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H. B. No. 195

Representatives Isaacsohn, Mathews, A.

**Cosponsors: Representatives Brennan, Brownlee, Hall, D., Holmes, Odioso,
Oelslager, Piccolantonio, Schmidt, Synenberg, Williams, Willis, Young**

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
1302.12, 1303.01, 1303.03, 1303.41, 1303.69,	6
1304.51, 1304.56, 1304.57, 1304.58, 1304.62,	7
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1309.208, 1309.209, 1309.210, 1309.301,	12
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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
1304.58, 1304.62, 1304.63, 1304.65, 1304.66, 1304.72, 1305.03, 36
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., 53
1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code may be 54
cited as the Uniform Commercial Code. 55

(B) Sections 1301.101 to 1301.310 of the Revised Code may 56
be cited as Uniform Commercial Code - General Provisions. 57

(C) This chapter uses the numbering system of the national 58
conference of commissioners on uniform state laws. The digits to 59
the right of the decimal point are sequential and not 60
supplemental to any preceding Revised Code section. 61

Sec. 1301.102. Scope of Chapter 1301. [UCC 1-102] 62

Sections 1301.101 to 1301.310 of the Revised Code apply to 63
a transaction to the extent that it is governed by Chapter 64
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or 1310.~~, or 65
1314. of the Revised Code. 66

Sec. 1301.103. Construction of Uniform Commercial Code to 67
promote its purposes and policies; applicability of supplemental 68
principles of law [UCC 1-103] 69

(A) Chapters 1301., 1302., 1303., 1304., 1305., 1307., 70
1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code must be 71
liberally construed and applied to promote their underlying 72
purposes and policies, which are: 73

(1) To simplify, clarify, and modernize the law governing 74
commercial transactions; 75

(2) To permit the continued expansion of commercial 76

practices through custom, usage, and agreement of the parties; 77
and 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
1314. of the Revised Code are severable.

Sec. 1301.106. Use of singular and plural; gender [UCC 1-
106]

In Chapters 1301., 1302., 1303., 1304., 1305., 1307.,
1308., 1309., ~~and~~ 1310., and 1314. of the Revised Code, unless
the statutory context otherwise requires:

(A) Words in the singular number include the plural, and
those in the plural include the singular; and

(B) Words of any gender also refer to any other gender.

Sec. 1301.201. General definitions [UCC 1-201]

(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., or 1314. of the Revised
Code, that apply to particular chapters or sections therein,
have the meanings stated.

(B) Subject to definitions contained in Chapter 1301.,
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or~~ 1310., or
1314. of the Revised Code, that apply to particular chapters or
sections therein:

(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.

(2) "Aggrieved party" means a party entitled to pursue a
remedy.

(3) "Agreement", as distinguished from "contract", means

the bargain of the parties in fact, as found in their language 133
or inferred from other circumstances, including course of 134
performance, course of dealing, or usage of trade as provided in 135
section 1301.303 of the Revised Code. 136

(4) "Bank" means a person engaged in the business of 137
banking and includes a savings bank, savings and loan 138
association, credit union, and trust company. 139

(5) "Bearer" means a person in control of a negotiable 140
electronic document of title or a person in possession of a 141
negotiable instrument, negotiable tangible document of title, or 142
certificated security that is payable to bearer or indorsed in 143
blank. 144

(6) "Bill of lading" means a document of title evidencing 145
the receipt of goods for shipment issued by a person engaged in 146
the business of directly or indirectly transporting or 147
forwarding goods. The term does not include a warehouse receipt. 148

(7) "Branch" includes a separately incorporated foreign 149
branch of a bank. 150

(8) "Burden of establishing" a fact means the burden of 151
persuading the trier of fact that the existence of the fact is 152
more probable than its nonexistence. 153

(9) "Buyer in ordinary course of business" means a person 154
that buys goods in good faith, without knowledge that the sale 155
violates the rights of another person in the goods, and in the 156
ordinary course from a person, other than a pawnbroker, in the 157
business of selling goods of that kind. A person buys goods in 158
the ordinary course if the sale to the person comports with the 159
usual or customary practices in the kind of business in which 160
the seller is engaged or with the seller's own usual or 161

customary practices. A person that sells oil, gas, or other 162
minerals at the wellhead or minehead is a person in the business 163
of selling goods of that kind. A buyer in ordinary course of 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.~~, and 1314. 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 an authoritative 205
tangible copy of a record evidencing 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
(a) <u>"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	226
omission.	227
(18) "Fungible goods" means:	228
(a) Goods of which any unit, by nature or usage of trade,	229
is the equivalent of any other like unit; or	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	233
1305. of the Revised Code, means honesty in fact and the	234
observance of reasonable commercial standards of fair dealing.	235
(21) "Holder" means:	236
(a) The person in possession of a negotiable instrument	237
that is payable either to bearer or to an identified person that	238
is the person in possession;	239
(b) The person in possession of a negotiable tangible	240
document of title if the goods are deliverable either to bearer	241
or to the order of the person in possession; or	242
(c) The person in control, <u>other than pursuant to division</u>	243
<u>(G) of section 1307.106 of the Revised Code,</u> of a negotiable	244
electronic document of title.	245
(22) "Insolvency proceeding" includes an assignment for	246
the benefit of creditors or other proceeding intended to	247

liquidate or rehabilitate the estate of the person involved. 248

(23) "Insolvent" means: 249

(a) Having generally ceased to pay debts in the ordinary 250
course of business other than as a result of a bona fide 251
dispute; 252

(b) Being unable to pay debts as they become due; or 253

(c) Being insolvent within the meaning of federal 254
bankruptcy law. 255

(24) "Money" means a medium of exchange that is currently 256
authorized or adopted by a domestic or foreign government. The 257
term includes a monetary unit of account established by an 258
intergovernmental organization or by agreement between two or 259
more countries. The term does not include an electronic record 260
that is a medium of exchange recorded and transferable in a 261
system that existed and operated for the medium of exchange 262
before the medium of exchange was authorized or adopted by the 263
government. 264

(25) "Organization" means a person other than an 265
individual. 266

(26) "Party", as distinguished from "third party", means a 267
person that has engaged in a transaction or made an agreement 268
subject to Chapters 1301., 1302., 1303., 1304., 1305., 1307., 269
1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code. 270

(27) "Person" means an individual, corporation, business 271
trust, estate, trust, partnership, limited liability company, 272
association, joint venture, government, governmental 273
subdivision, agency, or instrumentality, ~~public corporation,~~ or 274
any other legal or commercial entity. The term includes a 275

protected series, however denominated, of an entity if the 276
protected series is established under law other than Chapters 277
1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 1310., 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

(8) Section 1314.107 of the Revised Code. 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~~ 1310., or 1314. of the Revised Code, the 424
effect of provisions of Chapters 1301., 1303., 1304., 1305., 425
1307., 1308., 1309., ~~and~~ 1310., and 1314. 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~~ 1310., or 1314. 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
1310., or 1314. 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~~ 1310., or 440
1314. 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., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code imposes an obligation of good faith in its performance and enforcement.

Sec. 1301.305. Remedies to be liberally administered [UCC 1-305]

(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.

(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.

Sec. 1301.306. Waiver or renunciation of claim or right after breach [UCC 1-306]

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.

Sec. 1302.01. Definitions [UCC 2-103 to 2-106]

(A) As used in sections 1302.01 to 1302.98 of the Revised Code, unless the context otherwise requires:

(1) "Buyer" means a person who buys or contracts to buy goods.

- (2) "Good faith" has the same meaning as in section 1301.201 of the Revised Code. 474
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- (3) "Receipt" of goods means taking physical possession of them. 476
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- (4) "Seller" means a person who sells or contracts to sell goods. 478
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- (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
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- (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
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- (7) "Between merchants" means in any transaction with respect to which both parties are chargeable with the knowledge or skill of merchants. 500
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(8) "Goods" means all things (including specially 503
manufactured goods) which are movable at the time of 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	562
Revised Code;	563
(2) "Banker's credit", as defined in section 1302.38 of	564
the Revised Code;	565
(3) "Confirmed credit", as defined in section 1302.38 of	566
the Revised Code;	567
(4) "Cover", as defined in section 1302.86 of the Revised	568
Code;	569
(5) "Entrusting", as defined in section 1302.44 of the	570
Revised Code;	571
(6) "Identification", as defined in section 1302.45 of the	572
Revised Code;	573
(7) "Installment contract", as defined in section 1302.70	574
of the Revised Code;	575
(8) "Letter of credit", as defined in section 1302.38 of	576
the Revised Code;	577
(9) "Overseas", as defined in section 1302.36 of the	578
Revised Code;	579
(10) "Person in position of a seller", as defined in	580
section 1302.81 of the Revised Code;	581
(11) "Sale on approval", as defined in section 1302.39 of	582
the Revised Code;	583
(12) "Sale or return", as defined in section 1302.39 of	584
the Revised Code.	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 the meaning set forth in section 1307.102 of the Revised Code, "consumer goods" has the meaning set forth in section 1309.102 of the Revised Code, "control" has the same meaning as set forth in section 1307.106 of the Revised Code, and "dishonor" has the meaning set forth in section 1303.62 of the Revised Code.

