

As Reported by the Senate Judiciary Committee

CORRECTED VERSION

136th General Assembly

Regular Session

Sub. H. B. No. 195

2025-2026

Representatives Isaacsohn, Mathews, A.

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

Senator Manning

To amend sections 141.16, 1301.101, 1301.102, 1
1301.103, 1301.104, 1301.105, 1301.106, 2
1301.201, 1301.204, 1301.205, 1301.206, 3
1301.301, 1301.302, 1301.304, 1301.305, 4
1301.306, 1302.01, 1302.02, 1302.04, 1302.05, 5
1302.06, 1302.08, 1302.12, 1303.01, 1303.03, 6
1303.41, 1303.69, 1304.51, 1304.56, 1304.57, 7
1304.58, 1304.62, 1304.63, 1304.65, 1304.66, 8
1304.72, 1305.03, 1305.15, 1307.102, 1307.106, 9
1308.01, 1308.02, 1308.05, 1308.17, 1308.24, 10
1309.102, 1309.104, 1309.105, 1309.203, 11
1309.204, 1309.207, 1309.208, 1309.209, 12
1309.210, 1309.301, 1309.304, 1309.305, 13
1309.310, 1309.312, 1309.313, 1309.314, 14
1309.316, 1309.317, 1309.323, 1309.324, 15
1309.330, 1309.331, 1309.332, 1309.334, 16
1309.341, 1309.404, 1309.406, 1309.408, 17
1309.509, 1309.513, 1309.601, 1309.605, 18
1309.608, 1309.611, 1309.613, 1309.614, 19
1309.615, 1309.616, 1309.619, 1309.620, 20
1309.621, 1309.624, 1309.628, 1310.01, 1310.02, 21
1310.05, 1310.08, 1310.09, 1310.10, 1310.12, 22

1310.15, and 1311.55 and to enact sections	23
1309.111, 1309.112, 1309.113, 1309.343,	24
1309.344, 1309.345, 1309.346, 1314.101,	25
1314.102, 1314.103, 1314.104, 1314.105,	26
1314.106, 1314.107, 1316.101, 1316.102,	27
1316.201, 1316.301, 1316.302, 1316.303,	28
1316.304, 1316.305, and 1316.306 of the Revised	29
Code to make changes to the Ohio Uniform	30
Commercial Code and to make changes regarding	31
billing for reimbursement of pay for retired	32
judges serving as active judges.	33

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

Section 1. That sections 141.16, 1301.101, 1301.102,	34
1301.103, 1301.104, 1301.105, 1301.106, 1301.201, 1301.204,	35
1301.205, 1301.206, 1301.301, 1301.302, 1301.304, 1301.305,	36
1301.306, 1302.01, 1302.02, 1302.04, 1302.05, 1302.06, 1302.08,	37
1302.12, 1303.01, 1303.03, 1303.41, 1303.69, 1304.51, 1304.56,	38
1304.57, 1304.58, 1304.62, 1304.63, 1304.65, 1304.66, 1304.72,	39
1305.03, 1305.15, 1307.102, 1307.106, 1308.01, 1308.02, 1308.05,	40
1308.17, 1308.24, 1309.102, 1309.104, 1309.105, 1309.203,	41
1309.204, 1309.207, 1309.208, 1309.209, 1309.210, 1309.301,	42
1309.304, 1309.305, 1309.310, 1309.312, 1309.313, 1309.314,	43
1309.316, 1309.317, 1309.323, 1309.324, 1309.330, 1309.331,	44
1309.332, 1309.334, 1309.341, 1309.404, 1309.406, 1309.408,	45
1309.509, 1309.513, 1309.601, 1309.605, 1309.608, 1309.611,	46
1309.613, 1309.614, 1309.615, 1309.616, 1309.619, 1309.620,	47
1309.621, 1309.624, 1309.628, 1310.01, 1310.02, 1310.05,	48
1310.08, 1310.09, 1310.10, 1310.12, 1310.15, and 1311.55 be	49

amended and sections 1309.111, 1309.112, 1309.113, 1309.343, 50
1309.344, 1309.345, 1309.346, 1314.101, 1314.102, 1314.103, 51
1314.104, 1314.105, 1314.106, 1314.107, 1316.101, 1316.102, 52
1316.201, 1316.301, 1316.302, 1316.303, 1316.304, 1316.305, and 53
1316.306 of the Revised Code be enacted to read as follows: 54

Sec. 141.16. (A) Any voluntarily retired judge, or any 55
judge who is retired under Section 6 of Article IV, Ohio 56
Constitution, may be assigned with the judge's consent, by the 57
chief justice or acting chief justice of the supreme court, to 58
active duty as a judge. While so serving, the judge shall be 59
paid, from money appropriated for this purpose, the established 60
compensation for such office, computed on a per diem basis, in 61
addition to any retirement benefits to which the judge may be 62
entitled. 63

(B) Annually, on the first day of August, the 64
administrative director of the supreme court shall issue a 65
billing to the ~~county treasurer~~ administrative judge of any 66
~~county~~ the court to which such a judge is assigned for 67
reimbursement of the county's portion of the compensation 68
previously paid by the state for the twelve-month period 69
preceding the last day of June. The county's portion of the 70
compensation shall be that part of each per diem paid by the 71
state which is proportional to the county's share of the total 72
compensation of a resident judge of such court. The ~~county~~ 73
~~treasurer~~ appropriate funding authority shall forward the 74
payment within thirty days. 75

(C) A retired assigned judge is eligible to receive a 76
retired assigned judge payment if the retired assigned judge 77
completes not less than one hundred hours of service in the 78
preceding quarter as assigned by the chief justice or acting 79

chief justice. The payment shall be seven hundred fifty dollars 80
per quarter and shall be paid from money appropriated for this 81
purpose. The payment is subject to any and all applicable taxes 82
under local, state, and federal law. 83

The payment shall be paid within thirty days after the end 84
of the quarter in which the one hundred hours is served. 85

(D) Division (C) of this section does not affect any right 86
of a retired assigned judge to receive any allowance, annuity, 87
pension, or other benefit vested pursuant to Chapter 145. of the 88
Revised Code or other eligible retirement system pursuant to 89
Ohio law. 90

(E) As used in this section: 91

(1) "Retired assigned judge" is a judge that is described 92
in division (A) of this section. 93

(2) "Quarter" is the preceding three-month period ending 94
on the last day of the month of March, June, September, or 95
December of each year. 96

Sec. 1301.101. Short titles [UCC 1-101] 97

(A) Chapters 1301., 1302., 1303., 1304., 1305., 1307., 98
1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code may be 99
cited as the Uniform Commercial Code. 100

(B) Sections 1301.101 to 1301.310 of the Revised Code may 101
be cited as Uniform Commercial Code - General Provisions. 102

(C) This chapter uses the numbering system of the national 103
conference of commissioners on uniform state laws. The digits to 104
the right of the decimal point are sequential and not 105
supplemental to any preceding Revised Code section. 106

Sec. 1301.102. Scope of Chapter 1301. [UCC 1-102]	107
Sections 1301.101 to 1301.310 of the Revised Code apply to	108
a transaction to the extent that it is governed by Chapter	109
1302., 1303., 1304., 1305., 1307., 1308., 1309., or <u>1310., or</u>	110
<u>1314.</u> of the Revised Code.	111
Sec. 1301.103. Construction of Uniform Commercial Code to	112
promote its purposes and policies; applicability of supplemental	113
principles of law [UCC 1-103]	114
(A) Chapters 1301., 1302., 1303., 1304., 1305., 1307.,	115
1308., 1309., and <u>1310., and 1314.</u> of the Revised Code must be	116
liberally construed and applied to promote their underlying	117
purposes and policies, which are:	118
(1) To simplify, clarify, and modernize the law governing	119
commercial transactions;	120
(2) To permit the continued expansion of commercial	121
practices through custom, usage, and agreement of the parties;	122
and	123
(3) To make uniform the law among the various	124
jurisdictions.	125
(B) Unless displaced by the particular provisions of	126
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309.,	127
and <u>1310., and 1314.</u> of the Revised Code, the principles of law	128
and equity, including the law merchant and the law relative to	129
capacity to contract, principal and agent, estoppel, fraud,	130
misrepresentation, duress, coercion, mistake, bankruptcy, and	131
other validating or invalidating cause supplement their	132
provisions.	133
Sec. 1301.104. Construction against implied repeal [UCC 1-	134

