitled without 4898
charge to one response to a request under this section during 4899
any six-month period in which the secured party did not send to 4900
the debtor or consumer obligor an explanation pursuant to 4901
division (B) (1) of this section. The secured party may require 4902
payment of a charge not exceeding twenty-five dollars for each 4903
additional response. 4904

Sec. 1309.619. Transfer of record or legal title [UCC 9- 4905
619] 4906

(A) As used in this section, "transfer statement" means a 4907
record ~~authenticated~~ signed by a secured party that states: 4908

(1) The debtor has defaulted in connection with an 4909
obligation secured by specified collateral; 4910

(2) The secured party has exercised its post-default 4911
remedies with respect to the collateral; 4912

(3) By reason of the exercise, a transferee has acquired 4913
the rights of the debtor in the collateral; and 4914

(4) The name and mailing address of the secured party, 4915
debtor, and transferee. 4916

(B) A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate of title system covering the collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:

(1) Accept the transfer statement;

(2) Promptly amend its records to reflect the transfer;

and

(3) If applicable, issue a new appropriate certificate of title in the name of the transferee.

(C) A transfer of the record or legal title to collateral to a secured party under division (B) of this section or otherwise is not of itself a disposition of collateral under this chapter and does not of itself relieve the secured party of its duties under this chapter.

Sec. 1309.620. Acceptance of collateral in full or partial satisfaction of obligation; compulsory disposition of collateral [UCC 9-620]

(A) Except as otherwise provided in division (G) of this section, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(1) The debtor consents to the acceptance under division (C) of this section;

(2) The secured party, within the time prescribed in division (D) of this section, does not receive a notification of

objection to the proposal ~~authenticated~~signed by: 4945

(a) A person to whom the secured party was required to 4946
send a proposal under section 1309.621 of the Revised Code; or 4947

(b) Any other person, other than the debtor, holding an 4948
interest in the collateral subordinate to the security interest 4949
that is the subject of the proposal. 4950

(3) If the collateral is consumer goods, the collateral is 4951
not in the possession of the debtor when the debtor consents to 4952
the acceptance; and 4953

(4) Division (E) of this section does not require the 4954
secured party to dispose of the collateral, or the debtor waives 4955
the requirement pursuant to section 1309.624 of the Revised 4956
Code. 4957

(B) A purported or apparent acceptance of collateral under 4958
this section is not effective unless: 4959

(1) The secured party consents to the acceptance in ~~an~~ 4960
~~authenticated~~a signed record or sends a proposal to the debtor; 4961
and 4962

(2) The conditions of division (A) of this section are 4963
met. 4964

(C) For purposes of this section: 4965

(1) A debtor consents to an acceptance of collateral in 4966
partial satisfaction of the obligation it secures only if the 4967
debtor agrees to the terms of the acceptance in a record 4968
~~authenticated~~signed after default; and 4969

(2) A debtor consents to an acceptance of collateral in 4970
full satisfaction of the obligation it secures only if the 4971

debtor agrees to the terms of the acceptance in a record 4972
authenticated after default or the secured party: 4973

(a) Sends to the debtor after default a proposal that is 4974
unconditional or subject only to a condition that collateral not 4975
in the possession of the secured party be preserved or 4976
maintained; 4977

(b) In the proposal, proposes to accept collateral in full 4978
satisfaction of the obligation it secures; and 4979

(c) Does not receive a notification of objection 4980
~~authenticated~~ signed by the debtor within twenty days after the 4981
proposal is sent. 4982

(D) To be effective under division (A) (2) of this section, 4983
a notification of objection must be received by the secured 4984
party: 4985

(1) In the case of a person to whom the proposal was sent 4986
pursuant to section 1309.621 of the Revised Code, within twenty 4987
days after notification was sent to that person; and 4988

(2) In the case of persons other than those described in 4989
division (D) (1) of this section: 4990

(a) Within twenty days after the last notification was 4991
sent pursuant to section 1309.621 of the Revised Code; or 4992

(b) If a notification was not sent, before the debtor 4993
consents to the acceptance under division (C) of this section. 4994

(E) A secured party who has taken possession of collateral 4995
shall dispose of the collateral pursuant to section 1309.610 of 4996
the Revised Code within the time specified in division (F) of 4997
this section if: 4998

(1) Sixty per cent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or	4999 5000
(2) Sixty per cent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.	5001 5002 5003
(F) To comply with division (E) of this section, the secured party shall dispose of the collateral:	5004 5005
(1) Within ninety days after taking possession; or	5006
(2) Within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and authenticated <u>signed</u> after default.	5007 5008 5009
(G) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.	5010 5011 5012
Sec. 1309.621. <u>Notification of proposal to accept collateral [UCC 9-621]</u>	5013 5014
(A) A secured party who desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:	5015 5016 5017
(1) Any person from whom the secured party has received, before the debtor consented to the acceptance, an authenticated <u>a signed</u> notification of a claim of an interest in the collateral;	5018 5019 5020 5021
(2) Any other secured party or lienholder who, ten days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:	5022 5023 5024 5025

(a) Identified the collateral;	5026
(b) Was indexed under the debtor's name as of that date;	5027
(c) Was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and	5028 5029 5030
(3) Any other secured party who, ten days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in division (A) of section 1309.311 of the Revised Code.	5031 5032 5033 5034 5035
(B) A secured party who desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in division (A) of this section.	5036 5037 5038 5039
Sec. 1309.624. <u>Waiver [UCC 9-624]</u>	5040
(A) A debtor or secondary obligor may waive the right to notification of disposition of collateral under section 1309.611 of the Revised Code only by an agreement to that effect entered into and authenticated <u>signed</u> after default.	5041 5042 5043 5044
(B) A debtor may waive the right to require disposition of collateral under division (E) of section 1309.620 of the Revised Code only by an agreement to that effect entered into and authenticated <u>signed</u> after default.	5045 5046 5047 5048
(C) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under section 1309.623 of the Revised Code only by an agreement to that effect entered into and authenticated <u>signed</u> after default.	5049 5050 5051 5052
Sec. 1309.628. <u>Nonliability and limitation on liability of</u>	5053