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

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

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

(B) In a hybrid transaction:

(1) If the sale-of-goods aspects do not predominate, only the provisions of sections 1302.01 to 1302.98 of the Revised Code which relate primarily to the sale-of-goods aspects of the transactions apply, and the provisions that relate primarily to

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 628
[UCC-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 705
Code, must be satisfied if the contract as modified is within 706
its provisions. 707

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

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

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

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

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

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

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

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

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

(6) "Good faith" has the same meaning as in section 731
1301.201 of the Revised Code. 732

(7) "Issue" means either of the following: 733

(a) The first delivery of an instrument by the maker or 734
drawer to a holder or nonholder for the purpose of giving rights 735
of the instrument to any person; 736

(b) If agreed by the payee, the first transmission by the 737
drawer to the payee of an image of an item and information 738
derived from the item that enables the depository bank to 739
collect the item by transferring or presenting under federal law 740
an electronic check. 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	787
against another party to the instrument pursuant to division (B)	788
of section 1303.14 of the Revised Code.	789
(B) As used in this chapter:	790
(1) "Acceptance" has the same meaning as in section	791
1303.46 of the Revised Code.	792
(2) "Accommodation party" and "accommodated party" have	793
the same meanings as in section 1303.59 of the Revised Code.	794
(3) "Account" has the same meaning as in section 1304.01	795
of the Revised Code.	796
(4) "Alteration" has the same meaning as in section	797
1303.50 of the Revised Code.	798
(5) "Anomalous indorsement," "blank indorsement," and	799
"special indorsement" have the same meanings as in section	800
1303.25 of the Revised Code.	801
(6) "Certificate of deposit," "cashier's check," "check,"	802
"draft," "instrument," "negotiable instrument," "note,"	803
"teller's check," and "traveler's check" have the same meanings	804
as in section 1303.03 of the Revised Code.	805
(7) "Certified check" has the same meaning as in section	806
1303.46 of the Revised Code.	807
(8) "Consideration" and "value" have the same meanings as	808
in section 1303.33 of the Revised Code.	809
(9) "Holder in due course" has the same meaning as in	810
section 1303.32 of the Revised Code.	811

(10) "Incomplete instrument" has the same meaning as in	812
section 1303.11 of the Revised Code.	813
(11) "Indorsement" and "indorser" have the same meanings	814
as in section 1303.24 of the Revised Code.	815
(12) "Negotiation" has the same meaning as in section	816
1303.21 of the Revised Code.	817
(13) "Payable at a definite time" and "payable on demand"	818
have the same meanings as in section 1303.07 of the Revised	819
Code.	820
(14) "Payable to bearer" and "payable to order" have the	821
same meanings as in section 1303.10 of the Revised Code.	822
(15) "Payment" has the same meaning as in section 1303.67	823
of the Revised Code.	824
(16) "Person entitled to enforce" has the same meaning as	825
in section 1303.31 of the Revised Code.	826
(17) "Presentment" has the same meaning as in section	827
1303.61 of the Revised Code.	828
(18) "Reacquisition" has the same meaning as in section	829
1303.27 of the Revised Code.	830
(19) "Transfer of instrument" has the same meaning as in	831
section 1303.22 of the Revised Code.	832
(C) As used in this chapter, "banking day," "clearing	833
house," "collecting bank," "customer," "depository bank,"	834
"documentary draft," "intermediary bank," "item," "midnight	835
deadline," "payor bank," and "suspends payments" have the same	836
meanings as in section 1304.01 of the Revised Code.	837
(D) In addition, Chapter 1301. of the Revised Code	838

contains general definitions and general principles of 839
construction and interpretation applicable throughout this 840
chapter. 841

Sec. 1303.03. Negotiable instrument [UCC 3-104] 842

(A) Except as provided in divisions (C) and (D) of this 843
section, "negotiable instrument" means an unconditional promise 844
or order to pay a fixed amount of money, with or without 845
interest or other charges described in the promise or order, if 846
it meets all of the following requirements: 847

(1) It is payable to bearer or to order at the time it is 848
issued or first comes into possession of a holder. 849

(2) It is payable on demand or at a definite time. 850

(3) It does not state any other undertaking or instruction 851
by the person promising or ordering payment to do any act in 852
addition to the payment of money, but the promise or order may 853
contain any of the following: 854

(a) An undertaking or power to give, maintain, or protect 855
collateral to secure payment; 856

(b) An authorization or power to the holder to confess 857
judgment or realize on or dispose of collateral; 858

(c) A waiver of the benefit of any law intended for the 859
advantage or protection of an obligor; 860

(d) A term that specifies the law that governs the promise 861
or order; 862

(e) An undertaking to resolve in a specified forum a 863
dispute concerning the promise or order. 864

(B) "Instrument" means a negotiable instrument. 865

(C) An order that meets all of the requirements of 866
divisions (A) (2) and (3) of this section and otherwise falls 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 1008
receiving bank. 1009

(14) "Prove," with respect to a fact, means to meet the 1010
burden of establishing the fact. 1011

(15) "Receiving bank" means the bank to which the sender's 1012
instruction is addressed. 1013

(16) "Sender" means the person giving the instruction to 1014
the receiving bank. 1015

(B) Other definitions applying to sections 1304.51 to 1016
1304.85 of the Revised Code are: 1017

(1) "Acceptance" as defined in section 1304.64 of the 1018
Revised Code; 1019

(2) "Executed" as defined in section 1304.68 of the 1020
Revised Code; 1021

(3) "Execution date" as defined in section 1304.68 of the 1022
Revised Code; 1023

(4) "Funds-transfer system rule" as defined in section 1024
1304.79 of the Revised Code; 1025

(5) "Payment by beneficiary's bank to beneficiary" as 1026
defined in section 1304.77 of the Revised Code; 1027

(6) "Payment by originator to beneficiary" as defined in 1028
section 1304.78 of the Revised Code; 1029

(7) "Payment by sender to receiving bank" as defined in 1030
section 1304.75 of the Revised Code; 1031

(8) "Payment date" as defined in section 1304.73 of the 1032

Revised Code; 1033

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

(C) As used in sections 1304.51 to 1304.85 of the Revised 1036
Code, "clearing house," "item," and "suspends payments" have the 1037
same meanings as in section 1304.01 of the Revised Code. 1038

(D) In addition, Chapter 1301. of the Revised Code 1039
contains general definitions and principles of construction and 1040
interpretation applicable throughout sections 1304.51 to 1304.85 1041
of the Revised Code. 1042

Sec. 1304.56. Security procedure [UCC 4A-201] 1043

"Security procedure" means a procedure established by 1044
agreement of a customer and a receiving bank for the purpose of 1045
verifying that a payment order or communication amending or 1046
cancelling a payment order is that of the customer, or detecting 1047
error in the transmission or the content of the payment order or 1048
communication. A security procedure may impose an obligation on 1049
the receiving bank or customer and may require the use of 1050
algorithms or other codes, identifying words~~or~~, numbers, 1051
symbols, sounds, biometrics, encryption, callback procedures, or 1052
similar security devices. Comparison of a signature on a payment 1053
order or communication with an authorized specimen signature of 1054
the customer or requiring a payment order to be sent from a 1055
known electronic mail address, internet protocol address, or 1056
telephone number is not by itself a security procedure. 1057

**Sec. 1304.57. Authorized and verified payment orders [UCC 1058
4A-202]** 1059

(A) A payment order received by the receiving bank is the 1060
authorized order of the person identified as sender if that 1061

person authorized the order or is otherwise bound by it under 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 customer; 1090
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 the bank's obligations under 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. Unenforceability of certain verified payment orders [UCC 4A-203] 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 ~~it~~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 1236
receiving bank may rely on the name as the proper identification 1237
of the intermediary or beneficiary's bank if the receiving bank, 1238
at the time it executes the sender's order, does not know that 1239
the name and number identify different persons. The receiving 1240
bank need not determine whether the name and number refer to the 1241
same person. 1242

(5) If the receiving bank knows that the name and number 1243
identify different persons, reliance on either the name or the 1244
number in executing the sender's payment order is a breach of 1245
the obligation as provided in division (A)(1) of section 1304.69 1246
of the Revised Code. 1247

Sec. 1304.65. Rejection of payment order [UCC 4A-210] 1248

(A) A payment order is rejected by the receiving bank by a 1249
notice of rejection transmitted to the sender orally, 1250
~~electronically,~~ or in writing a record. A notice of rejection 1251
need not use any particular words and is sufficient if it 1252
indicates that the receiving bank is rejecting the order or will 1253
not execute or pay the order. Rejection is effective when the 1254
notice is given if transmission is by a means that is reasonable 1255
in the circumstances. If notice of rejection is given by a means 1256
that is not reasonable, rejection is effective when the notice 1257
is received. If an agreement of the sender and receiving bank 1258
establishes the means to be used to reject a payment order, any 1259
means complying with the agreement is reasonable, and any means 1260
not complying is not reasonable unless no significant delay in 1261
receipt of the notice resulted from the use of the noncomplying 1262
means. 1263

(B) This division applies if a receiving bank other than 1264
the beneficiary's bank fails to execute a payment order despite 1265
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 1295
communication by the sender canceling or amending a payment 1296
order is effective to cancel or amend the order if notice of the 1297
communication is received at a time and in a manner affording 1298
the receiving bank a reasonable opportunity to act on the 1299
communication before the bank accepts the payment order. 1300

(C) (1) After a payment order has been accepted, 1301
cancellation or amendment of the order is not effective unless 1302
the receiving bank agrees or a funds-transfer system rule allows 1303
cancellation or amendment without agreement of the bank. 1304

(2) With respect to a payment order accepted by a 1305
receiving bank other than the beneficiary's bank, cancellation 1306
or amendment is not effective unless a conforming cancellation 1307
or amendment of the payment order issued by the receiving bank 1308
is also made. 1309

(3) With respect to a payment order accepted by the 1310
beneficiary's bank, cancellation or amendment is not effective 1311
unless the order was issued in execution of an unauthorized 1312
payment order, or because of a mistake by a sender in the funds 1313
transfer that resulted in the issuance of a payment order that 1314
is a duplicate of a payment order previously issued by the 1315
sender, that orders payment to a beneficiary not entitled to 1316
receive payment from the originator, or that orders payment in 1317
an amount greater than the amount the beneficiary was entitled 1318
to receive from the originator. If the payment order is canceled 1319
or amended, the beneficiary's bank may recover from the 1320
beneficiary any amount paid to the beneficiary to the extent 1321
allowed by the law governing mistake and restitution. 1322

(D) An unaccepted payment order is canceled by operation 1323
of law at the close of the fifth funds-transfer business day of 1324
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
liability of an issuer, nominated person, or adviser for action
or omission is governed by the law of the jurisdiction in which
the person is located. The person is considered to be located at
the address indicated in the person's undertaking. If more than
one address is indicated, the person is considered to be located
at the address from which the person's undertaking was issued.
~~For~~