104]	135
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308.,	136
1309., and 1310., <u>and 1314.</u> of the Revised Code being a general	137
act intended as a unified coverage of its subject matter, no	138
part of it shall be deemed to be impliedly repealed by	139
subsequent legislation if such construction can reasonably be	140
avoided.	141
Sec. 1301.105. Severability [UCC 1-105]	142
If any provision or clause of Chapter 1301., 1302., 1303.,	143
1304., 1305., 1307., 1308., 1309., or 1310., <u>or 1314.</u> of the	144
Revised Code or its application to any person or circumstance is	145
held invalid, the invalidity does not affect other provisions or	146
applications of Chapter 1301., 1302., 1303., 1304., 1305.,	147
1307., 1308., 1309., or 1310., <u>or 1314.</u> of the Revised Code	148
which can be given effect without the invalid provision or	149
application, and to this end the provisions of Chapter 1301.,	150
1302., 1303., 1304., 1305., 1307., 1308., 1309., or 1310., <u>or</u>	151
<u>1314.</u> of the Revised Code are severable.	152
Sec. 1301.106. Use of singular and plural; gender [UCC 1-	153
106]	154
In Chapters 1301., 1302., 1303., 1304., 1305., 1307.,	155
1308., 1309., and 1310., <u>and 1314.</u> of the Revised Code, unless	156
the statutory context otherwise requires:	157
(A) Words in the singular number include the plural, and	158
those in the plural include the singular; and	159
(B) Words of any gender also refer to any other gender.	160
Sec. 1301.201. General definitions [UCC 1-201]	161
(A) Unless the context otherwise requires, words or	162

phrases defined in this section, or in the additional 163
definitions contained in Chapter 1301., 1302., 1303., 1304., 164
1305., 1307., 1308., 1309., ~~or~~ 1310., or 1314. of the Revised 165
Code, that apply to particular chapters or sections therein, 166
have the meanings stated. 167

(B) Subject to definitions contained in Chapter 1301., 168
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or~~ 1310., or 169
1314. of the Revised Code, that apply to particular chapters or 170
sections therein: 171

(1) "Action", in the sense of a judicial proceeding, 172
includes recoupment, counterclaim, set-off, suit in equity, and 173
any other proceeding in which rights are determined. 174

(2) "Aggrieved party" means a party entitled to pursue a 175
remedy. 176

(3) "Agreement", as distinguished from "contract", means 177
the bargain of the parties in fact, as found in their language 178
or inferred from other circumstances, including course of 179
performance, course of dealing, or usage of trade as provided in 180
section 1301.303 of the Revised Code. 181

(4) "Bank" means a person engaged in the business of 182
banking and includes a savings bank, savings and loan 183
association, credit union, and trust company. 184

(5) "Bearer" means a person in control of a negotiable 185
electronic document of title or a person in possession of a 186
negotiable instrument, negotiable tangible document of title, or 187
certificated security that is payable to bearer or indorsed in 188
blank. 189

(6) "Bill of lading" means a document of title evidencing 190
the receipt of goods for shipment issued by a person engaged in 191

the business of directly or indirectly transporting or 192
forwarding goods. The term does not include a warehouse receipt. 193

(7) "Branch" includes a separately incorporated foreign 194
branch of a bank. 195

(8) "Burden of establishing" a fact means the burden of 196
persuading the trier of fact that the existence of the fact is 197
more probable than its nonexistence. 198

(9) "Buyer in ordinary course of business" means a person 199
that buys goods in good faith, without knowledge that the sale 200
violates the rights of another person in the goods, and in the 201
ordinary course from a person, other than a pawnbroker, in the 202
business of selling goods of that kind. A person buys goods in 203
the ordinary course if the sale to the person comports with the 204
usual or customary practices in the kind of business in which 205
the seller is engaged or with the seller's own usual or 206
customary practices. A person that sells oil, gas, or other 207
minerals at the wellhead or minehead is a person in the business 208
of selling goods of that kind. A buyer in ordinary course of 209
business may buy for cash, by exchange of other property, or on 210
secured or unsecured credit, and may acquire goods or documents 211
of title under a preexisting contract for sale. Only a buyer 212
that takes possession of the goods or has a right to recover the 213
goods from the seller under Chapter 1302. of the Revised Code 214
may be a buyer in ordinary course of business. "Buyer in 215
ordinary course of business" does not include a person that 216
acquires goods in a transfer in bulk or as security for or in 217
total or partial satisfaction of a money debt. 218

(10) "Conspicuous", with reference to a term, means so 219
written, displayed, or presented that, based on the totality of 220
the circumstances, a reasonable person against which it is to 221

operate ought to have noticed it. Whether a term is 222
"conspicuous" or not is for decision by the court. ~~Conspicuous~~ 223
~~terms include the following:~~ 224

~~(a) A heading in capitals equal to or greater in size than 225
the surrounding text, or in contrasting type, font, or color to 226
the surrounding text of the same or lesser size; and 227~~

~~(b) Language in the body of a record or display in larger 228
type than the surrounding text, or in contrasting type, font, or 229
color to the surrounding text of the same size, or set off from 230
surrounding text of the same size by symbols or other marks that 231
call attention to the language. 232~~

(11) "Consumer" means an individual who enters into a 233
transaction primarily for personal, family, or household 234
purposes. 235

(12) "Contract", as distinguished from "agreement", means 236
the total legal obligation that results from the parties' 237
agreement as determined by Chapters 1301., 1302., 1303., 1304., 238
1305., 1307., 1308., 1309., ~~and 1310.~~, and 1314. of the Revised 239
Code as supplemented by any other applicable laws. 240

(13) "Creditor" includes a general creditor, a secured 241
creditor, a lien creditor, and any representative of creditors, 242
including an assignee for the benefit of creditors, a trustee in 243
bankruptcy, a receiver in equity, and an executor or 244
administrator of an insolvent debtor's or assignor's estate. 245

(14) "Defendant" includes a person in the position of 246
defendant in a counterclaim, cross-claim, or third-party claim. 247

(15) "Delivery" with respect to an electronic document of 248
title, means voluntary transfer of control and, with respect to 249
an instrument, a tangible document of title, or an authoritative 250

<u>tangible copy of a record evidencing</u> chattel paper, means	251
voluntary transfer of possession.	252
(16) "Document of title" means a record (i) that in the	253
regular course of business or financing is treated as adequately	254
evidencing that the person in possession or control of the	255
record is entitled to receive, control, hold, and dispose of the	256
record and the goods the record covers and (ii) that purports to	257
be issued by or addressed to a bailee and to cover goods in the	258
bailee's possession which are either identified or are fungible	259
portions of an identified mass. The term includes a bill of	260
lading, transport document, dock warrant, dock receipt,	261
warehouse receipt, and order for delivery of goods. An	262
electronic document of title means a document of title evidenced	263
by a record consisting of information stored in an electronic	264
medium. A tangible document of title means a document of title	265
evidenced by a record consisting of information that is	266
inscribed on a tangible medium.	267
(a) <u>"Electronic" means relating to technology having</u>	268
<u>electrical, digital, magnetic, wireless, optical,</u>	269
<u>electromagnetic, or similar capabilities.</u>	270
(17) "Fault" means a default, breach, or wrongful act or	271
omission.	272
(18) "Fungible goods" means:	273
(a) Goods of which any unit, by nature or usage of trade,	274
is the equivalent of any other like unit; or	275
(b) Goods that by agreement are treated as equivalent.	276
(19) "Genuine" means free of forgery or counterfeiting.	277
(20) "Good faith," except as otherwise provided in Chapter	278

1305. of the Revised Code, means honesty in fact and the	279
observance of reasonable commercial standards of fair dealing.	280
(21) "Holder" means:	281
(a) The person in possession of a negotiable instrument	282
that is payable either to bearer or to an identified person that	283
is the person in possession;	284
(b) The person in possession of a negotiable tangible	285
document of title if the goods are deliverable either to bearer	286
or to the order of the person in possession; or	287
(c) The person in control, <u>other than pursuant to division</u>	288
<u>(G) of section 1307.106 of the Revised Code,</u> of a negotiable	289
electronic document of title.	290
(22) "Insolvency proceeding" includes an assignment for	291
the benefit of creditors or other proceeding intended to	292
liquidate or rehabilitate the estate of the person involved.	293
(23) "Insolvent" means:	294
(a) Having generally ceased to pay debts in the ordinary	295
course of business other than as a result of a bona fide	296
dispute;	297
(b) Being unable to pay debts as they become due; or	298
(c) Being insolvent within the meaning of federal	299
bankruptcy law.	300
(24) "Money" means a medium of exchange <u>that is</u> currently	301
authorized or adopted by a domestic or foreign government. The	302
term includes a monetary unit of account established by an	303
intergovernmental organization or by agreement between two or	304
more countries. <u>The term does not include an electronic record</u>	305

that is a medium of exchange recorded and transferable in a 306
system that existed and operated for the medium of exchange 307
before the medium of exchange was authorized or adopted by the 308
government. 309