<u>secured party; liability of secondary obligor [UCC 9-628]</u>	5054
(A) Unless <u>Subject to division (F) of this section, unless</u>	5055
a secured party knows that a person is a debtor or obligor,	5056
knows the identity of the person, and knows how to communicate	5057
with the person:	5058
(1) The secured party is not liable to the person, or to a	5059
secured party or lienholder that has filed a financing statement	5060
against the person, for failure to comply with this chapter; and	5061
(2) The failure of the secured party to comply with this	5062
chapter does not affect the liability of the person for a	5063
deficiency.	5064
(B) A <u>Subject to division (F) of this section, a secured</u>	5065
party is not liable because of its status as secured party:	5066
(1) To a person that is a debtor or obligor, unless the	5067
secured party knows;	5068
(a) That the person is a debtor or obligor;	5069
(b) The identity of the person; and	5070
(c) How to communicate with the person; or	5071
(2) To a secured party or lienholder that has filed a	5072
financing statement against a person, unless the secured party	5073
knows:	5074
(a) That the person is a debtor; and	5075
(b) The identity of the person.	5076
(C) A secured party is not liable to any person, and a	5077
person's liability for a deficiency is not affected, because of	5078
any act or omission arising out of the secured party's	5079
reasonable belief that a transaction is not a consumer-goods	5080

transaction or a consumer transaction or that goods are not 5081
consumer goods, if the secured party's belief is based on its 5082
reasonable reliance on: 5083

(1) A debtor's representation concerning the purpose for 5084
which collateral was to be used, acquired, or held; or 5085

(2) An obligor's representation concerning the purpose for 5086
which a secured obligation was incurred. 5087

(D) A secured party is not liable to any person under 5088
division (C) (2) of section 1309.625 of the Revised Code for its 5089
failure to comply with section 1309.616 of the Revised Code. 5090

(E) A secured party is not liable under division (C) (2) of 5091
section 1309.625 of the Revised Code more than once with respect 5092
to any one secured obligation. 5093

(F) Divisions (A) and (B) of this section do not apply to 5094
limit the liability of a secured party to a person if, at the 5095
time the secured party obtains control of collateral that is a 5096
controllable account, controllable electronic record, or 5097
controllable payment intangible or at the time the security 5098
interest attaches to the collateral, whichever is later: 5099

(1) The person is a debtor or obligor; or 5100

(2) The secured party knows that the information in 5101
division (B) (1) (a), (b), or (c) of this section relating to the 5102
person is not provided by the collateral, a record attached to 5103
or logically associated with the collateral, or the system in 5104
which the collateral is recorded. 5105

Sec. 1310.01. Definitions and index of definitions [UCC 5106
2A-103] 5107

(A) As used in sections 1310.01 to 1310.78 of the Revised 5108

Code, unless the context otherwise requires: 5109

(1) "Buyer in ordinary course of business" means a person 5110
who in good faith and without knowledge that the sale to the 5111
person is in violation of the ownership rights or security 5112
interest or leasehold interest of a third party in the goods 5113
buys in ordinary course from a person in the business of selling 5114
goods of that kind. "Buyer in ordinary course of business" does 5115
not include a pawnbroker. "Buying" may be for cash, by exchange 5116
of other property, or on secured or unsecured credit and 5117
includes acquiring goods or documents of title under a 5118
preexisting contract for sale. "Buying" does not include a 5119
transfer in bulk or as security for or in total or partial 5120
satisfaction of a money debt. 5121

(2) "Cancellation" occurs when either party puts an end to 5122
the lease contract for default by the other party. 5123

(3) "Commercial unit" means a unit of goods that by 5124
commercial usage is a single whole for purposes of lease and 5125
division of which materially impairs its character or value on 5126
the market or in use. A "commercial unit" may be a single 5127
article, including a machine; a set of articles, including a 5128
suite of furniture or a line of machinery; a quantity, including 5129
a gross or carload; or any other unit treated in use or in the 5130
relevant market as a single whole. 5131

(4) "Conforming" goods or performance under a lease 5132
contract means goods or performance that are in accordance with 5133
the obligations under the lease contract. 5134

(5) "Consumer lease" means a lease that a lessor regularly 5135
engaged in the business of leasing or selling makes to a lessee 5136
who is an individual and who takes under the lease primarily for 5137

a personal, family, or household purpose. 5138

(6) "Fault" means wrongful act, omission, breach, or 5139
default. 5140

(7) "Finance lease" means a lease with respect to which 5141
all of the following apply: 5142

(a) The lessor does not select, manufacture, or supply the 5143
goods; 5144

(b) The lessor acquires the goods or the right to 5145
possession and use of the goods in connection with the lease; 5146

(c) One of the following occurs: 5147

(i) The lessee receives a copy of the contract by which 5148
the lessor acquired the goods or the right to possession and use 5149
of the goods before signing the lease contract; 5150

(ii) The lessee's approval of the contract by which the 5151
lessor acquired the goods or the right to possession and use of 5152
the goods is a condition to effectiveness of the lease contract; 5153

(iii) Before signing the lease contract, the lessee 5154
receives an accurate and complete statement designating the 5155
promises and warranties, disclaimers of warranties, limitations 5156
or modifications of remedies, or liquidated damages of the 5157
manufacturer of the goods and of any other third party that were 5158
provided to the lessor by the person supplying the goods in 5159
connection with or as part of the contract by which the lessor 5160
acquired the goods or the right to possession and use of the 5161
goods; 5162

(iv) If the lease is not a consumer lease, before the 5163
lessee signs the lease contract, the lessor informs the lessee 5164
in writing of the identity of the person supplying the goods to 5165

the lessor, unless the lessee has selected that person and 5166
directed the lessor to acquire the goods or the right to 5167
possession and use of the goods from that person; that the 5168
lessee is entitled under sections 1310.01 to 1310.78 of the 5169
Revised Code to the promises and warranties, including those of 5170
any third party, provided to the lessor by the person supplying 5171
the goods in connection with or as part of the contract by which 5172
the lessor acquired the goods or the right to possession and use 5173
of the goods; and that the lessee may communicate with the 5174
person supplying the goods to the lessor and receive an accurate 5175
and complete statement of those promises and warranties, 5176
including any disclaimers and limitations of them or of 5177
remedies. 5178

~~(8)~~ (8) (a) "Goods" means all things that are movable at the 5179
time of identification to the lease contract or that are 5180
fixtures, as defined in section 1310.37 of the Revised Code. 5181
"Goods" does not include money, documents, instruments, 5182
accounts, chattel paper, general intangibles, or minerals or the 5183
like, including oil and gas, before extraction. "Goods" includes 5184
the unborn young of animals. 5185

(b) "Hybrid lease" means a single transaction involving a 5186
lease of goods and one or more of the following: 5187

(i) The provision of services; 5188

(ii) A sale of other goods; 5189

(iii) A sale, lease, or license of property other than 5190
goods. 5191

(9) "Installment lease contract" means a lease contract 5192
that authorizes or requires the delivery of goods in separate 5193
lots to be separately accepted, even though the lease contract 5194

contains a clause "each delivery is a separate lease" or its 5195
equivalent. 5196