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

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

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

1305.02 of the Revised Code. 1441

~~(D)~~ (F) If there is conflict between this chapter and 1442
Chapter 1303., 1304., or 1309. of the Revised Code, this chapter 1443
governs. 1444

~~(E)~~ (G) The forum for settling disputes arising out of an 1445
undertaking within this chapter may be chosen in the manner and 1446
with the binding effect that governing law may be chosen in 1447
accordance with division (A) of this section. 1448

Sec. 1307.102. Definitions and index of definitions [UCC 1449
7-102] 1450

(A) As used in sections 1307.101 to 1307.603 of the 1451
Revised Code, unless the context otherwise requires: 1452

(1) "Bailee" means a person that by a warehouse receipt, 1453
bill of lading, or other document of the title acknowledges 1454
possession of goods and contracts to deliver them. 1455

(2) "Carrier" means a person that issues a bill of lading. 1456

(3) "Consignee" means a person named in a bill of lading 1457
to which or to whose order the bill promises delivery. 1458

(4) "Consignor" means a person named in a bill of lading 1459
as the person from which the goods have been received for 1460
shipment. 1461

(5) "Delivery order" means a record that contains an order 1462
to deliver goods directed to a warehouse, carrier, or other 1463
person that in the ordinary course of business issues warehouse 1464
receipts or bills of lading. 1465

(6) "Good faith" has the same meaning as in section 1466
1301.201 of the Revised Code. 1467

(7) "Goods" means all things that are treated as movable 1468
for the purposes of a contract of storage or transportation. 1469

(8) "Issuer" means a bailee that issues a document of 1470
title or, in the case of an unaccepted delivery order, the 1471
person that orders the possessor of goods to deliver. The term 1472
includes a person for which an agent or employee purports to act 1473
in issuing a document if the agent or employee has real or 1474
apparent authority to issue documents, even if the issuer did 1475
not receive any goods, the goods were misdescribed, or in any 1476
other respect the agent or employee violated the issuer's 1477
instructions. 1478

(9) "Person entitled under the document" means the holder, 1479
in the case of a negotiable document of title, or the person to 1480
which delivery of the goods is to be made by the terms of, or 1481
pursuant to instructions in a record under, a nonnegotiable 1482
document of title. 1483

(10) ~~"Record" means information that is inscribed on a~~ 1484
~~tangible medium or that is stored in an electronic or other~~ 1485
~~medium and is retrievable in perceivable form~~[Reserved.] 1486

(11) ~~"Sign" means, with present intent to authenticate or~~ 1487
~~adopt a record:~~ 1488

~~(a) To execute or adopt a tangible symbol; or~~ 1489

~~(b) To attach to or logically associate with the record an~~ 1490
~~electronic sound, symbol, or process~~[Reserved.] 1491

(12) "Shipper" means a person that enters into a contract 1492
of transportation with a carrier. 1493

(13) "Warehouse" means a person engaged in the business of 1494
storing of goods for hire. 1495

(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, and "lessee in the ordinary course of business" has the meaning set forth in section 1310.01 of the Revised Code.

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

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

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

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

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

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

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

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

(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
102] 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 provides that it is a security governed by this chapter.	1689 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
(4) <u>"Controllable electronic record," as defined in section 1314.102 of the Revised Code.</u>	1707 1708
(5) <u>"Controllable payment intangible," as defined in section 1309.102 of the Revised Code.</u>	1709 1710
(6) <u>"Delivery," as defined in section 1308.27 of the Revised Code.</u>	1711 1712
(4) -(7) "Investment company security," as defined in section 1308.02 of the Revised Code.	1713 1714
(5) -(8) "Issuer," as defined in section 1308.08 of the	1715

Revised Code. 1716

~~(6)~~ (9) "Overissue," as defined in section 1308.03 of the 1717
Revised Code. 1718

~~(7)~~ (10) "Protected purchaser," as defined in section 1719
1308.17 of the Revised Code. 1720

~~(8)~~ (11) "Securities account," as defined in section 1721
1308.51 of the Revised Code. 1722

(C) In addition, Chapter 1301. of the Revised Code 1723
contains general definitions and principles of construction and 1724
interpretation applicable throughout this chapter. 1725

(D) The characterization of a person, business, or 1726
transaction for purposes of this chapter does not determine the 1727
characterization of the person, business, or transaction for 1728
purposes of any other law, regulation, or rule. 1729

Sec. 1308.02. Rules for determining whether certain 1730
obligations and interests are securities or financial assets 1731
[UCC 8-103] 1732

(A) A share or similar equity interest issued by a 1733
corporation, business trust, joint stock company, or similar 1734
entity is a security. 1735

(B) An "investment company security" is a security. 1736
"Investment company security" means a share or similar equity 1737
interest issued by an entity that is registered as an investment 1738
company under the federal investment company laws, an interest 1739
in a unit investment trust that is so registered, or a face- 1740
amount certificate issued by a face-amount certificate company 1741
that is so registered. Investment company security does not 1742
include an insurance policy or endowment policy or annuity 1743

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

certificate is located at the time of delivery governs whether 1799
an adverse claim can be asserted against a person to whom the 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 owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

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

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

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

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

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

(2) (a) "Account," except as used in "account for," "account statement," "account to," "commodity account," "customer's account," "deposit account," and "statement of account," means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has

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	1973
reasonable detail.	1974
(5) "Agricultural lien" means an interest, other than a	1975
security interest, in farm products:	1976
(a) That secures payment or performance of an obligation	1977
for:	1978
(i) Goods or services furnished in connection with a	1979
debtor's farming operation; or	1980
(ii) Rent on real property leased by a debtor in	1981
connection with its farming operation.	1982
(b) That is created by statute in favor of a person who:	1983
(i) In the ordinary course of business, furnished goods or	1984
services to a debtor in connection with the debtor's farming	1985
operation; or	1986
(ii) Leased real property to a debtor in connection with	1987
the debtor's farming operation; and	1988
(c) Whose effectiveness does not depend on the person's	1989
possession of the personal property.	1990
(6) "As-extracted collateral" means:	1991
(a) Oil, gas, or other minerals that are subject to a	1992
security interest that:	1993
(i) Is created by a debtor having an interest in the	1994
minerals before extraction; and	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	1998
an interest before extraction.	1999
(7) "Authenticate" means:	2000
(a) To sign; or	2001
(b) With present intent to adopt or accept a record, to	2002
attach to or logically associate with the record an electronic	2003
sound, symbol, or process [Reserved.]	2004
<u>(a) "Assignee," except as used in "assignee for benefit of</u>	2005
<u>creditors," means a person (i) in whose favor a security</u>	2006
<u>interest that secures an obligation is created or provided for</u>	2007
<u>under a security agreement, whether or not the obligation is</u>	2008
<u>outstanding, or (ii) to which an account, chattel paper, payment</u>	2009
<u>intangible, or promissory note has been sold. The term includes</u>	2010
<u>a person to which a security interest has been transferred by a</u>	2011
<u>secured party.</u>	2012
<u>(b) "Assignor" means a person that (i) under a security</u>	2013
<u>agreement creates or provides for a security interest that</u>	2014
<u>secures an obligation, or (ii) sells an account, chattel paper,</u>	2015
<u>payment intangible, or promissory note. The term includes a</u>	2016
<u>secured party that has transferred a security interest to</u>	2017
<u>another person.</u>	2018
(8) "Bank" means an organization that is engaged in the	2019
business of banking. "Bank" includes savings banks, savings and	2020
loan associations, credit unions, and trust companies.	2021
(9) "Cash proceeds" means proceeds that are money, checks,	2022
deposit accounts, or the like.	2023

(10) "Certificate of title" means a certificate of title
with respect to which a statute provides for the security
interest in question to be indicated on the certificate as a
condition or result of the security interest's obtaining
priority over the rights of a lien creditor with respect to the
collateral. The term includes another record maintained as an
alternative to a certificate of title by the governmental unit
that issues certificates of title if a statute permits the
security interest in question to be indicated on the record as a
condition or result of the security interest's obtaining
priority over the rights of a lien creditor with respect to the
collateral.

~~(11)(a)-(11) "Chattel paper" means a record that evidences
both a monetary obligation and a security interest in specific
goods, a security interest in specific goods and software used
in the goods, a security interest in specific goods and license
of software used in the goods, a lease of specific goods, or a
lease of specific goods and license of software used in the
goods.~~

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

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

~~(c) "Chattel paper" does not include (i) charters or other
contracts involving the use or hire of a vessel or (ii) records
that evidence 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~~ 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	2105 2106 2107

commodities laws. 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 2111
persons sending and receiving the record; or 2112

(c) In the case of transmission of a record to or by a 2113
filing office, to transmit a record by any means prescribed by 2114
filing-office rule. 2115

(19) "Consignee" means a merchant to whom goods are 2116
delivered in a consignment. 2117

(20) "Consignment" means a transaction, regardless of its 2118
form, in which a person delivers goods to a merchant for the 2119
purpose of sale and: 2120

(a) The merchant: 2121

(i) Deals in goods of that kind under a name other than 2122
the name of the person making delivery; 2123

(ii) Is not an auctioneer; and 2124

(iii) Is not generally known by its creditors to be 2125
substantially engaged in selling the goods of others; 2126

(b) With respect to each delivery, the aggregate value of 2127
the goods is one thousand dollars or more at the time of 2128
delivery. 2129

(c) The goods are not consumer goods immediately before 2130
delivery; and 2131

(d) The transaction does not create a security interest 2132
that secures an obligation. 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 2136
transaction. 2137

(23) "Consumer goods" means goods that are used or bought 2138
for use primarily for personal, family, or household purposes. 2139

(24) "Consumer-goods transaction" means a consumer 2140
transaction in which: 2141

(a) An individual incurs an obligation primarily for 2142
personal, family, or household purposes; and 2143