(25) "Organization" means a person other than an 310
individual. 311

(26) "Party", as distinguished from "third party", means a 312
person that has engaged in a transaction or made an agreement 313
subject to Chapters 1301., 1302., 1303., 1304., 1305., 1307., 314
1308., 1309., ~~and~~ 1310., and 1314. of the Revised Code. 315

(27) "Person" means an individual, corporation, business 316
trust, estate, trust, partnership, limited liability company, 317
association, joint venture, government, governmental 318
subdivision, agency, or instrumentality, ~~public corporation,~~ or 319
any other legal or commercial entity. The term includes a 320
protected series, however denominated, of an entity if the 321
protected series is established under law other than Chapters 322
1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 1310., 323
and 1314. of the Revised Code, that limits, or limits if 324
conditions specified under the law are satisfied, the ability of 325
a creditor of the entity or of any other protected series of the 326
entity to satisfy a claim from assets of the protected series. 327

(28) "Present value" means the amount as of a date certain 328
of one or more sums payable in the future, discounted to the 329
date certain by use of either an interest rate specified by the 330
parties if that rate is not manifestly unreasonable at the time 331
the transaction is entered into or, if an interest rate is not 332
so specified, a commercially reasonable rate that takes into 333
account the facts and circumstances at the time the transaction 334
is entered into. 335

(29) "Purchase" means taking by sale, lease, discount,	336
negotiation, mortgage, pledge, lien, security interest, issue or	337
reissue, gift, or any other voluntary transaction creating an	338
interest in property.	339
(30) "Purchaser" means a person that takes by purchase.	340
(31) "Record" means information that is inscribed on a	341
tangible medium or that is stored in an electronic or other	342
medium and is retrievable in perceivable form.	343
(32) "Remedy" means any remedial right to which an	344
aggrieved party is entitled with or without resort to a	345
tribunal.	346
(33) "Representative" means a person empowered to act for	347
another, including an agent, an officer of a corporation or	348
association, and a trustee, executor, or administrator of an	349
estate.	350
(34) "Right" includes remedy.	351
(35) "Security interest" means an interest in personal	352
property or fixtures which secures payment or performance of an	353
obligation. "Security interest" includes any interest of a	354
consignor and a buyer of accounts, chattel paper, a payment	355
intangible, or a promissory note in a transaction that is	356
subject to Chapter 1309. of the Revised Code. "Security	357
interest" does not include the special property interest of a	358
buyer of goods on identification of those goods to a contract	359
for sale under section 1302.42 of the Revised Code, but a buyer	360
may also acquire a "security interest" by complying with Chapter	361
1309. of the Revised Code. Except as otherwise provided in	362
section 1302.49 of the Revised Code, the right of a seller or	363
lessor of goods under Chapter 1302. or 1310. of the Revised Code	364

to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a "security interest" by complying with Chapter 1309. of the Revised Code. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under section 1302.42 of the Revised Code is limited in effect to a reservation of a "security interest." Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to section 1301.203 of the Revised Code.

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

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

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

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

(a) Execute or adopt a tangible symbol;

(b) Attach to or logically associate with the record an

<u>electronic symbol, sound, or process.</u>	394
(38) "State" means a state of the United States, the	395
District of Columbia, Puerto Rico, the United States Virgin	396
Islands, or any territory or insular possession subject to the	397
jurisdiction of the United States.	398
(39) "Surety" includes a guarantor or any other secondary	399
obligor.	400
(40) "Term" means a portion of an agreement that relates	401
to a particular matter.	402
(41) "Unauthorized signature" means a signature made	403
without actual, implied, or apparent authority. The term	404
includes a forgery.	405
(42) "Warehouse receipt" means a document of title issued	406
by a person engaged in the business of storing goods for hire.	407
(43) "Writing" includes printing, typewriting, or any	408
other intentional reduction to tangible form. "Written" has a	409
corresponding meaning.	410
Sec. 1301.204. Value [UCC 1-204]	411
Except as otherwise provided in Chapters 1303., 1304., and	412
1305., and <u>1314.</u> of the Revised Code, a person gives value for	413
rights if the person acquires them:	414
(A) In return for a binding commitment to extend credit or	415
for the extension of immediately available credit, whether or	416
not drawn upon and whether or not a charge-back is provided for	417
in the event of difficulties in collection;	418
(B) As security for, or in total or partial satisfaction	419
of, a preexisting claim;	420

(C) By accepting delivery under a preexisting contract for 421
purchase; or 422

(D) In return for any consideration sufficient to support 423
a simple contract. 424

Sec. 1301.205. Reasonable time; Seasonableness [UCC 1-205] 425

(A) Whether a time for taking an action required by 426
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 427
~~and 1310.,~~ and 1314. of the Revised Code is reasonable depends 428
on the nature, purpose, and circumstances of the action. 429

(B) An action is taken seasonably if it is taken at or 430
within the time agreed or, if no time is agreed, at or within a 431
reasonable time. 432

Sec. 1301.206. Presumptions [UCC 1-206] 433

Whenever Chapter 1301., 1302., 1303., 1304., 1305., 1307., 434
1308., 1309., ~~or 1310.,~~ or 1314. of the Revised Code creates a 435
"presumption" with respect to a fact, or provides that a fact is 436
"presumed," the trier of fact must find the existence of the 437
fact unless and until evidence is introduced that supports a 438
finding of its nonexistence. 439

Sec. 1301.301. Territorial applicability; parties' power 440
to choose applicable law [UCC 1-301] 441

(A) Except as otherwise provided in this section, when a 442
transaction bears a reasonable relation to this state and also 443
to another state or nation the parties may agree that the law 444
either of this state or of such other state or nation shall 445
govern their rights and duties. 446

(B) In the absence of an agreement effective under 447
division (A) of this section, and except as provided in division 448

(C) of this section, Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code apply to transactions bearing an appropriate relation to this state.

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

- (1) Section 1302.43 of the Revised Code;
- (2) Sections 1310.03 and 1310.04 of the Revised Code;
- (3) Section 1304.02 of the Revised Code;
- (4) Section 1304.85 of the Revised Code;
- (5) Section 1305.15 of the Revised Code;
- (6) Section 1308.05 of the Revised Code;
- (7) Sections 1309.301 to 1309.307 of the Revised Code;
- (8) Section 1314.107 of the Revised Code.

Sec. 1301.302. Variation by agreement [UCC 1-302]

(A) Except as otherwise provided in division (B) of this section or elsewhere in Chapter 1301., 1303., 1304., 1305., 1307., 1308., 1309., ~~or 1310.~~, or 1314. of the Revised Code, the effect of provisions of Chapters 1301., 1303., 1304., 1305., 1307., 1308., 1309., ~~and 1310.~~, and 1314. of the Revised Code may be varied by agreement.

(B) The obligations of good faith, diligence, reasonableness, and care prescribed by Chapter 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or 1310.~~, or 1314. of

the Revised Code may not be disclaimed by agreement. The 476
parties, by agreement, may determine the standards by which the 477
performance of those obligations is to be measured if those 478
standards are not manifestly unreasonable. Whenever Chapter 479
1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or~~ 480
1310., or 1314. of the Revised Code requires an action to be 481
taken within a reasonable time, a time that is not manifestly 482
unreasonable may be fixed by agreement. 483

(C) The presence in certain provisions of Chapter 1301., 484
1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~or~~ 1310., or 485
1314. of the Revised Code of the phrase "unless otherwise 486
agreed", or words of similar import, does not imply that the 487
effect of other provisions may not be varied by agreement under 488
this section. 489

Sec. 1301.304. Obligation of good faith [UCC 1-304] 490

Every contract or duty within Chapters 1301., 1302., 491
1303., 1304., 1305., 1307., 1308., 1309., ~~and~~ 1310., and 1314. 492
of the Revised Code imposes an obligation of good faith in its 493
performance and enforcement. 494

Sec. 1301.305. Remedies to be liberally administered [UCC 495
1-305] 496

(A) The remedies provided by Chapters 1301., 1302., 1303., 497
1304., 1305., 1307., 1308., 1309., ~~and~~ 1310., and 1314. of the 498
Revised Code must be liberally administered to the end that the 499
aggrieved party may be put in as good a position as if the other 500
party had fully performed but neither consequential or special 501
damages nor penal damages may be had except as specifically 502
provided in those chapters or by other rule of law. 503