(10) "Lease" means a transfer of the right to possession 5197
and use of goods for a term in return for consideration. A sale, 5198
including a sale on approval or a sale or return, or retention 5199
or creation of a security interest, is not a lease. Unless the 5200
context clearly indicates otherwise, "lease" includes a 5201
sublease. 5202

(11) "Lease agreement" means the bargain, with respect to 5203
the lease, of the lessor and the lessee in fact as found in 5204
their language or by implication from other circumstances, 5205
including course of dealing, usage of trade, or course of 5206
performance as provided in sections 1310.01 to 1310.78 of the 5207
Revised Code. Unless the context clearly indicates otherwise, 5208
"lease agreement" includes a sublease agreement. 5209

(12) "Lease contract" means the total legal obligation 5210
that results from the lease agreement as affected by sections 5211
1310.01 to 1310.78 of the Revised Code and any other applicable 5212
rules of law. Unless the context clearly indicates otherwise, 5213
"lease contract" includes a sublease contract. 5214

(13) "Leasehold interest" means the interest of the lessor 5215
or the lessee under a lease contract. 5216

(14) "Lessee" means a person who acquires the right to 5217
possession and use of goods under a lease. Unless the context 5218
clearly indicates otherwise, "lessee" includes a sublessee. 5219

(15) "Lessee in ordinary course of business" means a 5220
person who in good faith and without knowledge that the lease to 5221
the person is in violation of the ownership rights or security 5222
interest or leasehold interest of a third party in the goods 5223

leases in ordinary course from a person in the business of 5224
selling or leasing goods of that kind. "Lessee in ordinary 5225
course of business" does not include a pawnbroker. "Leasing" may 5226
be for cash, by exchange of other property, or on secured or 5227
unsecured credit and includes acquiring goods or documents of 5228
title under a preexisting lease contract. "Leasing" does not 5229
include a transfer in bulk or as security for or in total or 5230
partial satisfaction of a money debt. 5231

(16) "Lessor" means a person who transfers the right to 5232
possession and use of goods under a lease. Unless the context 5233
clearly indicates otherwise, "lessor" includes a sublessor. 5234

(17) "Lessor's residual interest" means the lessor's 5235
interest in the goods after expiration, termination, or 5236
cancellation of the lease contract. 5237

(18) "Lien" means a charge against or interest in goods to 5238
secure payment of a debt or performance of an obligation but 5239
does not include a security interest. 5240

(19) "Lot" means a parcel or a single article that is the 5241
subject matter of a separate lease or delivery, whether or not 5242
it is sufficient to perform the lease contract. 5243

(20) "Merchant lessee" means a lessee that is a merchant 5244
with respect to goods of the kind subject to the lease. 5245

(21) "Present value" means the amount as of a date certain 5246
of one or more sums payable in the future, discounted to the 5247
date certain. The discount is determined by the interest rate 5248
specified by the parties if the rate was not manifestly 5249
unreasonable at the time the parties entered into the 5250
transaction. The discount otherwise is determined by a 5251
commercially reasonable rate that takes into account the facts 5252

and circumstances of each case at the time the parties entered into the transaction.	5253 5254
(22) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.	5255 5256 5257
(23) "Sublease" means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.	5258 5259 5260
(24) "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease.	5261 5262
(25) "Supply contract" means a contract under which a lessor buys or leases goods to be leased.	5263 5264
(26) "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.	5265 5266 5267
(B) The following definitions also apply to sections 1310.01 to 1310.78 of the Revised Code:	5268 5269
(1) "Accessions," as defined in section 1310.38 of the Revised Code;	5270 5271
(2) "Construction mortgage," "encumbrance," "fixtures," "fixture filing," and "purchase money lease" as defined in section 1310.37 of the Revised Code.	5272 5273 5274
(C) As used in sections 1310.01 to 1310.78 of the Revised Code:	5275 5276
(1) "Account," "chattel paper," "document," "general intangible," "instrument," "mortgage," and "pursuant to commitment" have the same meanings as in section 1309.102 of the	5277 5278 5279

Revised Code.	5280
(2) "Between merchants," "buyer," "merchant," "receipt," "sale," and "seller" have the same meanings as in section 1302.01 of the Revised Code.	5281 5282 5283
(3) "Consumer goods" has the same meaning as in section 1309.07 of the Revised Code.	5284 5285
(4) "Entrusting" has the same meaning as in section 1302.44 of the Revised Code.	5286 5287
(5) "Good faith" has the same meaning as in section 1301.201 of the Revised Code.	5288 5289
(6) "Sale on approval" and "sale or return" have the same meanings as in section 1302.39 of the Revised Code.	5290 5291
(D) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout this chapter.	5292 5293 5294
Sec. 1310.02. (A) Scope [UCC 2A-102]	5295
<u>(A) (1) Sections 1310.01 to 1310.78 of the Revised Code apply to any transaction, regardless of form, that creates a lease and, in the case of a hybrid lease, it applies to the extent provided in division (A) (2) of this section.</u>	5296 5297 5298 5299
<u>(2) In a hybrid lease:</u>	5300
<u>(a) If the lease-of-goods aspects do not predominate:</u>	5301
<u>(i) Only the provisions of sections 1310.01 to 1310.78 of the Revised Code which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;</u>	5302 5303 5304 5305
<u>(ii) Section 1310.16 of the Revised Code applies if the</u>	5306

lease is a finance lease; and 5307

(iii) Section 1310.46 of the Revised Code applies to the 5308
promises of the lessee in a finance lease to the extent the 5309
promises are consideration for the right to possession and use 5310
of the leased good; and 5311

(b) If the lease-of-goods aspects predominate, sections 5312
1310.01 to 1310.78 of the Revised Code apply to the transaction, 5313
but do not preclude application in appropriate circumstances of 5314
other law to aspects of the lease which do not relate to the 5315
lease of goods. 5316

(B) (1) A lease, although subject to sections 1310.01 to 5317
1310.78 of the Revised Code, is also subject to Chapter 1548., 5318
4505., or 4585. of the Revised Code, any applicable certificate 5319
of title statute of another jurisdiction as provided in section 5320
1310.03 of the Revised Code, and Chapter 1345., 1349., or 1351. 5321
of the Revised Code. 5322