(b) A security interest in consumer goods secures the 2144
obligation. 2145

(25) "Consumer obligor" means an obligor who is an 2146
individual and who incurred the obligation as part of a 2147
transaction entered into primarily for personal, family, or 2148
household purposes. 2149

(26) "Consumer transaction" means a transaction in which: 2150
(a) an individual incurs an obligation primarily for personal, 2151
family, or household purposes, (b) a security interest secures 2152
the obligation, and (c) the collateral is held or acquired 2153
primarily for personal, family, or household purposes. "Consumer 2154
transaction" includes consumer-goods transactions. 2155

~~(27)~~ (27) (a) "Continuation statement" means an amendment 2156
of a financing statement that: 2157

~~(a)~~ (i) Identifies, by its file number, the initial 2158
financing statement to which it relates; and 2159

~~(b)~~ (ii) Indicates that it is a continuation statement 2160

for, or that it is filed to continue the effectiveness of, the 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 <u>[Reserved.]</u>	2189
(a) <u>"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	2213 2214

the Revised Code. 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 2245
security interest attaches. "Goods" includes (i) fixtures, (ii) 2246
standing timber that is to be cut and removed under a conveyance 2247
or contract for sale, (iii) the unborn young of animals, (iv) 2248
crops grown, growing, or to be grown, even if the crops are 2249
produced on trees, vines, or bushes, and (v) manufactured homes. 2250

(b) "Goods" also includes a computer program embedded in 2251
goods and any supporting information provided in connection with 2252
a transaction relating to the program if (i) the program is 2253
associated with the goods in such a manner that it customarily 2254
is considered part of the goods, or (ii) by becoming the owner 2255
of the goods, a person acquires a right to use the program in 2256
connection with the goods. 2257

(c) "Goods" does not include a computer program embedded 2258
in goods that consist solely of the medium in which the program 2259
is embedded. "Goods" does not include accounts, chattel paper, 2260
commercial tort claims, deposit accounts, documents, general 2261
intangibles, instruments, investment property, letter-of-credit 2262
rights, letters of credit, money, or oil, gas, or other minerals 2263
before extraction. 2264

(45) "Governmental unit" means a subdivision, agency, 2265
department, county, parish, municipal corporation, or other unit 2266
of the government of the United States, a state, or a foreign 2267
country. "Governmental unit" includes an organization having a 2268
separate corporate existence if the organization is eligible to 2269
issue debt on which interest is exempt from income taxation 2270
under the laws of the United States. 2271

(46) "Health-care-insurance receivable" means an interest 2272

in or claim under a policy of insurance that is a right to 2273
payment of a monetary obligation for health-care goods or 2274
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 2303
performance under a letter of credit, whether or not the 2304
beneficiary has demanded or is at the time entitled to demand 2305
payment or performance. "Letter-of-credit right" does not 2306
include the right of a beneficiary to demand payment or 2307
performance under a letter of credit. 2308

(52) "Lien creditor" means: 2309

(a) A creditor who has acquired a lien on the property 2310
involved by attachment, levy or the like; 2311

(b) An assignee for benefit of creditors from the time of 2312
assignment; 2313

(c) A trustee in bankruptcy from the date of the filing of 2314
the petition; or 2315

(d) A receiver in equity from the time of appointment. 2316

(53) "Manufactured home" means a structure, transportable 2317
in one or more sections, that, in the traveling mode, is eight 2318
body feet or more in width or forty body feet or more in length, 2319
or, when erected on site, is three hundred twenty or more square 2320
feet, and that is built on a permanent chassis and designed to 2321
be used as a dwelling with or without a permanent foundation 2322
when connected to the required utilities, and includes the 2323
plumbing, heating, air conditioning, and electrical systems 2324
contained in the structure. "Manufactured home" includes any 2325
structure that meets all of the requirements of this paragraph 2326
except the size requirements and with respect to which the 2327
manufacturer voluntarily files a certification required by the 2328
United States secretary of housing and urban development and 2329

complies with the standards established under Title 42 of the 2330
United States Code. 2331

~~(54)~~ (54) (a) "Manufactured-home transaction" means a 2332
secured transaction: 2333

~~(a)~~ (i) That creates a purchase-money security interest in 2334
a manufactured home, other than a manufactured home held as 2335
inventory; or 2336

~~(b)~~ (ii) In which a manufactured home, other than a 2337
manufactured home held as inventory, is the primary collateral. 2338

(b) "Money" has the same meaning as in section 1301.201 of 2339
the Revised Code, but does not include either of the following: 2340

(i) A deposit account; 2341

(ii) Money in an electronic form that cannot be subjected 2342
to control under section 1309.105 of the Revised Code. 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 2359
obligation secured by a security interest in or an agricultural 2360
lien on the collateral, (i) owes payment or other performance of 2361
the obligation, (ii) has provided property other than the 2362
collateral to secure payment or other performance of the 2363
obligation, or (iii) is otherwise accountable in whole or in 2364
part for payment or other performance of the obligation. 2365

(b) "Obligor" does not include issuers or nominated 2366
persons under a letter of credit. 2367

(60) "Original debtor," except as used in division (C) of 2368
section 1309.310 of the Revised Code, means a person who, as 2369
debtor, entered into a security agreement to which a new debtor 2370
has become bound under division (D) of section 1309.203 of the 2371
Revised Code. 2372

(61) "Payment intangible" means a general intangible under 2373
which the account debtor's principal obligation is a monetary 2374
obligation. The term includes a controllable payment intangible. 2375

(62) "Person related to," with respect to an individual, 2376
means: 2377

(a) The spouse of the individual; 2378

(b) A brother, brother-in-law, sister, or sister-in-law of 2379
the individual; 2380

(c) An ancestor or lineal descendant of the individual or 2381
the individual's spouse; or 2382

(d) Any other relative, by blood or marriage, of the 2383
individual or the individual's spouse who shares the same home 2384

with the individual. 2385

(63) "Person related to," with respect to an organization, 2386
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	2473
obligation secured by collateral against the debtor, another	2474
obligor, or property of either.	2475
(73) "Secured party" means:	2476
(a) A person in whose favor a security interest is created	2477
or provided for under a security agreement, whether or not any	2478
obligation to be secured is outstanding;	2479
(b) A person that holds an agricultural lien;	2480
(c) A consignor;	2481
(d) A person to whom accounts, chattel paper, payment	2482
intangibles, or promissory notes have been sold;	2483
(e) A trustee, indenture trustee, agent, collateral agent,	2484
or other representative in whose favor a security interest or	2485
agricultural lien is created or provided for; or	2486
(f) A person who holds a security interest arising under	2487
section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54	2488
of the Revised Code.	2489
(74) "Security agreement" means an agreement that creates	2490
or provides for a security interest.	2491
(75) "Send," in connection with a record or notification,	2492
means:	2493
(a) To deposit in the mail, deliver for transmission, or	2494
transmit by any other usual means of communication, with postage	2495
or cost of transmission provided for, addressed to any address	2496

~~reasonable under the circumstances; or~~ 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~~[Reserved.] 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~~[Reserved.] 2515

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

as in section 1314.102 of the Revised Code. 2550

(10) "Customer" has the same meaning as in section 1304.01 2551
of the Revised Code. 2552

~~(10)~~ (11) "Entitlement holder" has the same meaning as in 2553
section 1308.01 of the Revised Code. 2554

~~(11)~~ (12) "Financial asset" has the same meaning as in 2555
section 1308.01 of the Revised Code. 2556

~~(12)~~ (13) "Holder in due course" has the same meaning as 2557
in section 1303.32 of the Revised Code. 2558

~~(13)~~ (14) "Issuer," with respect to a letter of credit or 2559
letter-of-credit right, has the same meaning as in section 2560
1305.01 of the Revised Code. 2561

~~(14)~~ (15) "Issuer," with respect to a security, has the 2562
same meaning as in section 1308.08 of the Revised Code. 2563

~~(15)~~ (16) "Issuer," with respect to a document of title, 2564
has the same meaning as in section 1307.102 of the Revised Code. 2565

~~(16)~~ (17) "Lease," "lease agreement," "lease contract," 2566
"leasehold interest," "lessee," "lessee in ordinary course of 2567
business," "lessor," and "lessor's residual interest" have the 2568
same meanings as in section 1310.01 of the Revised Code. 2569

~~(17)~~ (18) "Letter of credit" has the same meaning as in 2570
section 1305.01 of the Revised Code. 2571

~~(18)~~ (19) "Merchant" has the same meaning as in section 2572
1302.01 of the Revised Code. 2573

~~(19)~~ (20) "Negotiable instrument" has the same meaning as 2574
in section 1303.03 of the Revised Code. 2575

~~(20)~~ (21) "Nominated person" has the same meaning as in 2576

section 1305.01 of the Revised Code. 2577

~~(21)~~ (22) "Note" has the same meaning as in section 2578
1303.03 of the Revised Code. 2579

~~(22)~~ (23) "Proceeds of a letter of credit" has the same 2580
meaning as in section 1305.13 of the Revised Code. 2581

(24) "Protected purchaser" has the same meaning as in 2582
section 1308.17 of the Revised Code. 2583

~~(23)~~ (25) "Prove" has the same meaning as in section 2584
1303.01 of the Revised Code. 2585

(26) "Qualifying purchaser" has the same meaning as in 2586
section 1314.102 of the Revised Code. 2587

~~(24)~~ (27) "Sale" has the same meaning as in division (A) 2588
(11) of section 1302.01 of the Revised Code. 2589

~~(25)~~ (28) "Securities account" has the same meaning as in 2590
section 1308.51 of the Revised Code. 2591

~~(26)~~ (29) "Securities intermediary," "security," "security 2592
certificate," "security entitlement," and "uncertificated 2593
security" have the same meanings as in section 1308.01 of the 2594
Revised Code. 2595

(C) In addition, Chapter 1301. of the Revised Code 2596
contains general definitions and principles of construction and 2597
interpretations applicable throughout this chapter. 2598

Sec. 1309.104. Control of deposit account [UCC 9-104] 2599

(A) A secured party has control of a deposit account if: 2600

(1) The secured party is the bank with which the deposit 2601
account is maintained; 2602