(B) Any right or obligation declared by Chapters 1301., 504

1302., 1303., 1304., 1305., 1307., 1308., 1309., ~~and~~ 1310., and 505
1314. of the Revised Code is enforceable by action unless the 506
provision declaring it specifies a different and limited effect. 507

Sec. 1301.306. Waiver or renunciation of claim or right 508
after breach [UCC 1-306] 509

A claim or right arising out of an alleged breach may be 510
discharged in whole or in part without consideration by 511
agreement of the aggrieved party in ~~an authenticated~~ a signed 512
record. 513

Sec. 1302.01. Definitions [UCC 2-103 to 2-106] 514

(A) As used in sections 1302.01 to 1302.98 of the Revised 515
Code, unless the context otherwise requires: 516

(1) "Buyer" means a person who buys or contracts to buy 517
goods. 518

(2) "Good faith" has the same meaning as in section 519
1301.201 of the Revised Code. 520

(3) "Receipt" of goods means taking physical possession of 521
them. 522

(4) "Seller" means a person who sells or contracts to sell 523
goods. 524

(5) "Merchant" means a person who deals in goods of the 525
kind or otherwise by the person's occupation holds the person 526
out as having knowledge or skill peculiar to the practices or 527
goods involved in the transaction or to whom such knowledge or 528
skill may be attributed by the person's employment of an agent 529
or broker or other intermediary who by the agent's, broker's, or 530
other intermediary's occupation holds the person out as having 531
such knowledge or skill. 532

(6) "Financing agency" means a bank, finance company, or 533
other person who in the ordinary course of business make 534
advances against goods or documents of title or who by 535
arrangement with either the seller or the buyer intervenes in 536
ordinary course to make or collect payment due or claimed under 537
the contract for sale, as by purchasing or paying the seller's 538
draft or making advances against it or by merely taking it for 539
collection whether or not documents of title accompany or are 540
associated with the draft. "Financing agency" includes also a 541
bank or other person who similarly intervenes between persons 542
who are in the position of seller and buyer in respect to the 543
goods under section 1302.81 of the Revised Code. 544

(7) "Between merchants" means in any transaction with 545
respect to which both parties are chargeable with the knowledge 546
or skill of merchants. 547

(8) "Goods" means all things (including specially 548
manufactured goods) which are movable at the time of 549
identification to the contract for sale other than the money in 550
which the price is to be paid, investment securities, and things 551
in action. "Goods" also includes the unborn young of animals and 552
growing crops and other identified things attached to realty as 553
described in section 1302.03 of the Revised Code. 554

Goods must be both existing and identified before any 555
interest in them can pass. Goods which are not both existing and 556
identified are "Future" goods. A purported present sale of 557
future goods or of any interest therein operates as a contract 558
to sell. 559

There may be a sale of a part interest in existing 560
identified goods. 561

An undivided share in an identified bulk of fungible goods 562
is sufficiently identified to be sold although the quantity of 563
the bulk is not determined. Any agreed proportion of such a bulk 564
or any quantity thereof agreed upon by number, weight, or other 565
measure may to the extent of the seller's interest in the bulk 566
be sold to the buyer who then becomes an owner in common. 567

(9) "Lot" means a parcel or a single article which is the 568
subject matter of a separate sale or delivery, whether or not it 569
is sufficient to perform the contract. 570

(10) "Commercial unit" means such a unit of goods as by 571
commercial usage is a single whole for purposes of sale and 572
division of which materially impairs its character or value on 573
the market or in use. A commercial unit may be a single article 574
(as a machine) or a set of articles (as a suite of furniture or 575
an assortment of sizes) or a quantity (as a bale, gross, or 576
carload) or any other unit treated in use or in the relevant 577
market as a single whole. 578

(11) "Contract" and "agreement" are limited to those 579
relating to the present or future sale of goods. "Contract for 580
sale" includes both a present sale of goods and a contract to 581
sell goods at a future time. A "sale" consists in the passing of 582
title from the seller to the buyer for a price. A "present sale" 583
means a sale which is accomplished by the making of the 584
contract. 585

(12) Goods or conduct including any part of a performance 586
are "conforming" or conform to the contract when they are in 587
accordance with the obligations under the contract. 588

(13) "Termination" occurs when either party pursuant to a 589
power created by agreement or law puts an end to the contract 590

otherwise than for its breach. On "termination" all obligations 591
which are still executory on both sides are discharged but any 592
right based on prior breach or performance survives. 593

(14) "Cancellation" occurs when either party puts an end 594
to the contract for breach by the other and its effect is the 595
same as that of "termination" except that the cancelling party 596
also retains any remedy for breach of the whole contract or any 597
unperformed balance. 598

(15) "Hybrid transaction" means a single transaction 599
involving a sale of goods and any of the following: 600

(a) The provision of services; 601

(b) A lease of other goods; 602

(c) A sale, lease, or license of property other than 603
goods. 604

(B) Other definitions applying to sections 1302.01 to 605
1302.98 of the Revised Code are: 606

(1) "Acceptance", as defined in section 1302.64 of the 607
Revised Code; 608

(2) "Banker's credit", as defined in section 1302.38 of 609
the Revised Code; 610

(3) "Confirmed credit", as defined in section 1302.38 of 611
the Revised Code; 612

(4) "Cover", as defined in section 1302.86 of the Revised 613
Code; 614

(5) "Entrusting", as defined in section 1302.44 of the 615
Revised Code; 616

(6) "Identification", as defined in section 1302.45 of the 617

Revised Code;	618
(7) "Installment contract", as defined in section 1302.70 of the Revised Code;	619 620
(8) "Letter of credit", as defined in section 1302.38 of the Revised Code;	621 622
(9) "Overseas", as defined in section 1302.36 of the Revised Code;	623 624
(10) "Person in position of a seller", as defined in section 1302.81 of the Revised Code;	625 626
(11) "Sale on approval", as defined in section 1302.39 of the Revised Code;	627 628
(12) "Sale or return", as defined in section 1302.39 of the Revised Code.	629 630
(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.	631 632 633 634 635 636 637 638
(D) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout this chapter.	639 640 641
Sec. 1302.02. <u>Scope; certain security and other transactions excluded [UCC 2-102]</u>	642 643
<u>(A) Unless the context otherwise requires, and except as</u>	644

provided in division (C) of this section, sections 1302.01 to 645
1302.98, inclusive, of the Revised Code, apply to transactions 646
in goods; they do not apply to any transaction which although in 647
the form of an unconditional contract to sell or present sale is 648
intended to operate only as a security transaction nor do 649
sections 1302.01 to 1302.98, inclusive, of the Revised Code 650
impair or repeal any statute regulating sales to consumers, 651
farmers, or other specified classes of buyers and, in the case 652
of a hybrid transaction, it applies to the extent provided under 653
division (B) of this section. 654

(B) In a hybrid transaction: 655

(1) If the sale-of-goods aspects do not predominate, only 656
the provisions of sections 1302.01 to 1302.98 of the Revised 657
Code which relate primarily to the sale-of-goods aspects of the 658
transactions apply, and the provisions that relate primarily to 659
the transaction as a whole do not apply. 660

(2) If the sale-of-goods aspects predominate, sections 661
1302.01 to 1302.98 of the Revised Code apply but do not preclude 662
application in the appropriate circumstances of other law to 663
aspects of the transaction which do not relate to the sale of 664
goods. 665

(C) Sections 1302.01 to 1302.98 of the Revised Code do 666
not: 667

(1) Apply to a transaction that, even though in the form 668
of an unconditional contract to sell or present sale, operates 669
only to create a security interest; 670

(2) Impair or repeal a statute regulating sales to 671
consumers, farmers, or other specified classes of buyers. 672

Sec. 1302.04. Formal requirements; statute of frauds 673

[UCC-2-201]

674

(A) Except as otherwise provided in this section, a 675
contract for the sale of goods for the price of five hundred 676
dollars or more is not enforceable by way of action or defense 677
unless there is ~~some writing~~ a record sufficient to indicate 678
that a contract for sale has been made between the parties and 679
signed by the party against whom enforcement is sought or by 680
~~his~~ the party's authorized agent or broker-. A ~~writing~~ record is 681
not insufficient because it omits or incorrectly states a term 682
agreed upon but the contract is not enforceable under this 683
division beyond the quantity of goods shown in ~~such writing~~ the 684
record. 685