(2) If there is a conflict between the provisions of 5323
sections 1310.01 to 1310.78 of the Revised Code, other than 5324
section 1310.03, division (C) of section 1310.32, and division 5325
(C) of section 1310.33 of the Revised Code, and any statute 5326
referred to in division (B) (1) of this section, the provisions 5327
of that statute control. 5328

(3) A failure to comply with any applicable statute has 5329
only the effect specified in that statute. 5330

Sec. 1310.05. Waiver or renunciation of claim or right 5331
after default [UCC 2A-107] 5332

Any claim or right arising out of an alleged default or 5333
breach of warranty may be discharged in whole or in part without 5334
consideration by a ~~written~~ waiver or renunciation in a signed 5335

and record delivered by the aggrieved party.	5336
Sec. 1310.08. <u>Statute of frauds [UCC 2A-201]</u>	5337
(A) A lease contract is not enforceable by way of action	5338
or defense unless one of the following applies:	5339
(1) The total payments to be made under the lease	5340
contract, excluding payments for options to renew or buy, are	5341
less than one thousand dollars;	5342
(2) There is a writing <u>record</u> , signed by the party against	5343
whom enforcement is sought or by that party's authorized agent,	5344
sufficient to indicate that a lease contract has been made	5345
between the parties and to describe the goods leased and the	5346
lease term.	5347
(B) Any description of leased goods or of the lease term	5348
is sufficient and satisfies division (A) (2) of this section,	5349
whether or not it is specific, if it reasonably identifies what	5350
is described.	5351
(C) A writing <u>record</u> is not insufficient because it omits	5352
or incorrectly states a term agreed upon, but the lease contract	5353
is not enforceable under division (A) (2) of this section beyond	5354
the lease term and the quantity of goods shown in the	5355
writing <u>record</u> .	5356
(D) A lease contract that does not satisfy the	5357
requirements of division (A) of this section but that is valid	5358
in other respects is enforceable as follows:	5359
(1) If the goods are to be specially manufactured or	5360
obtained for the lessee and are not suitable for lease or sale	5361
to others in the ordinary course of the lessor's business, and	5362
the lessor, before notice of repudiation is received and under	5363

circumstances that reasonably indicate that the goods are for 5364
the lessee, has made either a substantial beginning of their 5365
manufacture or commitments for their procurement; 5366

(2) If the party against whom enforcement is sought admits 5367
in that party's pleading, in testimony, or otherwise in court 5368
that a lease contract was made. The lease contract is not 5369
enforceable under division (D) (2) of this section beyond the 5370
quantity of goods admitted. 5371

(3) With respect to goods that have been received and 5372
accepted by the lessee. 5373

(E) The lease term under a lease contract referred to in 5374
division (D) of this section is one of the following: 5375

(1) If there is a ~~writing-record~~ signed by the party 5376
against whom enforcement is sought or by that party's authorized 5377
agent specifying the lease term, the term so specified; 5378

(2) If the party against whom enforcement is sought admits 5379
in that party's pleading, in testimony, or otherwise in court a 5380
lease term, the term so admitted; 5381

(3) A reasonable lease term. 5382

Sec. 1310.09. Final expression: parol or extrinsic 5383
evidence [UCC 2A-202] 5384

Terms with respect to which the confirmatory memoranda of 5385
the parties agree or that otherwise are set forth in a ~~writing-~~ 5386
record intended by the parties as a final expression of their 5387
agreement with respect to the terms that are included in their 5388
agreement may not be contradicted by evidence of any prior 5389
agreement or of a contemporaneous oral agreement but may be 5390
explained or supplemented by both of the following: 5391

(A) Course of dealing, usage of trade, or course of performance; 5392
5393

(B) Evidence of consistent additional terms, unless the court finds the ~~writing-record~~ to have been intended also as a complete and exclusive statement of the terms of the agreement. 5394
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Sec. 1310.10. Seals inoperative [UCC 2A-203] 5397

The affixing of a seal to a ~~writing-record~~ evidencing a lease contract or an offer to enter into a lease contract does not render the ~~writing-record~~ a sealed instrument, and the law with respect to sealed instruments does not apply to a lease contract or offer to which a seal has been affixed. 5398
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Sec. 1310.12. Firm offers [UCC 2A-205] 5403

An offer by a merchant to lease goods to or from another person in a signed ~~writing-record~~ that by its terms gives assurance it will be held open is not revocable, for lack of consideration, during the time stated or, if no time is stated, for a reasonable time, but in no event may the period of irrevocability exceed three months. Any such term of assurance on a form supplied by the offeree shall be separately signed by the offeror. 5404
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Sec. 1310.15. Modification, rescission, and waiver [UCC 2A-208] 5412
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(A) An agreement modifying a lease contract needs no consideration to be binding. 5414
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(B) A signed lease agreement that excludes modification or rescission except by a signed ~~writing-record~~ may not be otherwise modified or rescinded, but, except as between merchants, a provision that excludes modification or rescission 5416
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except by a signed ~~writing record~~ and that is on a form supplied 5420
by a merchant shall be separately signed by the other party. 5421

(C) Although an attempt at modification or rescission does 5422
not satisfy the requirements of division (B) of this section, it 5423
may operate as a waiver. 5424

(D) A party who has made a waiver affecting an executory 5425
portion of a lease contract may retract the waiver by reasonable 5426
notification received by the other party that strict performance 5427
will be required of any term waived, unless the retraction would 5428
be unjust in view of a material change of position in reliance 5429
on the waiver. 5430

Sec. 1311.55. (A) As used in this section: 5431

(1) "Agricultural product" means all fruit and vegetable 5432
crops, meat and meat products, milk and dairy products, poultry 5433
and poultry products, wool, and all seeds harvested by a 5434
producer for sale, except that it does not include any grain 5435
crop that is subject to the fee that the director of agriculture 5436
may require to be remitted under section 926.16 of the Revised 5437
Code. "Agricultural product" also includes an algacultural 5438
product as defined in section 901.511 of the Revised Code. 5439

(2) "Agricultural product handling" means engaging in or 5440
participating in the business of buying, selling, exchanging, or 5441
negotiating or soliciting a purchase, sale, resale, exchange, or 5442
transfer of an agricultural product. 5443

(3) "Agricultural product handler" or "handler" means any 5444
person who is engaged in the business of agricultural product 5445
handling, except that a person who sells only those agricultural 5446
products that the person has produced, or buys agricultural 5447
products for the person's own use, is not an agricultural 5448

product handler. 5449

(4) "Agricultural producer" or "producer" means any person 5450
who grows, raises, or produces an agricultural product on land 5451
that the person owns or leases. 5452