(2) The debtor, secured party, and bank have agreed in ~~an~~ 2603
~~authenticated~~ a signed record that the bank will comply with 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
exists that is unique, identifiable, and, except as otherwise
provided in divisions (B) (4), (5), and (6) of this section,
unalterable;

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

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

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

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

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

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

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

(2) Enables the purchaser to readily identify itself in
any way, including by name, identifying number, cryptographic
key, office, or account number, as the assignee of the

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 2662
assignee of the authoritative electronic copy; and 2663

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

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

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

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

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

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

(2) The other person: 2680

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

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

(F) If a purchaser has the powers specified in divisions 2685

(C) (3) (a) and (b) of this section, the powers are presumed to be 2686
exclusive. 2687

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

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

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

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

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

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

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

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

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

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

money. 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 2771
interest; proceeds; supporting obligations; formal requisites 2772
[UCC 9-203] 2773

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

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

(1) Value has been given; 2781

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

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

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

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

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

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

(D) Division (B) of this section does not prevent a 2864
security interest from attaching to any of the following: 2865

(1) To consumer goods as proceeds under section 1309.315 2866
of the Revised Code or as commingled goods under section 2867
1309.336 of the Revised Code; 2868

(2) To a commercial tort claim as proceeds under section 2869
1309.315 of the Revised Code; 2870

(3) Under an after-acquired property clause to property 2871
that is proceeds of consumer goods or a commercial tort claim. 2872

Sec. 1309.207. Rights and duties of secured party having 2873
possession or control of collateral [UCC 9-207] 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 2910
paper, payment intangibles, or promissory notes or a consignor: 2911

(1) Division (A) of this section does not apply unless the 2912
secured party is entitled under an agreement: 2913

(a) To charge back uncollected collateral; or 2914

(b) Otherwise to full or limited recourse against the 2915
debtor or a secondary obligor based on the nonpayment or other 2916
default of an account debtor or other obligor on the collateral; 2917
and 2918

(2) Divisions (B) and (C) of this section do not apply. 2919

Sec. 1309.208. Additional duties of secured party having 2920
control of collateral [UCC 9-208] 2921

(A) This section applies to cases in which there is no 2922
outstanding secured obligation and the secured party is not 2923
committed to make advances, incur obligations, or otherwise give 2924
value. 2925

(B) Within ten days after receiving ~~an authenticated a~~ 2926
signed demand by the debtor: 2927

(1) A secured party having control of a deposit account 2928
under division (A) (2) of section 1309.104 of the Revised Code 2929
shall send to the bank with which the deposit account is 2930
maintained ~~an authenticated statement a signed record~~ that 2931
releases the bank from any further obligation to comply with 2932
instructions originated by the secured party. 2933

(2) A secured party having control of a deposit account 2934

under division (A) (3) of section 1309.104 of the Revised Code 2935
shall: 2936

(a) Pay the debtor the balance on deposit in the deposit 2937
account; or 2938

(b) Transfer the balance on deposit into a deposit account 2939
in the debtor's name. 2940

(3) A secured party, other than a buyer, having control_ 2941
under section 1309.105 of the Revised Code of an authoritative 2942
electronic copy of a record evidencing chattel paper under 2943
section 1309.105 of the Revised Code shall: 2944

~~(a) Communicate the authoritative copy of the electronic~~ 2945
~~chattel paper to the debtor or its designated custodian;~~ 2946

~~(b) If the debtor designates a custodian that is the~~ 2947
~~designated custodian with which the authoritative copy of the~~ 2948
~~electronic chattel paper is maintained for the secured party,~~ 2949
~~communicate to the custodian an authenticated record releasing~~ 2950
~~the designated custodian from any further obligation to comply~~ 2951
~~with instructions originated by the secured party and~~ 2952
~~instructing the custodian to comply with instructions originated~~ 2953
~~by the debtor; and~~ 2954

~~(c) Take appropriate action to enable the debtor or its~~ 2955
~~designated custodian to make copies of or revisions to the~~ 2956
~~authoritative copy that add or change an identified assignee of~~ 2957
~~the authoritative copy without the consent of the secured party.~~ 2958
transfer control of the electronic copy to the debtor or a 2959
person designated by the debtor; 2960

(4) A secured party having control of investment property 2961
under division (D) (2) of section 1308.24 or division (B) of 2962
section 1309.106 of the Revised Code shall send to the 2963

securities intermediary or commodity intermediary with which the 2964
security entitlement or commodity contract is maintained ~~an~~ 2965
~~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. Request for accounting; request regarding 3024
list of collateral or statement of account [UCC 9-210] 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~~ signed 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~~ signed 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~~ signed 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. Law governing perfection and priority of 3119
security interests in deposit accounts [UCC 9-304] 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 even if the transaction does not bear any 3124
relation to the bank's jurisdiction. 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 controllable accounts, controllable 3247
electronic records, controllable payment intangibles, deposit 3248
accounts, electronic chattel paper, electronic documents, 3249

investment property, or letter-of-credit rights perfected by 3250
control under section 1309.314 of the Revised Code; 3251

(b) In chattel paper which is perfected by possession and 3252
control under section 1309.345 of the Revised Code. 3253

(9) In proceeds which is perfected under section 1309.315 3254
of the Revised Code; ~~or~~ 3255

(10) That is perfected under section 1309.316 of the 3256
Revised Code. 3257

(C) If a secured party assigns a perfected security 3258
interest or agricultural lien, a filing under this chapter is 3259
not required to continue the perfected status of the security 3260
interest against creditors of and transferees from the original 3261
debtor. 3262

Sec. 1309.312. Perfection of security interests in chattel 3263
paper, controllable accounts, controllable electronic records, 3264
controllable payment intangibles, deposit accounts, negotiable 3265
documents, goods covered by documents, instruments, investment 3266
property, letter-of-credit rights, and money; perfection by 3267
permissive filing; temporary perfection without filing or 3268
transfer of possession [UCC 9-312] 3269

(A) A security interest in chattel paper, ~~negotiable-~~ 3270
~~documents~~ controllable accounts, controllable electronic records, 3271
controllable payment intangibles, instruments, ~~or~~ investment 3272
property, or negotiable documents may be perfected by filing. 3273

(B) Except as otherwise provided in divisions (C) and (D) 3274
of section 1309.315 of the Revised Code for proceeds: 3275

(1) A security interest in a deposit account may be 3276
perfected only by control under section 1309.314 of the Revised 3277

Code; 3278

(2) ~~And except~~ Except 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 tangible money may be perfected 3283
only by the secured party's taking possession under section 3284
1309.313 of the Revised Code; 3285

(4) A security interest in electronic money may be 3286
perfected only by control under section 1309.314 of the Revised 3287
Code. 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 3423
debtor has or acquires possession of the security certificate; 3424

(b) If the collateral is an uncertificated security, the 3425
issuer has registered or registers the debtor as the registered 3426
owner; or 3427

(c) If the collateral is a security entitlement, the 3428
debtor is or becomes the entitlement holder. 3429

Sec. 1309.316. Continued perfection of security interest 3430
following change in governing law [UCC 9-316] 3431

(A) A security interest perfected pursuant to the law of 3432
the jurisdiction designated in division (A) of section 1309.301– 3433
~~or~~, division (C) of section 1309.305, division (D) of section 3434
1309.343, or division (B) of section 1309.344 of the Revised 3435
Code remains perfected until the earliest of: 3436

(1) The time perfection would have ceased under the law of 3437
that jurisdiction; 3438

(2) The expiration of four months after a change of the 3439
debtor's location to another jurisdiction; or 3440

(3) The expiration of one year after a transfer of 3441
collateral to a person that thereby becomes a debtor and is 3442
located in another jurisdiction. 3443

(B) If a security interest described in division (A) of 3444
this section becomes perfected under the law of the other 3445
jurisdiction before the earliest time or event described in that 3446

division, it remains perfected thereafter. If the security 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 3506
security interest attaches within four months after the debtor 3507
changes its location to another jurisdiction: 3508

(1) A financing statement filed before the change pursuant 3509
to the law of the jurisdiction designated in division (A) of 3510
section 1309.301 or division (C) of section 1309.305 of the 3511
Revised Code is effective to perfect a security interest in the 3512
collateral if the financing statement would have been effective 3513
to perfect a security interest in the collateral had the debtor 3514
not changed its location. 3515

(2) If a security interest perfected by a financing 3516
statement that is effective under division (H) (1) of this 3517
section becomes perfected under the law of the other 3518
jurisdiction before the earlier of the time the financing 3519
statement would have become ineffective under the law of the 3520
jurisdiction designated in division (A) of section 1309.301 or 3521
division (C) of section 1309.305 of the Revised Code or the 3522
expiration of the four-month period, it remains perfected 3523
thereafter. If the security interest does not become perfected 3524
under the law of the other jurisdiction before the earlier time 3525
or event, it becomes unperfected and is deemed never to have 3526
been perfected as against a purchaser of the collateral for 3527
value. 3528

(I) If a financing statement naming an original debtor is 3529
filed pursuant to the law of the jurisdiction designated in 3530
division (A) of section 1309.301 or division (C) of section 3531
1309.305 of the Revised Code and the new debtor is located in 3532
another jurisdiction, the following rules apply: 3533

(1) The financing statement is effective to perfect a 3534
security interest in collateral acquired by the new debtor 3535
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 3708
financing statement covering the same types of inventory: 3709

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

(2) If the purchase money security interest is temporarily 3712
perfected without filing or possession under division (F) of 3713
section 1309.312 of the Revised Code, before the beginning of 3714
the twenty-day period. 3715

(D) Subject to division (E) of this section and except as 3716
otherwise provided in division (G) of this section, a perfected 3717
purchase money security interest in livestock that are farm 3718
products has priority over a conflicting security interest in 3719
the same livestock, and, except as otherwise provided in section 3720
1309.327 of the Revised Code, a perfected security interest in 3721
their identifiable proceeds and identifiable products in their 3722
unmanufactured states also has priority, if: 3723