(B) Between merchants if within a reasonable time a 686
~~writing~~ record in confirmation of the contract and sufficient 687
against the sender is received and the party receiving it has 688
reason to know its contents, it satisfies the requirements of 689
division (A) of this section against ~~such~~ the party unless 690
~~written notice~~ in a record of objection to its contents is given 691
within ten days after it is received. 692

(C) A contract which does not satisfy the requirements of 693
division (A) of this section but which is valid in other 694
respects is enforceable: 695

(1) if the goods are to be specially manufactured for the 696
buyer and are not suitable for sale to others in the ordinary 697
course of the seller's business and the seller, before notice of 698
repudiation is received and under circumstances which reasonably 699
indicate that the goods are for the buyer, has made either a 700
substantial beginning of their manufacture or commitments for 701
their procurement; or 702

(2) if the party against whom enforcement is sought admits 703
in ~~his~~the party's pleading, testimony, or otherwise in court 704
that a contract for sale was made, but the contract is not 705
enforceable under this provision beyond the quantity of goods 706
admitted; or 707

(3) with respect to goods for which payment has been made 708
and accepted or which have been received and accepted in 709
accordance with section 1302.64 of the Revised Code. 710

Sec. 1302.05. Final expression: parol or extrinsic 711
evidence [UCC 2-202] 712

Terms with respect to which the confirmatory memoranda of 713
the parties agree or which are otherwise set forth in a ~~writing-~~ 714
record intended by the parties as a final expression of their 715
agreement with respect to such terms as are included therein may 716
not be contradicted by evidence of any prior agreement or of a 717
contemporaneous oral agreement but may be explained or 718
supplemented: 719

(A) by course of performance, course of dealing, or usage 720
of trade as provided in section 1301.303 of the Revised Code; 721
and 722

(B) by evidence of consistent additional terms unless the 723
court finds the ~~writing-~~record to have been intended also as a 724
complete and exclusive statement of the terms of the agreement. 725

Sec. 1302.06. Seals inoperative [UCC 2-203] 726

The affixing of a seal to a ~~writing-~~record evidencing a 727
contract for sale or an offer to buy or sell goods does not 728
constitute the ~~writing-~~record a sealed instrument and the law 729
with respect to sealed instruments does not apply to such a 730
contract or offer. 731

Sec. 1302.08. Firm offers [UCC 2-205] 732

An offer by a merchant to buy or sell goods in a signed 733
~~writing~~ record which by its terms gives assurance that it will 734
be held open is not revocable, for lack of consideration, during 735
the time stated or if no time is stated for a reasonable time, 736
but in no event may such period of irrevocability exceed three 737
months; but any such term of assurance on a form supplied by the 738
offeree must be separately signed by the offeror. 739

Sec. 1302.12. Modification, rescission, and waiver [UCC 2-209] 740
741

(A) An agreement modifying a contract within sections 742
1302.01 to 1302.98, ~~inclusive~~, of the Revised Code, needs no 743
consideration to be binding. 744

(B) A signed agreement which excludes modification or 745
rescission except by a signed writing or other signed record 746
cannot be otherwise modified or rescinded, but except as between 747
merchants such a requirement on a form supplied by the merchant 748
must be separately signed by the other party. 749

(C) The requirements of section 1302.04 of the Revised 750
Code, must be satisfied if the contract as modified is within 751
its provisions. 752

(D) Although an attempt at modification or rescission does 753
not satisfy the requirements of division (B) or (C) of this 754
section, it can operate as a waiver. 755

(E) A party who has made a waiver affecting an executory 756
portion of the contract may retract the waiver by reasonable 757
notification received by the other party that strict performance 758
will be required of any term waived, unless the retraction would 759
be unjust in view of a material change of position in reliance 760

on the waiver.	761
Sec. 1303.01. <u>Definitions [UCC 3-103]</u>	762
(A) As used in this chapter, unless the context otherwise requires:	763 764
(1) "Acceptor" means a drawee who has accepted a draft.	765
(2) "Consumer account" means an account established by an individual primarily for personal, family, or household purposes.	766 767 768
(3) "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes.	769 770 771
(4) "Drawee" means a person ordered in a draft to make payment.	772 773
(5) "Drawer" means a person who signs or is identified in a draft as a person ordering payment.	774 775
(6) "Good faith" has the same meaning as in section 1301.201 of the Revised Code.	776 777
(7) "Issue" means <u>either of the following:</u>	778
(a) <u>The first delivery of an instrument by the maker or drawer to a holder or nonholder for the purpose of giving rights of the instrument to any person;</u>	779 780 781
(b) <u>If agreed by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depository bank to collect the item by transferring or presenting under federal law an electronic check.</u>	782 783 784 785 786
(8) "Issuer" means a maker or drawer of an issued or	787

unissued instrument.	788
(9) "Maker" means a person who signs or is identified in a note as a person undertaking to pay.	789 790
(10) "Order" means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. "Order" does not mean an authorization to pay unless the person authorized to pay also is instructed to pay.	791 792 793 794 795 796 797
(11) "Ordinary care" in the case of a person engaged in business means observance of the reasonable commercial standards that are prevailing in the area in which the person is located with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures, and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this chapter or Chapter 1304. of the Revised Code.	798 799 800 801 802 803 804 805 806 807 808
(12) "Party" means a party to an instrument.	809
(13) "Principal obligor," with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this chapter.	810 811 812 813
(14) "Promise" means a written undertaking to pay money that is signed by the person undertaking to pay. "Promise" does not include an acknowledgment of an obligation by the obligor	814 815 816

unless the obligor also undertakes to pay the obligation.	817
(15) "Prove," with respect to a fact, means to meet the burden of establishing the fact.	818 819
(16) "Remitter" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser.	820 821 822
(17) "Remotely-created consumer item" means an item drawn on a consumer account, which is not created by the payor bank and does not bear a handwritten signature purporting to be the signature of the drawer.	823 824 825 826
(18) "Secondary obligor," with respect to an instrument, means any of the following:	827 828
(a) An indorser or an accommodation party;	829
(b) A drawer having the obligation described in division (D) of section 1303.54 of the Revised Code;	830 831
(c) Any other party to the instrument that has recourse against another party to the instrument pursuant to division (B) of section 1303.14 of the Revised Code.	832 833 834
(B) As used in this chapter:	835
(1) "Acceptance" has the same meaning as in section 1303.46 of the Revised Code.	836 837
(2) "Accommodation party" and "accommodated party" have the same meanings as in section 1303.59 of the Revised Code.	838 839
(3) "Account" has the same meaning as in section 1304.01 of the Revised Code.	840 841
(4) "Alteration" has the same meaning as in section 1303.50 of the Revised Code.	842 843

(5) "Anomalous indorsement," "blank indorsement," and "special indorsement" have the same meanings as in section 1303.25 of the Revised Code.	844 845 846
(6) "Certificate of deposit," "cashier's check," "check," "draft," "instrument," "negotiable instrument," "note," "teller's check," and "traveler's check" have the same meanings as in section 1303.03 of the Revised Code.	847 848 849 850
(7) "Certified check" has the same meaning as in section 1303.46 of the Revised Code.	851 852
(8) "Consideration" and "value" have the same meanings as in section 1303.33 of the Revised Code.	853 854
(9) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.	855 856
(10) "Incomplete instrument" has the same meaning as in section 1303.11 of the Revised Code.	857 858
(11) "Indorsement" and "indorser" have the same meanings as in section 1303.24 of the Revised Code.	859 860
(12) "Negotiation" has the same meaning as in section 1303.21 of the Revised Code.	861 862
(13) "Payable at a definite time" and "payable on demand" have the same meanings as in section 1303.07 of the Revised Code.	863 864 865
(14) "Payable to bearer" and "payable to order" have the same meanings as in section 1303.10 of the Revised Code.	866 867
(15) "Payment" has the same meaning as in section 1303.67 of the Revised Code.	868 869
(16) "Person entitled to enforce" has the same meaning as	870