(5) "Proceeds" has the same meaning as in ~~division (A) (64)~~ 5453
~~of~~ section 1309.102 of the Revised Code. 5454

(B) An agricultural producer who delivers an agricultural 5455
product under an express or implied contract to an agricultural 5456
product handler, or an agricultural product handler who delivers 5457
an agricultural product under an express or implied contract to 5458
another agricultural product handler, has a lien to secure the 5459
payment for all of the agricultural product delivered under that 5460
contract. The lien attaches to the product, whether in a raw or 5461
processed condition, while in the possession of the agricultural 5462
product handler, and to the proceeds of the sale of the 5463
agricultural product. The lien attaches from the date of 5464
delivery of the agricultural product to the handler, or if there 5465
is a series of deliveries under the contract, from the date of 5466
the first delivery. The lien is contingent until the producer or 5467
handler complies with section 1311.56 of the Revised Code. 5468

(C) The lien on an agricultural product covers the 5469
contract price agreed upon, or when there is no agreed price at 5470
the time of delivery, the value of the agricultural product as 5471
determined by the "market news service" of the Ohio department 5472
of agriculture on the date the agricultural producer or handler 5473
files the affidavit permitted under section 1311.56 of the 5474
Revised Code. 5475

(D) Any waiver by a producer or handler of the producer's 5476
or handler's right to an agricultural product lien is void as 5477

being contrary to public policy.	5478
<u>Sec. 1314.101. Title [UCC 12-101]</u>	5479
<u>This chapter may be cited as "Uniform Commercial Code,</u>	5480
<u>controllable electronic records."</u>	5481
<u>Sec. 1314.102. Definitions [UCC 12-102]</u>	5482
<u>As used in this chapter:</u>	5483
<u>(A) "Controllable electronic record" means a record stored</u>	5484
<u>in an electronic medium that can be subjected to control under</u>	5485
<u>section 1314.105 of the Revised Code. "Controllable electronic</u>	5486
<u>record" does not include a controllable account, a controllable</u>	5487
<u>payment intangible, a deposit account, an electronic copy of a</u>	5488
<u>record evidencing chattel paper, an electronic document of</u>	5489
<u>title, electronic money, investment property, or a transferable</u>	5490
<u>record.</u>	5491
<u>(B) "Qualifying purchaser" means a purchaser of a</u>	5492
<u>controllable electronic record or an interest in a controllable</u>	5493
<u>electronic record that obtains control of the controllable</u>	5494
<u>electronic record for value, in good faith, and without notice</u>	5495
<u>of a claim of a property right in the controllable electronic</u>	5496
<u>record.</u>	5497
<u>(C) "Transferable record" means both of the following:</u>	5498
<u>(1) A "transferable record," as defined in section 1306.15</u>	5499
<u>of the Revised Code;</u>	5500
<u>(2) A "transferable record," as defined in the "Electronic</u>	5501
<u>Signatures in Global and National Commerce Act," 15 U.S.C</u>	5502
<u>7021(a) (1).</u>	5503
<u>(D) "Value" has the same meaning as in section 1303.33 of</u>	5504

the Revised Code, as if references in that section to an 5505
"instrument" were references to a controllable account, 5506
controllable electronic record, or controllable payment 5507
intangible. 5508

(E) "Account debtor," "controllable account," 5509
"controllable payment intangible," "chattel paper," "deposit 5510
account," "electronic money," and "investment property" have the 5511
same meanings as in section 1309.102 of the Revised Code. 5512

Sec. 1314.103. Relation to Chapter 1309. of the Revised 5513
Code and consumer laws [UCC 12-103] 5514

(A) If there is a conflict between this chapter and 5515
Chapter 1309. of the Revised Code, Chapter 1309. of the Revised 5516
Code governs. 5517

(B) A transaction subject to this chapter is subject to 5518
any applicable rule of law that establishes a different rule for 5519
consumers. 5520

Sec. 1314.104. Rights in controllable account, 5521
controllable electronic record, and controllable payment 5522
intangible [UCC 12-104] 5523

(A) This section applies to the acquisition and purchase 5524
of rights in a controllable account or a controllable payment 5525
intangible, including the rights and benefits under divisions 5526
(C), (D), (E), (G), and (H) of this section of a purchaser and 5527
qualifying purchaser, in the same manner this section applies to 5528
a controllable electronic record. 5529

(B) To determine whether the purchaser of a controllable 5530
account or a controllable payment intangible is a qualifying 5531
purchaser, the purchaser obtains control of the account or 5532
payment intangible if it obtains control of the controllable 5533

electronic record that evidences the account or payment 5534
intangible. 5535

(C) Except as provided in this section, law other than 5536
this chapter determines whether a person acquires a right in a 5537
controllable electronic record and the right the person 5538
acquires. 5539

(D) A purchaser of a controllable electronic record 5540
acquires all rights in the controllable electronic record that 5541
the transferor had or had power to transfer, except that a 5542
purchaser of a limited interest in a controllable electronic 5543
record acquires rights only to the extent of the interest 5544
purchased. 5545

(E) A qualifying purchaser acquires its rights in the 5546
controllable electronic record free of a claim of a property 5547
right in the controllable electronic record. 5548

(F) Except as otherwise provided in divisions (A) and (E) 5549
of this section for a controllable account and a controllable 5550
payment intangible, or law other than this chapter, a qualifying 5551
purchaser takes a right to payment, right to performance, or 5552
other interest in property evidenced by the controllable 5553
electronic record subject to a claim of a property right in the 5554
right of payment, right to performance, or other interest in the 5555
property. 5556

(G) An action shall not be asserted against a qualifying 5557
purchaser based on both a purchase by the qualifying purchaser 5558
of a controllable electronic record and a claim of a property 5559
right in another controllable electronic record, whether the 5560
action is framed in conversion, replevin, constructive trust, 5561
equitable lien, or other theory. 5562

(H) Filing of a financing statement under Chapter 1309. of 5563
the Revised Code is not notice of a claim of a property right in 5564
a controllable electronic record. 5565

Sec. 1314.105. Control of controllable electronic record 5566
[UCC 12-105] 5567

(A) A person has control of a controllable electronic 5568
record if the electronic record, a record attached to or 5569
logically associated with the electronic record, or a system in 5570
which the electronic record is recorded: 5571

(1) Gives the person both of the following: 5572

(a) Power to avail itself of substantially all the 5573
benefits from the electronic record; 5574

(b) Exclusive power, subject to division (B) of this 5575
section, to do both of the following: 5576

(i) Prevent others from availing themselves of 5577
substantially all the benefits from the electronic record; 5578