(1) The purchase money security interest is perfected when 3724
the debtor receives possession of the livestock; 3725

(2) The purchase money secured party sends ~~an~~ 3726
~~authenticated~~ a signed notification to the holder of the 3727
conflicting security interest; 3728

(3) The holder of the conflicting security interest 3729
receives the notification within six months before the debtor 3730
receives possession of the livestock; and 3731

(4) The notification states that the person sending the 3732
notification has or expects to acquire a purchase money security 3733

interest in livestock of the debtor and describes the livestock. 3734

(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 3765
instrument [UCC 9-330] 3766

(A) A purchaser of chattel paper has priority over a 3767
security interest in the chattel paper that is claimed merely as 3768
proceeds of inventory subject to a security interest if: 3769

(1) In good faith and in the ordinary course of the 3770
purchaser's business, the purchaser gives new value ~~and~~, takes 3771
possession of each authoritative tangible copy of the record 3772
evidencing the chattel paper ~~or~~, and obtains control of the 3773
~~chattel paper~~ under section 1309.105 of the Revised Code of each 3774
authoritative electronic copy of the record evidencing the 3775
chattel paper; and 3776

(2) The authoritative copies of the record evidencing the 3777
chattel paper ~~does~~ do not indicate that ~~it~~ the chattel paper has 3778
been assigned to an identified assignee other than the 3779
purchaser. 3780

(B) A purchaser of chattel paper has priority over a 3781
security interest in the chattel paper that is claimed other 3782
than merely as proceeds of inventory subject to a security 3783
interest if the purchaser gives new value ~~and~~, takes possession 3784
of each authoritative tangible copy of the record evidencing the 3785
chattel paper ~~or~~, and obtains control of the chattel paper 3786
under section 1309.105 of the Revised Code of each authoritative 3787
electronic copy of the record evidencing the chattel paper in 3788
good faith, in the ordinary course of the purchaser's business, 3789
and without knowledge that the purchase violates the rights of 3790
the secured party. 3791

(C) Except as otherwise provided in section 1309.327 of 3792
the Revised Code, a purchaser having priority in chattel paper 3793
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 3908
transaction; and 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 3912
perfected, has priority over the conflicting interest of an 3913
encumbrancer or owner of the real property if: 3914

(1) The encumbrancer or owner has, in ~~an authenticated a~~ 3915
signed record, consented to the security interest or disclaimed 3916
an interest in the goods as fixtures; or 3917

(2) The debtor has a right to remove the goods as against 3918
the encumbrancer or owner. 3919

(G) The priority of the security interest under division 3920
(F) (2) of this section continues for a reasonable time if the 3921
debtor's right to remove the goods as against the encumbrancer 3922
or owner terminates. 3923

(H) A mortgage is a construction mortgage to the extent 3924
that it secures an obligation incurred for the construction of 3925
an improvement on land, including the acquisition cost of the 3926
land, if a recorded record of the mortgage so indicates. Except 3927
as otherwise provided in divisions (E) and (F) of this section, 3928
a security interest in fixtures is subordinate to a construction 3929
mortgage if a record of the mortgage is recorded before the 3930
goods become fixtures and the goods become fixtures before the 3931
completion of the construction. A mortgage has this priority to 3932

the same extent as a construction mortgage to the extent that it 3933
is given to refinance a construction mortgage. 3934

(I) A perfected security interest in crops growing on real 3935
property has priority over a conflicting interest of an 3936
encumbrancer or owner of the real property if the debtor has an 3937
interest of record in or is in possession of the real property. 3938

(J) Division (I) of this section prevails over any 3939
inconsistent statutes not specifically enumerated under division 3940
(D) (2) of section 1309.109 of the Revised Code and applicable by 3941
their terms. 3942

Sec. 1309.341. Bank's rights and duties with respect to 3943
deposit account [UCC 9-341] 3944

Except as otherwise provided in division (C) of section 3945
1309.340 of the Revised Code, and unless the bank otherwise 3946
agrees in ~~an authenticated~~ a signed record, a bank's rights and 3947
duties with respect to a deposit account maintained with the 3948
bank are not terminated, suspended, or modified by: 3949

(A) The creation, attachment, or perfection of a security 3950
interest in the deposit account; 3951

(B) The bank's knowledge of the security interest; or 3952

(C) The bank's receipt of instructions from the secured 3953
party. 3954

Sec. 1309.343. Law governing perfection and priority of 3955
security interests in chattel paper [UCC 9-306A] 3956

(A) Except as provided in division (D) of this section, if 3957
chattel paper is evidenced only by an authoritative electronic 3958
copy of the chattel paper or is evidenced by an authoritative 3959
electronic copy and an authoritative tangible copy, the local 3960

law of the chattel paper's jurisdiction governs perfection, the 3961
effect of perfection or nonperfection, and the priority of a 3962
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
interest in a controllable account or controllable payment 4021
intangible governed by the controllable electronic record. 4022

(B) The local law of the jurisdiction in which the debtor 4023
is located governs both of the following: 4024

(1) Perfection of a security interest in a controllable 4025
account, controllable electronic record, or controllable payment 4026
intangible by filing; 4027

(2) Automatic perfection of a security interest in a 4028
controllable payment intangible created by the sale of the 4029
controllable payment intangible. 4030

Sec. 1309.345. Perfection by possession and control of 4031
chattel paper [UCC 9-314A] 4032

(A) A secured party may perfect a security interest in 4033
chattel paper by taking possession of each authoritative 4034
tangible copy of the record evidencing the chattel paper and 4035
obtaining control of each authoritative electronic copy of the 4036
electronic record evidencing the chattel paper. 4037

(B) A security interest is perfected under division (A) of 4038
this section not earlier than the time the secured party takes 4039
possession and obtains control and remains perfected under 4040
division (A) of this section only while the secured party 4041
retains possession and control. 4042

(C) Divisions (C), (F), (G), (H), and (I) of section 4043
1309.313 of the Revised Code apply to perfection by possession 4044
of an authoritative tangible copy of a record evidencing chattel 4045
paper. 4046

Sec. 1309.346. Priority of security interest in 4047
controllable account, controllable electronic record, and 4048
controllable payment intangible [UCC 9-326A] 4049

A security interest in a controllable account, 4050
controllable electronic record, or controllable payment 4051
intangible held by a secured party having control of the 4052
account, electronic record, or payment intangible has priority 4053
over a conflicting security interest held by a secured party 4054
that does not have control. 4055

Sec. 1309.404. Rights acquired by assignee; claims and 4056
defenses against assignee [UCC 9-404] 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~~ signed 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 4078
account debtor's obligation, if law other than this chapter 4079
requires that the record include a statement to the effect that 4080
the account debtor's recovery against an assignee with respect 4081
to claims and defenses against the assignor may not exceed 4082
amounts paid by the account debtor under the record, and if the 4083
record does not include the required statement, the extent to 4084
which a claim of an account debtor against the assignor may be 4085
asserted against an assignee is determined as if the record 4086
included the required statement. 4087

(E) This section does not apply to an assignment of a 4088
health-care-insurance receivable. 4089

Sec. 1309.406. Discharge of account debtor; notification 4090
of assignment; identification and proof of assignment; 4091
restrictions on assignment of accounts, chattel paper, payment 4092
intangibles, and promissory notes ineffective [UCC 9-406] 4093

(A) Subject to divisions (B) to (I) and division (L) of 4094
this section, an account debtor on an account, chattel paper, or 4095
payment intangible may discharge its obligation by paying the 4096
assignor until, but not after, the account debtor receives a 4097
notification, ~~authenticated~~ signed by the assignor or the 4098
assignee, that the amount due or to become due has been assigned 4099
and that payment is to be made to the assignee. After receipt of 4100
the notification, the account debtor may discharge its 4101
obligation by paying the assignee and may not discharge the 4102
obligation by paying the assignor. 4103

(B) Subject to ~~division~~ divisions (H) and (L) of this 4104

section, notification under division (A) of this section is not 4105
effective: 4106

(1) If the notification does not reasonably identify the 4107
rights assigned; 4108

(2) To the extent that an agreement between an account 4109
debtor and a seller of a payment intangible limits the account 4110
debtor's duty to pay a person other than the seller and the 4111
limitation is effective under law other than this chapter; or 4112

(3) At the option of an account debtor, if the 4113
notification notifies the account debtor to make less than the 4114
full amount of any installment or other periodic payment to the 4115
assignee, even if: 4116

(a) Only a portion of the account, chattel paper, or 4117
payment intangible has been assigned to that assignee; 4118

(b) A portion has been assigned to another assignee; or 4119

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

(C) Subject to ~~division~~ divisions (H) and (L) of this 4122
section, if requested by the account debtor, an assignee shall 4123
seasonably furnish reasonable proof that the assignment has been 4124
made. Unless the assignee complies, the account debtor may 4125
discharge its obligation by paying the assignor, even if the 4126
account debtor has received a notification under division (A) of 4127
this section. 4128

(D) As used in this division, "promissory note" includes a 4129
negotiable instrument that evidences chattel paper. Except as 4130
otherwise provided in division (E) of this section and sections 4131
1309.407 and 1310.31 of the Revised Code, and subject to 4132

division (H) of this section, a term in an agreement between an 4133
account debtor and an assignor or in a promissory note is 4134
ineffective to the extent that it: 4135

(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 4252
obligated on the promissory note or the account debtor; 4253

(3) Does not require the person obligated on the 4254
promissory note or the account debtor to recognize the security 4255
interest, pay or render performance to the secured party, or 4256
accept payment or performance from the secured party; 4257

(4) Does not entitle the secured party to use or assign 4258
the debtor's rights under the promissory note, health-care- 4259
insurance receivable, or general intangible, including any 4260
related information or materials furnished to the debtor in the 4261
transaction giving rise to the promissory note, health-care- 4262
insurance receivable, or general intangible; 4263

(5) Does not entitle the secured party to use, assign, 4264
possess, or have access to any trade secrets or confidential 4265
information of the person obligated on the promissory note or 4266
the account debtor; and 4267