in section 1303.31 of the Revised Code.	871
(17) "Presentment" has the same meaning as in section 1303.61 of the Revised Code.	872 873
(18) "Reacquisition" has the same meaning as in section 1303.27 of the Revised Code.	874 875
(19) "Transfer of instrument" has the same meaning as in section 1303.22 of the Revised Code.	876 877
(C) As used in this chapter, "banking day," "clearing house," "collecting bank," "customer," "depository bank," "documentary draft," "intermediary bank," "item," "midnight deadline," "payor bank," and "suspends payments" have the same meanings as in section 1304.01 of the Revised Code.	878 879 880 881 882
(D) In addition, Chapter 1301. of the Revised Code contains general definitions and general principles of construction and interpretation applicable throughout this chapter.	883 884 885 886
Sec. 1303.03. <u>Negotiable instrument [UCC 3-104]</u>	887
(A) Except as provided in divisions (C) and (D) of this section, "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it meets all of the following requirements:	888 889 890 891 892
(1) It is payable to bearer or to order at the time it is issued or first comes into possession of a holder.	893 894
(2) It is payable on demand or at a definite time.	895
(3) It does not state any other undertaking or instruction by the person promising or ordering payment to do any act in	896 897

addition to the payment of money, but the promise or order may	898
contain any of the following:	899
(a) An undertaking or power to give, maintain, or protect	900
collateral to secure payment;	901
(b) An authorization or power to the holder to confess	902
judgment or realize on or dispose of collateral;	903
(c) A waiver of the benefit of any law intended for the	904
advantage or protection of an obligor;	905
(d) <u>A term that specifies the law that governs the promise</u>	906
<u>or order;</u>	907
(e) <u>An undertaking to resolve in a specified forum a</u>	908
<u>dispute concerning the promise or order.</u>	909
(B) "Instrument" means a negotiable instrument.	910
(C) An order that meets all of the requirements of	911
divisions (A) (2) and (3) of this section and otherwise falls	912
within the definition of "check" is a negotiable instrument and	913
a check.	914
(D) A promise or order other than a check is not an	915
instrument if, at the time it is issued or first comes into	916
possession of a holder, it contains a conspicuous statement,	917
however expressed, to the effect that the promise or order is	918
not negotiable or is not an instrument governed by this chapter.	919
(E) (1) "Note" means an instrument that is a promise.	920
(2) "Draft" means an instrument that is an order.	921
(3) If an instrument is both a "note" and a "draft," a	922
person entitled to enforce the instrument may treat it as	923
either.	924

(F) "Check" means either of the following:	925
(1) A draft, other than a documentary draft, payable on demand and drawn on a bank;	926 927
(2) A cashier's check or teller's check.	928
An instrument may be a "check" even though it is described on its face as a "money order" or by another term.	929 930
(G) "Cashier's check" means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.	931 932 933
(H) "Teller's check" means a draft drawn by a bank on another bank or payable at or through a bank.	934 935
(I) "Traveler's check" means an instrument that meets all of the following conditions:	936 937
(1) It is payable on demand.	938
(2) It is drawn on or payable at or through a bank.	939
(3) It is designated by the term "traveler's check" or by a substantially similar term.	940 941
(4) It requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.	942 943 944
(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.	945 946 947 948
Sec. 1303.41. (A) <u>Signature necessary for liability on instrument [UCC 3-401]</u>	949 950

A person is not liable on an instrument unless the person 951
signed the instrument or the person is represented by an agent 952
or representative who signed the instrument and the signature is 953
binding on the represented person pursuant to section 1303.42 of 954
the Revised Code. 955

~~(B) A signature may be made manually or by means of a 956
device or machine and by the use of any name, including a trade- 957
or assumed name, or by a word, mark, or symbol executed or 958
adopted by a person with present intention to authenticate a 959
writing. 960~~

**Sec. 1303.69. Discharge by cancellation or renunciation 961
[UCC 3-604] 962**

(A) A person entitled to enforce an instrument, with or 963
without consideration, may discharge the obligation of a party 964
to pay the instrument in either of the following ways: 965

(1) By surrender of the instrument to the party, 966
destruction, mutilation, or cancellation of the instrument, 967
cancellation or striking out of the party's signature, the 968
addition of words to the instrument indicating discharge, or any 969
other intentional voluntary act; 970

(2) By agreeing not to sue or otherwise renouncing rights 971
against the party by a signed record. 972

(B) Cancellation or striking out of an indorsement 973
pursuant to division (A) does not affect the status and rights 974
of a party derived from the indorsement. 975

~~(C) As used in this section, "signed," with respect to a 976
record that is not a writing, includes the attachment to or 977
logical association with the record of an electronic symbol, 978
sound, or process with the present intent to adopt or accept the 979~~

~~record~~The obligation of a party to pay a check is not discharged 980
solely by destruction of the check in connection with a process 981
in which information is extracted from the check and an image of 982
the check is made and, subsequently, the information and image 983
are transmitted for payment. 984

Sec. 1304.51. Definitions [UCC 4A-103 to 4A-105] 985

(A) As used in sections 1304.51 to 1304.85 of the Revised 986
Code: 987

(1) "Authorized account" means a deposit account of a 988
customer in a bank designated by the customer as a source of 989
payment of payment orders issued by the customer to the bank. If 990
a customer does not so designate an account, any account of the 991
customer is an authorized account if payment of a payment order 992
from that account is not inconsistent with a restriction on the 993
use of that account. 994

(2) "Bank" means a person engaged in the business of 995
banking and includes a savings bank, savings and loan 996
association, credit union, and trust company. A branch or 997
separate office of a bank is a separate bank for purposes of 998
sections 1304.51 to 1304.85 of the Revised Code. 999

(3) "Beneficiary" means the person to be paid by the 1000
beneficiary's bank. 1001

(4) "Beneficiary's bank" means the bank identified in a 1002
payment order in which an account of the beneficiary is to be 1003
credited pursuant to the order or which otherwise is to make 1004
payment to the beneficiary if the order does not provide for 1005
payment to an account. 1006

(5) "Customer" means a person, including a bank, having an 1007
account with a bank or from whom a bank has agreed to receive 1008

payment orders. 1009

(6) "Funds transfer" means the series of transactions, 1010
beginning with the originator's payment order, made for the 1011
purpose of making payment to the beneficiary of the order. 1012
"Funds transfer" includes any payment order issued by the 1013
originator's bank or an intermediary bank intended to carry out 1014
the originator's payment order. A funds transfer is completed by 1015
acceptance by the beneficiary's bank of a payment order for the 1016
benefit of the beneficiary of the originator's payment order. 1017

(7) "Funds-transfer business day" of a receiving bank 1018
means the part of a day during which the receiving bank is open 1019
for the receipt, processing, and transmittal of payment orders 1020
and cancellations and amendments of payment orders. 1021

(8) "Funds-transfer system" means a wire transfer network, 1022
automated clearing house, or other communication system of a 1023
clearing house or other association of banks through which a 1024
payment order by a bank may be transmitted to the bank to which 1025
the order is addressed. 1026

(9) "Good faith" has the same meaning as in section 1027
1301.201 of the Revised Code. 1028

(10) "Intermediary bank" means a receiving bank other than 1029
the originator's bank or the beneficiary's bank. 1030

(11) "Originator" means the sender of the first payment 1031
order in a funds transfer. 1032

(12) "Originator's bank" means the receiving bank to which 1033
the payment order of the originator is issued if the originator 1034
is not a bank, or the originator if the originator is a bank. 1035

(13) (a) "Payment order" means an instruction of a sender 1036

to a receiving bank, transmitted orally, ~~electronically~~, or in
~~writing~~ a record, to pay, or to cause another bank to pay, a
fixed or determinable amount of money to a beneficiary if all of
the following apply:

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

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

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

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

(c) A payment order is issued when it is sent to the
receiving bank.