(ii) Transfer control of the electronic record to another 5579
person or cause another person to obtain control of another 5580
controllable electronic record as a result of the transfer of 5581
the electronic record. 5582

(2) Enables the person to readily identify itself in any 5583
way, including by name, identifying number, cryptographic key, 5584
office, or account number, as having the powers specified in 5585
division (A)(1) of this section. 5586

(B) Subject to division (C) of this section, a power is 5587
exclusive under divisions (A)(1)(b)(i) and (ii) of the Revised 5588
Code even if either or both of the following apply: 5589

(1) The controllable electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record; 5590
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(2) The power is shared with another person. 5596

(C) A power of a person is not shared with another person under division (B) (2) of this section and the person's power is not exclusive if both of the following apply: 5597
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(1) The person can exercise the power only if the power is also exercised by the same person; 5600
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(2) The other person either: 5602

(a) Can exercise the power without exercise of the power by the person; 5603
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(b) Is the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record. 5605
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(D) If a person has the powers specified in divisions (A) (1) (b) (i) and (ii) of this section, the powers are presumed to be exclusive. 5609
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(E) A person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record either: 5612
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(1) Has control of the electronic record and acknowledges 5617

that it has control on behalf of the person; 5618

(2) Obtains control of the electronic record after having 5619
acknowledged that it will obtain control of the electronic 5620
record on behalf of the person. 5621

(F) A person that has control under this section is not 5622
required to acknowledge that it has control on behalf of another 5623
person. 5624

(G) If a person acknowledges that it has or will obtain 5625
control on behalf of another person, unless the person otherwise 5626
agrees or law other than this chapter or Chapter 1309. of the 5627
Revised Code provides otherwise, the person does not owe any 5628
duty to the other person and is not required to confirm the 5629
acknowledgment to any other person. 5630

Sec. 1314.106. Discharge of account debtor on controllable 5631
account or controllable payment intangible [UCC 12-106] 5632

(A) An account debtor on a controllable account or 5633
controllable payment intangible may discharge its obligation by 5634
paying either: 5635

(1) The person having control of the controllable 5636
electronic record that evidences the controllable account or 5637
controllable payment intangible; 5638

(2) Except as provided in division (B) of this section, a 5639
person that formerly had control of the controllable electronic 5640
record. 5641

(B) Subject to division (D) of this section, the account 5642
debtor may not discharge its obligation by paying a person that 5643
formerly had control of the controllable electronic record if 5644
the account debtor receives a notification that complies with 5645

all of the following: 5646

(1) Is signed by a person that formerly had control or the 5647
person to which control was transferred; 5648

(2) Reasonably identifies the controllable account or 5649
controllable payment intangible; 5650

(3) Notifies the account debtor that control of the 5651
controllable electronic record that evidences the controllable 5652
account or controllable payment intangible was transferred; 5653

(4) Identifies the transferee in any reasonably way, 5654
including by name, identifying number, cryptographic key, 5655
office, or account number; 5656

(5) Provides a commercially reasonable method by which the 5657
account debtor is to pay the transferee. 5658

(C) After receipt of a notification that complies with 5659
division (B) of this section, the account debtor may discharge 5660
its obligation by paying in accordance with the notification and 5661
may not discharge the obligation by paying a person that 5662
formerly had control. 5663

(D) Subject to division (H) of this section, notification 5664
is ineffective under division (B) of this section if any of the 5665
following apply: 5666

(1) Unless, before the notification is sent, the account 5667
debtor and the person that, at that time, had control of the 5668
controllable electronic record that evidences the controllable 5669
account or controllable payment intangible agree in a signed 5670
record to a commercially reasonable method by which a person may 5671
furnish reasonable proof that control has been transferred; 5672

(2) To the extent an agreement between the account debtor 5673

and seller of a payment intangible limits the account debtor's 5674
duty to pay a person other than the seller and the limitation is 5675
effective under law other than this chapter; 5676

(3) At the option of the account debtor, if the 5677
notification notifies the account debtor to do any of the 5678
following: 5679

(a) Divide a payment; 5680

(b) Make less than the full amount of an installment or 5681
other periodic payment; 5682

(c) Pay any part of a payment by more than one method or 5683
to more than one person. 5684

(E) Subject to division (H) of this section, if requested 5685
by the account debtor, the person giving the notification under 5686
division (B) of this section seasonably shall furnish reasonable 5687
proof, using the method in the agreement referred to in division 5688
(D) (1) of this section, that control of the controllable 5689
electronic record has been transferred. Unless the person 5690
complies with the request, the account debtor may discharge its 5691
obligations by paying a person that formerly had control, even 5692
if the account debtor has received a notification under division 5693
(B) of this section. 5694

(F) A person furnishes reasonable proof under division (E) 5695
of this section that control has been transferred if the person 5696
demonstrates, using the method in the agreement referred to in 5697
division (D) (1) of this section, that the transferee has the 5698
power to do all of the following: 5699

(1) Avail itself of substantially all the benefit from the 5700
controllable electronic record; 5701

(2) Prevent others from availing themselves of 5702
substantially all the benefit from the controllable electronic 5703
record; 5704

(3) Transfer the powers specified in divisions (F) (1) and 5705
(2) of this section to another person. 5706

(G) Subject to division (H) of this section, an account 5707
debtor may not waive or vary its rights under divisions (D) (1) 5708
and (E) of this section, or its option under division (D) (3) of 5709
this section. 5710

(H) This section is subject to law other than this chapter 5711
which establishes a different rule for an account debtor who is 5712
an individual and who incurred the obligation primarily for 5713
personal, family, or household purposes. 5714

Sec. 1314.107. Governing law [UCC 12-107] 5715

(A) Except as otherwise provided in division (B) of this 5716
section, the local law of a controllable electronic record's 5717
jurisdiction governs a matter covered by this chapter. 5718

(B) For a controllable electronic record that evidences a 5719
controllable account or controllable payment intangible, the 5720
local law of the controllable electronic record's jurisdiction 5721
governs a matter covered by section 1314.106 of the Revised Code 5722
unless an effective agreement determines that the local law of 5723
another jurisdiction governs. 5724

(C) The following rules determine a controllable 5725
electronic record's jurisdiction under this section: 5726

(1) If the controllable electronic record, or a record 5727
attached to or logically associated with the controllable 5728
electronic record and readily available for review, expressly 5729

provides that a particular jurisdiction is the controllable 5730
electronic record's jurisdiction for purposes of this chapter or 5731
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 5732
or 1310. of the Revised Code, that jurisdiction is the 5733
controllable electronic record's jurisdiction. 5734