(6) Does not entitle the secured party to enforce the 4268
security interest in the promissory note, health-care-insurance 4269
receivable, or general intangible. 4270

(E) Divisions (A) and (C) of this section do not apply to: 4271

(1) A claim or right to receive compensation for injuries 4272
or sickness as described in section 104(a)(1) or (2) of the 4273
Internal Revenue Code as amended; or 4274

(2) A claim or right to receive benefits under a special 4275
needs trust as described in the "Omnibus Budget Reconciliation 4276

Act of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended. 4277

(F) Divisions (A), (C), and (E) of this section apply only 4278
to a security interest created on or after July 1, 2001. Nothing 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 4394
Revised Code. 4395

(C) The rights under divisions (A) and (B) of this section 4396
are cumulative and may be exercised simultaneously. 4397

(D) Except as otherwise provided in division (G) of this 4398
section and section 1309.605 of the Revised Code, after default, 4399
a debtor and an obligor have the rights provided in sections 4400
1309.601 to 1309.628 of the Revised Code and by agreement of the 4401
parties. 4402

(E) If a secured party has reduced its claim to judgment, 4403
the lien of any levy that may be made upon the collateral by 4404
virtue of an execution based upon the judgment relates back to 4405
the earliest of: 4406

(1) The date of perfection of the security interest or 4407
agricultural lien in the collateral; 4408

(2) The date of filing a financing statement covering the 4409
collateral; or 4410

(3) Any date specified in a statute under which the 4411
agricultural lien was created. 4412

(F) A sale pursuant to an execution is a foreclosure of 4413
the security interest or agricultural lien by judicial procedure 4414
within the meaning of this section. A secured party may purchase 4415
at the sale and after the sale may hold the collateral free of 4416
any other requirements of this chapter. 4417

(G) Except as provided in division (C) of section 1309.607 4418

of the Revised Code, sections 1309.601 to 1309.628 of the 4419
Revised Code do not impose any duties upon a secured party who 4420
is a consignor or a buyer of accounts, chattel paper, payment 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
signed 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 party) 4584
4585

(1) Name of Debtor(s): ~~(Include only if debtor(s) are not an addressee)~~ 4586
4587

~~(FOR A PUBLIC DISPOSITION:)~~ any debtor that is not an addressee: (Name of each debtor) 4588
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 indebtedness secured by the property that we intend to sell ~~(or, as applicable, lease or license, as applicable).~~ 4601
4602
4603

(5) If you request an accounting, you must pay ~~(for a charge of \$ _____).~~ 4604
4605

(6) You may request an accounting by calling us at (telephone number)." 4606
4607

(C) The following instructions apply to the form of notification in division (B) of this section: 4608
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
address)) (or contact us by (description of electronic
communication method)).

(8) We are sending this notice to the following other
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~~7~~ 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 4718
notification relates to a private disposition of the collateral. 4719

(3) Include and complete divisions (B) (3), (4), and (5) of 4720
this section. 4721

(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. Application of proceeds of disposition; 4751
liability for deficiency and right to surplus [UCC 9-615] 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
signed demand 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
~~authenticated~~ a signed demand 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 4809
party, a person related to the secured party, or a secondary 4810
obligor; and 4811

(2) The amount of proceeds of the disposition is 4812
significantly below the range of proceeds that a complying 4813
disposition to a person other than the secured party, a person 4814
related to the secured party, or a secondary obligor would have 4815
brought. 4816

(G) A secured party who receives cash proceeds of a 4817
disposition in good faith and without knowledge that the receipt 4818
violates the rights of the holder of a security interest or 4819
other lien that is not subordinate to the security interest or 4820
agricultural lien under which the disposition is made: 4821

(1) Takes the cash proceeds free of the security interest 4822
or other lien; 4823

(2) Is not obligated to apply the proceeds of the 4824
disposition to the satisfaction of obligations secured by the 4825
security interest or other lien; and 4826

(3) Is not obligated to account to or pay the holder of 4827
the security interest or other lien for any surplus. 4828

Sec. 1309.616. Explanation of calculation of surplus or 4829
deficiency [UCC 9-616] 4830

(A) As used in this section: 4831

- (1) "Explanation" means a ~~writing~~ record 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 4835
surplus or deficiency; 4836
- (c) States, if applicable, that future debits, credits, 4837
charges, including additional credit service charges or 4838
interest, rebates, and expenses may affect the amount of the 4839
surplus or deficiency; and 4840
- (d) Provides a telephone number or mailing address from 4841
which additional information concerning the transaction is 4842
available. 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 4848
1309.610 of the Revised Code. 4849
- (B) In a consumer-goods transaction in which the debtor is 4850
entitled to a surplus or a consumer obligor is liable for a 4851
deficiency under section 1309.615 of the Revised Code, the 4852
secured party shall: 4853
- (1) Send an explanation to the debtor or consumer obligor, 4854
as applicable, after the disposition and: 4855
- (a) Before or when the secured party accounts to the 4856
debtor and pays any surplus or first makes ~~written~~ demand in a 4857
record on the consumer obligor after the disposition for payment 4858

of the deficiency; and 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 4917
transfer of record of all rights of the debtor in the collateral 4918
specified in the statement in any official filing, recording, 4919
registration, or certificate of title system covering the 4920
collateral. If a transfer statement is presented with the 4921
applicable fee and request form to the official or office 4922
responsible for maintaining the system, the official or office 4923
shall: 4924

(1) Accept the transfer statement; 4925

(2) Promptly amend its records to reflect the transfer; 4926
and 4927

(3) If applicable, issue a new appropriate certificate of 4928
title in the name of the transferee. 4929

(C) A transfer of the record or legal title to collateral 4930
to a secured party under division (B) of this section or 4931
otherwise is not of itself a disposition of collateral under 4932
this chapter and does not of itself relieve the secured party of 4933
its duties under this chapter. 4934

Sec. 1309.620. Acceptance of collateral in full or partial 4935
satisfaction of obligation; compulsory disposition of collateral 4936
[UCC 9-620] 4937

(A) Except as otherwise provided in division (G) of this 4938
section, a secured party may accept collateral in full or 4939
partial satisfaction of the obligation it secures only if: 4940

(1) The debtor consents to the acceptance under division 4941
(C) of this section; 4942

(2) The secured party, within the time prescribed in 4943
division (D) of this section, does not receive a notification of 4944
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 4999
case of a purchase-money security interest in consumer goods; or 5000

(2) Sixty per cent of the principal amount of the 5001
obligation secured has been paid in the case of a non-purchase- 5002
money security interest in consumer goods. 5003

(F) To comply with division (E) of this section, the 5004
secured party shall dispose of the collateral: 5005

(1) Within ninety days after taking possession; or 5006

(2) Within any longer period to which the debtor and all 5007
secondary obligors have agreed in an agreement to that effect 5008
entered into and ~~authenticated~~signed after default. 5009

(G) In a consumer transaction, a secured party may not 5010
accept collateral in partial satisfaction of the obligation it 5011
secures. 5012

Sec. 1309.621. Notification of proposal to accept 5013
collateral [UCC 9-621] 5014

(A) A secured party who desires to accept collateral in 5015
full or partial satisfaction of the obligation it secures shall 5016
send its proposal to: 5017

(1) Any person from whom the secured party has received, 5018
before the debtor consented to the acceptance, ~~an authenticated~~ 5019
a signed notification of a claim of an interest in the 5020
collateral; 5021

(2) Any other secured party or lienholder who, ten days 5022
before the debtor consented to the acceptance, held a security 5023
interest in or other lien on the collateral perfected by the 5024

filing of a financing statement that: 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 5028
financing statement against the debtor covering the collateral 5029
as of that date; and 5030

(3) Any other secured party who, ten days before the 5031
debtor consented to the acceptance, held a security interest in 5032
the collateral perfected by compliance with a statute, 5033
regulation, or treaty described in division (A) of section 5034
1309.311 of the Revised Code. 5035

(B) A secured party who desires to accept collateral in 5036
partial satisfaction of the obligation it secures shall send its 5037
proposal to any secondary obligor in addition to the persons 5038
described in division (A) of this section. 5039

Sec. 1309.624. Waiver [UCC 9-624] 5040

(A) A debtor or secondary obligor may waive the right to 5041
notification of disposition of collateral under section 1309.611 5042
of the Revised Code only by an agreement to that effect entered 5043
into and ~~authenticated~~ signed after default. 5044

(B) A debtor may waive the right to require disposition of 5045
collateral under division (E) of section 1309.620 of the Revised 5046
Code only by an agreement to that effect entered into and 5047
~~authenticated~~ signed after default. 5048

(C) Except in a consumer-goods transaction, a debtor or 5049
secondary obligor may waive the right to redeem collateral under 5050
section 1309.623 of the Revised Code only by an agreement to 5051
that effect entered into and ~~authenticated~~ signed after default. 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 5253
into the transaction. 5254

(22) "Purchase" includes taking by sale, lease, mortgage, 5255
security interest, pledge, gift, or any other voluntary 5256
transaction creating an interest in goods. 5257

(23) "Sublease" means a lease of goods the right to 5258
possession and use of which was acquired by the lessor as a 5259
lessee under an existing lease. 5260

(24) "Supplier" means a person from whom a lessor buys or 5261
leases goods to be leased under a finance lease. 5262

(25) "Supply contract" means a contract under which a 5263
lessor buys or leases goods to be leased. 5264

(26) "Termination" occurs when either party pursuant to a 5265
power created by agreement or law puts an end to the lease 5266
contract otherwise than for default. 5267

(B) The following definitions also apply to sections 5268
1310.01 to 1310.78 of the Revised Code: 5269

(1) "Accessions," as defined in section 1310.38 of the 5270
Revised Code; 5271

(2) "Construction mortgage," "encumbrance," "fixtures," 5272
"fixture filing," and "purchase money lease" as defined in 5273
section 1310.37 of the Revised Code. 5274

(C) As used in sections 1310.01 to 1310.78 of the Revised 5275
Code: 5276

(1) "Account," "chattel paper," "document," "general 5277
intangible," "instrument," "mortgage," and "pursuant to 5278

commitment" have the same meanings as in section 1309.102 of the Revised Code.