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

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

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

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

(1) "Acceptance" as defined in section 1304.64 of the

Revised Code;	1064
(2) "Executed" as defined in section 1304.68 of the Revised Code;	1065 1066
(3) "Execution date" as defined in section 1304.68 of the Revised Code;	1067 1068
(4) "Funds-transfer system rule" as defined in section 1304.79 of the Revised Code;	1069 1070
(5) "Payment by beneficiary's bank to beneficiary" as defined in section 1304.77 of the Revised Code;	1071 1072
(6) "Payment by originator to beneficiary" as defined in section 1304.78 of the Revised Code;	1073 1074
(7) "Payment by sender to receiving bank" as defined in section 1304.75 of the Revised Code;	1075 1076
(8) "Payment date" as defined in section 1304.73 of the Revised Code;	1077 1078
(9) "Security procedure" as defined in section 1304.56 of the Revised Code.	1079 1080
(C) As used in sections 1304.51 to 1304.85 of the Revised Code, "clearing house," "item," and "suspends payments" have the same meanings as in section 1304.01 of the Revised Code.	1081 1082 1083
(D) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout sections 1304.51 to 1304.85 of the Revised Code.	1084 1085 1086 1087
Sec. 1304.56. <u>Security procedure [UCC 4A-201]</u>	1088
"Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of	1089 1090

verifying that a payment order or communication amending or 1091
cancelling a payment order is that of the customer, or detecting 1092
error in the transmission or the content of the payment order or 1093
communication. A security procedure may impose an obligation on 1094
the receiving bank or customer and may require the use of 1095
algorithms or other codes, identifying words ~~or~~, numbers, 1096
symbols, sounds, biometrics, encryption, callback procedures, or 1097
similar security devices. Comparison of a signature on a payment 1098
order or communication with an authorized specimen signature of 1099
the customer or requiring a payment order to be sent from a 1100
known electronic mail address, internet protocol address, or 1101
telephone number is not by itself a security procedure. 1102

Sec. 1304.57. Authorized and verified payment orders [UCC 1103
4A-202] 1104

(A) A payment order received by the receiving bank is the 1105
authorized order of the person identified as sender if that 1106
person authorized the order or is otherwise bound by it under 1107
the law of agency. 1108

(B) (1) If a bank and its customer have agreed that the 1109
authenticity of payment orders issued to the bank in the name of 1110
the customer as sender will be verified pursuant to a security 1111
procedure, a payment order received by the receiving bank is 1112
effective as the order of the customer, whether or not 1113
authorized, if both of the following apply: 1114

(a) The security procedure is a commercially reasonable 1115
method of providing security against unauthorized payment 1116
orders. 1117

(b) The bank proves that it accepted the payment order in 1118
good faith and in compliance with the bank's obligations under 1119

the security procedure and any ~~written~~ agreement or instruction 1120
of the customer, evidenced by a record, restricting acceptance 1121
of payment orders issued in the name of the customer. 1122

(2) The bank is not required to follow an instruction that 1123
violates a ~~written~~ an agreement with the customer, evidenced by 1124
a record, or notice of which is not received at a time and in a 1125
manner affording the bank a reasonable opportunity to act on it 1126
before the payment order is accepted. 1127

(C) (1) Commercial reasonableness of a security procedure 1128
is a question of law to be determined by considering all of the 1129
following: 1130

(a) The wishes of the customer expressed to the bank; 1131

(b) The circumstances of the customer known to the bank, 1132
including the size, type, and frequency of payment orders 1133
normally issued by the customer to the bank; 1134

(c) Alternative security procedures offered to the 1135
customer; 1136

(d) Security procedures in general use by customers and 1137
receiving banks similarly situated. 1138

(2) A security procedure is deemed to be commercially 1139
reasonable if both of the following apply: 1140

(a) The security procedure was chosen by the customer 1141
after the bank offered, and the customer refused, a security 1142
procedure that was commercially reasonable for that customer. 1143

(b) The customer expressly agreed in ~~writing~~ a record to 1144
be bound by any payment order, whether or not authorized, issued 1145
in its name and accepted by the bank in compliance with the 1146
bank's obligations under the security procedure chosen by the 1147

customer. 1148

(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. 1149
1150
1151
1152
1153

(E) This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders. 1154
1155
1156

(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. 1157
1158
1159
1160

Sec. 1304.58. Unenforceability of certain verified payment orders [UCC 4A-203] 1161
1162

(A) If an accepted payment order is not an authorized order of a customer identified as sender under division (A) of section 1304.57 of the Revised Code, but is effective as an order of the customer under division (B) of that section, both of the following apply: 1163
1164
1165
1166
1167

(1) By express ~~written~~ agreement evidenced by a record, the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order. 1168
1169
1170

(2) The receiving bank may not enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by either of the following: 1171
1172
1173

(a) A person entrusted at any time with duties to act for the customer with respect to payment orders or the security 1174
1175

procedure;	1176
(b) A person who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. As used in division (A) (2) (b) of this section, "information" includes any access device, computer software, or the like.	1177 1178 1179 1180 1181 1182 1183 1184
(B) This section applies to amendments of payment orders to the same extent it applies to payment orders.	1185 1186
Sec. 1304.62. <u>Misdescription of beneficiary [UCC 4A-207]</u>	1187
(A) Subject to division (B) of this section, if, in a payment order received by the beneficiary's bank, the name, bank account number, or other identification of the beneficiary refers to a nonexistent or unidentifiable person or account, no person has rights as a beneficiary of the order and acceptance of the order cannot occur.	1188 1189 1190 1191 1192 1193
(B) If a payment order received by the beneficiary's bank identifies the beneficiary by name and an identifying or bank account number, and the name and number identify different persons, both of the following apply:	1194 1195 1196 1197
(1) Except as otherwise provided in division (C) of this section, if the beneficiary's bank does not know that the name and number refer to different persons, it may rely on the number as the proper identification of the beneficiary of the order. The beneficiary's bank need not determine whether the name and number refer to the same person.	1198 1199 1200 1201 1202 1203
(2) If the beneficiary's bank pays the person identified	1204

by name or knows that the name and number identify different 1205
persons, no person has rights as beneficiary except the person 1206
paid by the beneficiary's bank if that person was entitled to 1207
receive payment from the originator of the funds transfer. If no 1208
person has rights as beneficiary, acceptance of the order cannot 1209
occur. 1210

(C) If a payment order described in division (B) of this 1211
section is accepted, the originator's payment order described 1212
the beneficiary inconsistently by name and number, and the 1213
beneficiary's bank pays the person identified by number as 1214
permitted by division (B) (1) of this section, both of the 1215
following apply: 1216

(1) If the originator is a bank, the originator shall pay 1217
its order. 1218

(2) If the originator is not a bank and proves that the 1219
person identified by number was not entitled to receive payment 1220
from the originator, the originator is not obliged to pay its 1221
order unless the originator's bank proves that the originator, 1222
before acceptance of the originator's order, had notice that 1223
payment of a payment order issued by the originator might be 1224
made by the beneficiary's bank on the basis of an identifying or 1225
bank account number even if it identifies a person different 1226
from the named beneficiary. Proof of notice may be made by any 1227
admissible evidence. The originator's bank satisfies the burden 1228
of proof if it proves that the originator, before the payment 1229
order was accepted, signed a ~~writing~~ record stating the 1230
information to which the notice relates. 1231

(D) In a case governed by division (B) (1) of this section, 1232
if the beneficiary's bank rightfully pays the person identified 1233
by number and that person was not entitled to receive payment 1234

from the originator, the amount paid may be recovered from that 1235
person to the extent allowed by the law governing mistake and 1236
restitution as follows: 1237

(1) If the originator is obliged to pay its payment order 1238
as stated in division (C) of this section, the originator may 1239
recover. 1240

(2) If the originator is not a bank and is not obliged to 1241
pay its payment order, the originator's bank may recover. 1242

Sec. 1304.63. Misdescription of intermediary bank or 1243
beneficiary's bank [UCC 4A-208] 1244

(A) (1) Divisions (A) (2) and (3) of this section apply to a 1245
payment order identifying an intermediary bank or the 1246
beneficiary's bank only by an identifying number. 1247

(2) The receiving bank may rely on the number as the 1248
proper identification of the intermediary or beneficiary's bank 1249
and need not determine whether the number identifies a bank. 1250

(3) The sender shall compensate the receiving bank for any 1251
loss and expenses incurred by the receiving bank as a result of 1252
its reliance on the number in executing or attempting to execute 1253
the order. 1254

(B) (1) Divisions (B) (2) to (5) of this section apply to a 1255
payment order identifying an intermediary bank or the 1256
beneficiary's bank both by name and an identifying number if the 1257
name and number identify different persons. 1258

(2) If the sender is a bank, the receiving bank may rely 1259
on the number as the proper identification of the intermediary 1260
or beneficiary's bank if the receiving bank, when it executes 1261
the sender's order, does not know that the name and number 1262

identify different persons. The receiving bank need not 1263
determine whether the name and number refer to the same person 1264
or whether the number refers to a bank. The sender shall 1265
compensate the receiving bank for any loss and expenses incurred 1266
by the receiving bank as a result of its reliance on the number 1267
in executing or attempting to execute the order. 1268

(3) If the sender is not a bank, and the receiving bank 1269
proves that the sender, before the payment order was accepted, 1270
had notice that the receiving bank might rely on the number as 1271
the proper identification of the intermediary or beneficiary's 1272
bank even if it identifies a person different from the bank 1273
identified by name, the rights and obligations of the sender and 1274
the receiving bank are governed by division (B)(2) of this 1275
section, as though the sender were a bank. Proof of notice may 1276
be made by any admissible evidence. The receiving bank satisfies 1277
the burden of proof ~~it~~ if it proves that the sender, before the 1278
payment order was accepted, signed a ~~writing~~ record stating the 1279
information to which the notice relates. 1280