(2) If division (C)(1) of this section does not apply and 5735
the rules of the system in which the controllable electronic 5736
record is recorded are readily available for review and 5737
expressly provide that a particular jurisdiction is the 5738
controllable electronic record's jurisdiction for purposes of 5739
this chapter or Chapters 1301., 1302., 1303., 1304., 1305., 5740
1307., 1308., 1309., or 1310. of the Revised Code, that 5741
jurisdiction is the controllable electronic record's 5742
jurisdiction. 5743

(3) If divisions (C)(1) and (2) of this section do not 5744
apply and the controllable electronic record, or a record 5745
attached to or logically associated with the controllable 5746
electronic record and readily available for review, expressly 5747
provides that the controllable electronic record is governed by 5748
the law of a particular jurisdiction, that jurisdiction is the 5749
controllable electronic record's jurisdiction. 5750

(4) If divisions (C)(1), (2), and (3) of this section do 5751
not apply and the rules of the system in which the controllable 5752
electronic record is recorded are readily accessible for review 5753
and expressly provide that the controllable electronic record or 5754
the system is governed by the law of a particular jurisdiction, 5755
that jurisdiction is the controllable electronic record's 5756
jurisdiction. 5757

(5) If divisions (C)(1), (2), (3), and (4) of this section 5758
do not apply, the controllable electronic record's jurisdiction 5759

is the District of Columbia. 5760

(D) If division (C) (5) of this section applies and article twelve is not in effect in the District of Columbia without material modification, the governing law for a matter covered by this chapter is the law of the District of Columbia as though article twelve were in effect in the District of Columbia without material modification. In this division, "article twelve" means article twelve of the uniform commercial code. 5761
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(E) To the extent divisions (A) and (B) of this section provide that the local law of the controllable electronic record's jurisdiction governs a matter covered by this chapter, that law governs even if the matter or transaction to which the matter relates does not bear any relation to the controllable electronic record's jurisdiction. 5768
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(F) The rights acquired under section 1314.104 of the Revised Code by a purchaser or qualifying purchaser are governed by the law applicable under this section at the time of purchase. 5774
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Sec. 1316.101. Title [UCC A-101] 5778

This chapter may be cited as "transitional provisions for Uniform Commercial Code amendments (2022)." 5779
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Sec. 1316.102. Definitions [A-102] 5781

(A) As used in this chapter: 5782

(1) "Adjustment date" means July 1, 2025, or the date that is one year after the effective date of this section, whichever is later. 5783
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(2) "Article 12" means Chapter 1314. of the Revised Code. 5786

(3) "Article 12 property" means a controllable account, 5787
controllable electronic record, or controllable payment 5788
intangible. 5789

(4) "Uniform Commercial Code" means Chapters 1301., 1302., 5790
1303., 1304., 1305., 1307., 1308., 1309., 1310., and 1314. of 5791
the Revised Code. 5792

(B) The following definitions in other chapters of the 5793
Revised Code apply to this chapter: 5794

(1) "Controllable account," has the same meaning as in 5795
section 1309.102 of the Revised Code; 5796

(2) "Controllable electronic record," has the same meaning 5797
as in section 1314.102 of the Revised Code; 5798

(3) "Controllable payment intangible" has the same meaning 5799
as in section 1309.102 of the Revised Code; 5800

(4) "Electronic money" has the same meaning as in section 5801
1309.102 of the Revised Code; 5802

(5) "Financing statement" has the same meaning as in 5803
section 1309.102 of the Revised Code. 5804

(C) Chapter 1301. of the Revised Code contains general 5805
definitions and principles of construction and interpretation 5806
applicable throughout this chapter. 5807

Sec. 1316.201. Except as provided in sections 1316.301 to 5808
1316.306 of the Revised Code, a transaction validly entered into 5809
before the effective date of this section and the rights, 5810
duties, and interests following from the transaction remain 5811
valid thereafter and may be terminated, completed, consummated, 5812
or enforced as required or permitted by law other than the 5813
Uniform Commercial Code or, if applicable, the Uniform 5814

Commercial Code as it existed before the effective date of this section. 5815
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Sec. 1316.301. Saving clause [UCC A-301] 5817

(A) Except as provided in sections 1316.301 to 1316.306 of the Revised Code, the version of Chapter 1309. of the Revised Code that applies on the effective date of this section, and Article 12 apply to a transaction, lien, or other interest in property, even if the transaction lien, or interest was entered into, created, or acquired before the effective date of this section. 5818
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(B) Except as provided in division (C) of this section and sections 1316.302 to 1316.306 of the Revised Code: 5825
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(1) A transaction, lien, or interest in property that was validly entered into, created, or transferred before the effective date of this section and was not governed by the Uniform Commercial Code, but would be subject to Chapter 1309. of the Revised Code or Article 12 if it had been entered into, created, or transferred on or after the effective date of this section, including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after the effective date of this section; and 5827
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(2) The transaction, lien, or interest may be terminated, completed, consummated, and enforced as required or permitted by the Uniform Commercial Code, as it exists on the effective date of this section, or by the law that applied before that date. 5836
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(C) The amendments to the Uniform Commercial Code that apply on the effective date of this section do not affect an action, case, or other proceeding commenced before the effective date of this section. 5840
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<u>Sec. 1316.302. Security interest perfected before</u>	5844
<u>effective date [UCC A-302]</u>	5845
<u>(A) A security interest that is enforceable and perfected</u>	5846
<u>immediately before the effective date of this section is a</u>	5847
<u>perfected security interest under the Uniform Commercial Code,</u>	5848
<u>as it exists on the effective date of this section, and the</u>	5849
<u>requirements for enforceability and perfection under the Uniform</u>	5850
<u>Commercial Code, as it exists on the effective date of this</u>	5851
<u>section, are satisfied without further action.</u>	5852
<u>(B) If a security interest is enforceable and perfected</u>	5853
<u>immediately before the effective date of this section, but the</u>	5854
<u>requirements for enforceability or perfection under the Uniform</u>	5855
<u>Commercial Code, as it exists on the effective date of this</u>	5856
<u>section, are not satisfied on the effective date of this</u>	5857
<u>section, the security interest:</u>	5858
<u>(1) Is a perfected security interest until the earlier of</u>	5859
<u>the time perfection would have ceased under the law in effect</u>	5860
<u>immediately before the effective date of this section or the</u>	5861
<u>adjustment date;</u>	5862
<u>(2) Remains enforceable thereafter only if the security</u>	5863
<u>interest satisfies the requirements for enforceability under</u>	5864
<u>section 1309.203 of the Revised Code, as it exists on the</u>	5865
<u>effective date of this section, before the adjustment date; and</u>	5866
<u>(3) Remains perfected thereafter only if the requirements</u>	5867
<u>for perfection are under the Uniform Commercial Code, as it</u>	5868
<u>exists on the effective date of this section, are satisfied</u>	5869
<u>before the time specified in division (B)(1) of this section.</u>	5870
<u>Sec. 1316.303. Security interest unperfected before</u>	5871
<u>effective date [UCC A-303]</u>	5872