(2) "Between merchants," "buyer," "merchant," "receipt," "sale," and "seller" have the same meanings as in section 1302.01 of the Revised Code.

(3) "Consumer goods" has the same meaning as in section 1309.07 of the Revised Code.

(4) "Entrusting" has the same meaning as in section 1302.44 of the Revised Code.

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

(6) "Sale on approval" and "sale or return" have the same meanings as in section 1302.39 of the Revised Code.

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

Sec. 1310.02. ~~(A)~~ Scope [UCC 2A-102]

(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.

(2) In a hybrid lease:

(a) If the lease-of-goods aspects do not predominate:

(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;

(ii) Section 1310.16 of the Revised Code applies if the 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. Statute of frauds [UCC 2A-201] 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~~record, 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~~record 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~~record. 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 5392
performance; 5393

(B) Evidence of consistent additional terms, unless the 5394
court finds the ~~writing~~-record to have been intended also as a 5395
complete and exclusive statement of the terms of the agreement. 5396

Sec. 1310.10. Seals inoperative [UCC 2A-203] 5397

The affixing of a seal to a ~~writing~~-record evidencing a 5398
lease contract or an offer to enter into a lease contract does 5399
not render the ~~writing~~-record a sealed instrument, and the law 5400
with respect to sealed instruments does not apply to a lease 5401
contract or offer to which a seal has been affixed. 5402

Sec. 1310.12. Firm offers [UCC 2A-205] 5403

An offer by a merchant to lease goods to or from another 5404
person in a signed ~~writing~~-record that by its terms gives 5405
assurance it will be held open is not revocable, for lack of 5406
consideration, during the time stated or, if no time is stated, 5407
for a reasonable time, but in no event may the period of 5408
irrevocability exceed three months. Any such term of assurance 5409
on a form supplied by the offeree shall be separately signed by 5410
the offeror. 5411

Sec. 1310.15. Modification, rescission, and waiver [UCC 5412
2A-208] 5413

(A) An agreement modifying a lease contract needs no 5414
consideration to be binding. 5415

(B) A signed lease agreement that excludes modification or 5416
rescission except by a signed ~~writing~~-record may not be 5417
otherwise modified or rescinded, but, except as between 5418

merchants, a provision that excludes modification or rescission 5419
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

Sec. 1314.101. Title [UCC 12-101] 5479

This chapter may be cited as "Uniform Commercial Code, 5480
controllable electronic records." 5481

Sec. 1314.102. Definitions [UCC 12-102] 5482

As used in this chapter: 5483

(A) "Controllable electronic record" means a record stored 5484
in an electronic medium that can be subjected to control under 5485
section 1314.105 of the Revised Code. "Controllable electronic 5486
record" does not include a controllable account, a controllable 5487
payment intangible, a deposit account, an electronic copy of a 5488
record evidencing chattel paper, an electronic document of 5489
title, electronic money, investment property, or a transferable 5490
record. 5491

(B) "Qualifying purchaser" means a purchaser of a 5492
controllable electronic record or an interest in a controllable 5493
electronic record that obtains control of the controllable 5494
electronic record for value, in good faith, and without notice 5495
of a claim of a property right in the controllable electronic 5496
record. 5497

(C) "Transferable record" means both of the following: 5498

(1) A "transferable record," as defined in section 1306.15 5499
of the Revised Code; 5500

(2) A "transferable record," as defined in the "Electronic 5501
Signatures in Global and National Commerce Act," 15 U.S.C 5502
7021(a)(1). 5503

(D) "Value" has the same meaning as in section 1303.33 of
the Revised Code, as if references in that section to an
"instrument" were references to a controllable account,
controllable electronic record, or controllable payment
intangible.

(E) "Account debtor," "controllable account,"
"controllable payment intangible," "chattel paper," "deposit
account," "electronic money," and "investment property" have the
same meanings as in section 1309.102 of the Revised Code.

Sec. 1314.103. Relation to Chapter 1309. of the Revised
Code and consumer laws [UCC 12-103]

(A) If there is a conflict between this chapter and
Chapter 1309. of the Revised Code, Chapter 1309. of the Revised
Code governs.

(B) A transaction subject to this chapter is subject to
any applicable rule of law that establishes a different rule for
consumers.

Sec. 1314.104. Rights in controllable account,
controllable electronic record, and controllable payment
intangible [UCC 12-104]

(A) This section applies to the acquisition and purchase
of rights in a controllable account or a controllable payment
intangible, including the rights and benefits under divisions
(C), (D), (E), (G), and (H) of this section of a purchaser and
qualifying purchaser, in the same manner this section applies to
a controllable electronic record.

(B) To determine whether the purchaser of a controllable
account or a controllable payment intangible is a qualifying
purchaser, the purchaser obtains control of the account or

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 5590
to or logically associated with the electronic record, or a 5591
system in which the electronic record is recorded limits the use 5592
of the electronic record or has a protocol programmed to cause a 5593
change, including a transfer or loss of control or a 5594
modification of benefits afforded by the electronic record; 5595

(2) The power is shared with another person. 5596

(C) A power of a person is not shared with another person 5597
under division (B) (2) of this section and the person's power is 5598
not exclusive if both of the following apply: 5599

(1) The person can exercise the power only if the power is 5600
also exercised by the same person; 5601

(2) The other person either: 5602

(a) Can exercise the power without exercise of the power 5603
by the person; 5604

(b) Is the transferor to the person of an interest in the 5605
controllable electronic record or a controllable account or 5606
controllable payment intangible evidenced by the controllable 5607
electronic record. 5608

(D) If a person has the powers specified in divisions (A) 5609
(1) (b) (i) and (ii) of this section, the powers are presumed to 5610
be exclusive. 5611

(E) A person has control of a controllable electronic 5612
record if another person, other than the transferor to the 5613
person of an interest in the controllable electronic record or a 5614
controllable account or controllable payment intangible 5615
evidenced by the controllable electronic record either: 5616

(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 5761
twelve is not in effect in the District of Columbia without 5762
material modification, the governing law for a matter covered by 5763
this chapter is the law of the District of Columbia as though 5764
article twelve were in effect in the District of Columbia 5765
without material modification. In this division, "article 5766
twelve" means article twelve of the uniform commercial code. 5767

(E) To the extent divisions (A) and (B) of this section 5768
provide that the local law of the controllable electronic 5769
record's jurisdiction governs a matter covered by this chapter, 5770
that law governs even if the matter or transaction to which the 5771
matter relates does not bear any relation to the controllable 5772
electronic record's jurisdiction. 5773

(F) The rights acquired under section 1314.104 of the 5774
Revised Code by a purchaser or qualifying purchaser are governed 5775
by the law applicable under this section at the time of 5776
purchase. 5777

Sec. 1316.101. Title [UCC A-101] 5778

This chapter may be cited as "transitional provisions for 5779
Uniform Commercial Code amendments (2022)." 5780

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 5783
is one year after the effective date of this section, whichever 5784
is later. 5785

(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 5815
section. 5816

Sec. 1316.301. Saving clause [UCC A-301] 5817

(A) Except as provided in sections 1316.301 to 1316.306 of 5818
the Revised Code, the version of Chapter 1309. of the Revised 5819
Code that applies on the effective date of this section, and 5820
Article 12 apply to a transaction, lien, or other interest in 5821
property, even if the transaction lien, or interest was entered 5822
into, created, or acquired before the effective date of this 5823
section. 5824

(B) Except as provided in division (C) of this section and 5825
sections 1316.302 to 1316.306 of the Revised Code: 5826

(1) A transaction, lien, or interest in property that was 5827
validly entered into, created, or transferred before the 5828
effective date of this section and was not governed by the 5829
Uniform Commercial Code, but would be subject to Chapter 1309. 5830
of the Revised Code or Article 12 if it had been entered into, 5831
created, or transferred on or after the effective date of this 5832
section, including the rights, duties, and interests flowing 5833
from the transaction, lien, or interest, remains valid on and 5834
after the effective date of this section; and 5835

(2) The transaction, lien, or interest may be terminated, 5836
completed, consummated, and enforced as required or permitted by 5837
the Uniform Commercial Code, as it exists on the effective date 5838
of this section, or by the law that applied before that date. 5839

(C) The amendments to the Uniform Commercial Code that 5840
apply on the effective date of this section do not affect an 5841
action, case, or other proceeding commenced before the effective 5842
date of this section. 5843

Sec. 1316.302. Security interest perfected before 5844
effective date [UCC A-302] 5845

(A) A security interest that is enforceable and perfected 5846
immediately before the effective date of this section is a 5847
perfected security interest under the Uniform Commercial Code, 5848
as it exists on the effective date of this section, if the 5849
requirements for enforceability and perfection under the Uniform 5850
Commercial Code, as it exists on the effective date of this 5851
section, are satisfied without further action. 5852

(B) If a security interest is enforceable and perfected 5853
immediately before the effective date of this section, but the 5854
requirements for enforceability or perfection under the Uniform 5855
Commercial Code, as it exists on the effective date of this 5856
section, are not satisfied on the effective date of this 5857
section, the security interest: 5858

(1) Is a perfected security interest until the earlier of 5859
the time perfection would have ceased under the law in effect 5860
immediately before the effective date of this section or the 5861
adjustment date; 5862

(2) Remains enforceable thereafter only if the security 5863
interest satisfies the requirements for enforceability under 5864
section 1309.203 of the Revised Code, as it exists on the 5865
effective date of this section, before the adjustment date; and 5866

(3) Remains perfected thereafter only if the requirements 5867
for perfection under the Uniform Commercial Code, as it exists 5868
on the effective date of this section, are satisfied before the 5869
time specified in division (B) (1) of this section. 5870

Sec. 1316.303. Security interest unperfected before 5871
effective date [UCC A-303] 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