A security interest that is enforceable immediately before 5873
the effective date of this section but is unperfected at that 5874
time: 5875

(A) Remains an enforceable security interest until the 5876
adjustment date; 5877

(B) Remains enforceable thereafter if the security 5878
interest becomes enforceable under section 1309.203 of the 5879
Revised Code, as amended by this act, on the effective date of 5880
this section or before the adjustment date; and 5881

(C) Becomes perfected: 5882

(1) Without further action, on the effective date of this 5883
section if the requirements for perfection the Uniform 5884
Commercial Code, as it exists on the effective date of this 5885
section, are satisfied before or at that time; or 5886

(2) When the requirements for perfection are satisfied if 5887
the requirements are satisfied after that time. 5888

Sec. 1316.304. Effectiveness of actions taken before 5889
effective date [UCC A-304] 5890

(A) If action, other than the filing of a financing 5891
statement, is taken before the effective date of this section 5892
and the action would have resulted in perfection of the security 5893
interest had the security interest become enforceable before the 5894
effective date of this section, the action is effective to 5895
perfect a security interest that attaches under the Uniform 5896
Commercial Code, as it exists on the effective date of this 5897
section, before the adjustment date. An attached security 5898
interest becomes unperfected on the adjustment date unless the 5899
security interest becomes a perfected security interest under 5900
the Uniform Commercial Code, as it exists on the effective date 5901

of this section, before the adjustment date. 5902

(B) The filing of a financing statement before the 5903
effective date of this section is effective to perfect a 5904
security interest on the effective date of this section to the 5905
extent that the filing would satisfy the requirements for 5906
perfection under the Uniform Commercial Code, as it exists on 5907
the effective date of this section. 5908

(C) The taking of an action before the effective date of 5909
this section is sufficient for the enforceability of a security 5910
interest on the effective date of this section if the action 5911
would satisfy the requirements for enforceability under the 5912
Uniform Commercial Code, as it exists on the effective date of 5913
this section. 5914

Sec. 1316.305. Priority [UCC A-305] 5915

(A) Subject to divisions (B) and (C) of this section, the 5916
Uniform Commercial Code, as it exists on the effective date of 5917
this section, determines the priority of conflicting claims to 5918
collateral. 5919

(B) Subject to division (C) of this section, if the 5920
priorities of claims to collateral were established before the 5921
effective date of this section, Chapter 1309. of the Revised 5922
Code, as it existed before the effective date of this section, 5923
determines priority. 5924

(C) On the adjustment date, to the extent the priorities 5925
determined by Chapter 1309. of the Revised Code, as it exists on 5926
the effective date of this section, modify the priorities 5927
established before the effective date of this section, 5928
priorities of claims to Article 12 property and electronic money 5929
established before the effective date of this section cease to 5930

apply. 5931

Sec. 1316.306. Priority of claims when priority rules of 5932
Chapter 1309. of the Revised Code do not apply [UCC A-306] 5933

(A) Subject to divisions (B) and (C) of this section, 5934
Article 12 determines the priorities of conflicting claims to 5935
Article 12 property when priority rules of Chapter 1309. of the 5936
Revised Code, as it exists on the effective date of this 5937
section, do not apply. 5938

(B) Subject to division (C) of this section, when the 5939
priority rules of Chapter 1309. of the Revised Code, as it 5940
exists on the effective date of this section, do not apply and 5941
the priorities of claims to Article 12 property were established 5942
before the effective date of this section, law other than 5943
Article 12 determines priority. 5944

(C) When the priority rules of Chapter 1309. of the 5945
Revised Code, as it exists on the effective date of this 5946
section, do not apply, to the extent priorities determined by 5947
the Uniform Commercial Code, as it exists on the effective date 5948
of this section, modify the priorities established before the 5949
effective date of this section, the priorities of claims to 5950
Article 12 property established before the effective date of 5951
this section cease to apply on the adjustment date. 5952

Section 2. That existing sections 1301.101, 1301.102, 5953
1301.103, 1301.104, 1301.105, 1301.106, 1301.201, 1301.204, 5954
1301.205, 1301.206, 1301.301, 1301.302, 1301.304, 1301.305, 5955
1301.306, 1302.01, 1302.02, 1302.04, 1302.05, 1302.06, 1302.08, 5956
1302.12, 1303.01, 1303.03, 1303.41, 1303.69, 1304.51, 1304.56, 5957
1304.57, 1304.58, 1304.62, 1304.63, 1304.65, 1304.66, 1304.72, 5958
1305.03, 1305.15, 1307.102, 1307.106, 1308.01, 1308.02, 1308.05, 5959

1308.17, 1308.24, 1309.102, 1309.104, 1309.105, 1309.203, 5960
1309.204, 1309.207, 1309.208, 1309.209, 1309.210, 1309.301, 5961
1309.304, 1309.305, 1309.310, 1309.312, 1309.313, 1309.314, 5962
1309.316, 1309.317, 1309.323, 1309.324, 1309.330, 1309.331, 5963
1309.332, 1309.334, 1309.341, 1309.404, 1309.406, 1309.408, 5964
1309.509, 1309.513, 1309.601, 1309.605, 1309.608, 1309.611, 5965
1309.613, 1309.614, 1309.615, 1309.616, 1309.619, 1309.620, 5966
1309.621, 1309.624, 1309.628, 1310.01, 1310.02, 1310.05, 5967
1310.08, 1310.09, 1310.10, 1310.12, 1310.15, and 1311.55 of the 5968
Revised Code are hereby repealed. 5969

Section 3. Section 1309.102 of the Revised Code is 5970
presented in this act as a composite of the section as amended 5971
by both H.B. 276 and S.B. 208 of the 129th General Assembly. The 5972
General Assembly, applying the principle stated in division (B) 5973
of section 1.52 of the Revised Code that amendments are to be 5974
harmonized if reasonably capable of simultaneous operation, 5975
finds that the composite is the resulting version of the section 5976
in effect prior to the effective date of the section as 5977
presented in this act. 5978