(4) Regardless of whether the sender is a bank, the 1281
receiving bank may rely on the name as the proper identification 1282
of the intermediary or beneficiary's bank if the receiving bank, 1283
at the time it executes the sender's order, does not know that 1284
the name and number identify different persons. The receiving 1285
bank need not determine whether the name and number refer to the 1286
same person. 1287

(5) If the receiving bank knows that the name and number 1288
identify different persons, reliance on either the name or the 1289
number in executing the sender's payment order is a breach of 1290
the obligation as provided in division (A)(1) of section 1304.69 1291
of the Revised Code. 1292

Sec. 1304.65. Rejection of payment order [UCC 4A-210] 1293

(A) A payment order is rejected by the receiving bank by a 1294
notice of rejection transmitted to the sender orally, 1295
~~electronically,~~ or in writing a record. A notice of rejection 1296
need not use any particular words and is sufficient if it 1297
indicates that the receiving bank is rejecting the order or will 1298
not execute or pay the order. Rejection is effective when the 1299
notice is given if transmission is by a means that is reasonable 1300
in the circumstances. If notice of rejection is given by a means 1301
that is not reasonable, rejection is effective when the notice 1302
is received. If an agreement of the sender and receiving bank 1303
establishes the means to be used to reject a payment order, any 1304
means complying with the agreement is reasonable, and any means 1305
not complying is not reasonable unless no significant delay in 1306
receipt of the notice resulted from the use of the noncomplying 1307
means. 1308

(B) This division applies if a receiving bank other than 1309
the beneficiary's bank fails to execute a payment order despite 1310
the existence on the execution date of a withdrawable credit 1311
balance in an authorized account of the sender sufficient to 1312
cover the order. If the sender does not receive notice of 1313
rejection of the order on the execution date and the authorized 1314
account of the sender does not bear interest, the bank shall pay 1315
interest to the sender on the amount of the order for the number 1316
of days elapsing after the execution date to the earlier of the 1317
day the order is canceled pursuant to division (D) of section 1318
1304.66 of the Revised Code or the day the sender receives 1319
notice or learns that the order was not executed, counting the 1320
final day of the period as an elapsed day. If the withdrawable 1321
credit balance during that period falls below the amount of the 1322
order, the amount of interest is reduced accordingly. 1323

(C) If a receiving bank suspends payments, all unaccepted payment orders issued to it are deemed rejected at the time the bank suspends payments. 1324
1325
1326

(D) Acceptance of a payment order precludes a later rejection of the order. Rejection of a payment order precludes a later acceptance of the order. 1327
1328
1329

Sec. 1304.66. Cancellation and amendment of payment order 1330
[UCC 4A-211] 1331

(A) A communication of the sender of a payment order canceling or amending the order may be transmitted to the receiving bank orally, ~~electronically~~, or in writing a record. If a security procedure is in effect between the sender and the receiving bank, the communication is not effective to cancel or amend the order unless the communication is verified pursuant to the security procedure or the bank agrees to the cancellation or amendment. 1332
1333
1334
1335
1336
1337
1338
1339

(B) Subject to division (A) of this section, a communication by the sender canceling or amending a payment order is effective to cancel or amend the order if notice of the communication is received at a time and in a manner affording the receiving bank a reasonable opportunity to act on the communication before the bank accepts the payment order. 1340
1341
1342
1343
1344
1345

(C) (1) After a payment order has been accepted, cancellation or amendment of the order is not effective unless the receiving bank agrees or a funds-transfer system rule allows cancellation or amendment without agreement of the bank. 1346
1347
1348
1349

(2) With respect to a payment order accepted by a receiving bank other than the beneficiary's bank, cancellation or amendment is not effective unless a conforming cancellation 1350
1351
1352

or amendment of the payment order issued by the receiving bank 1353
is also made. 1354

(3) With respect to a payment order accepted by the 1355
beneficiary's bank, cancellation or amendment is not effective 1356
unless the order was issued in execution of an unauthorized 1357
payment order, or because of a mistake by a sender in the funds 1358
transfer that resulted in the issuance of a payment order that 1359
is a duplicate of a payment order previously issued by the 1360
sender, that orders payment to a beneficiary not entitled to 1361
receive payment from the originator, or that orders payment in 1362
an amount greater than the amount the beneficiary was entitled 1363
to receive from the originator. If the payment order is canceled 1364
or amended, the beneficiary's bank may recover from the 1365
beneficiary any amount paid to the beneficiary to the extent 1366
allowed by the law governing mistake and restitution. 1367

(D) An unaccepted payment order is canceled by operation 1368
of law at the close of the fifth funds-transfer business day of 1369
the receiving bank after the execution date or payment date of 1370
the order. 1371

(E) A canceled payment order cannot be accepted. If an 1372
accepted payment order is canceled, the acceptance is nullified, 1373
and no person has any right or obligation based on the 1374
acceptance. Amendment of a payment order is deemed to be 1375
cancellation of the original order at the time of amendment and 1376
issue of a new payment order in the amended form at the same 1377
time. 1378

(F) Unless otherwise provided in an agreement of the 1379
parties or in a funds-transfer system rule, if the receiving 1380
bank, after accepting a payment order, agrees to cancellation or 1381
amendment of the order by the sender or is bound by a funds- 1382

transfer system rule allowing cancellation or amendment without 1383
the bank's agreement, the sender, whether or not cancellation or 1384
amendment is effective, is liable to the bank for any loss and 1385
expenses, including reasonable attorney's fees, incurred by the 1386
bank as a result of the cancellation, amendment, or attempted 1387
cancellation or amendment. 1388

(G) A payment order is not revoked by the death or legal 1389
incapacity of the sender unless the receiving bank knows of the 1390
death or of an adjudication of incapacity by a court of 1391
competent jurisdiction and has reasonable opportunity to act 1392
before acceptance of the order. 1393

(H) A funds-transfer system rule is not effective to the 1394
extent it conflicts with division (C) (3) of this section. 1395

Sec. 1304.72. Liability for late or improper execution or 1396
failure to execute payment order [UCC 4A-305] 1397

(A) If a funds transfer is completed but execution of a 1398
payment order by the receiving bank without compliance with 1399
section 1304.69 of the Revised Code results in delay in payment 1400
to the beneficiary, the bank shall pay interest to either the 1401
originator or the beneficiary of the funds transfer for the 1402
period of delay caused by the improper execution. Except as 1403
provided in division (C) of this section, additional damages are 1404
not recoverable. 1405

(B) If execution of a payment order by a receiving bank 1406
without compliance with section 1304.69 of the Revised Code 1407
results in noncompletion of the funds transfer, failure to use 1408
an intermediary bank designated by the originator, or issuance 1409
of a payment order that does not comply with the terms of the 1410
payment order of the originator, the bank is liable to the 1411

originator for its expenses in the funds transfer and for 1412
incidental expenses and interest losses, to the extent not 1413
covered by division (A) of this section, resulting from the 1414
improper execution. Except as provided in division (C) of this 1415
section, additional damages are not recoverable. 1416

(C) In addition to the amounts payable under divisions (A) 1417
and (B) of this section, damages, including consequential 1418
damages, are recoverable to the extent provided in an express 1419
~~written~~ agreement of the receiving bank, evidenced by a record. 1420

(D) If a receiving bank fails to execute a payment order 1421
it was obliged by express agreement to execute, the receiving 1422
bank is liable to the sender for its expenses in the transaction 1423
and for incidental expenses and interest losses resulting from 1424
the failure to execute. Additional damages, including 1425
consequential damages, are recoverable to the extent provided in 1426
an express ~~written~~ agreement of the receiving bank, evidenced by
a record, but are not otherwise recoverable. 1428

(E) Reasonable attorney's fees are recoverable if demand 1429
for compensation under division (A) or (B) of this section is 1430
made and refused before an action is brought on the claim. If a 1431
claim is made for breach of an agreement under division (D) of 1432
this section and the agreement does not provide for damages, 1433
reasonable attorney's fees are recoverable if demand for 1434
compensation under division (D) of this section is made and 1435
refused before an action is brought on the claim. 1436

(F) Except as stated in this section, the liability of a 1437
receiving bank under divisions (A) and (B) of this section may 1438
not be varied by agreement. 1439

Sec. 1305.03. Formal requirements [UCC 5-104] 1440

A letter of credit, confirmation, advice, transfer, 1441
amendment, or cancellation may be issued in any form that is a_ 1442
signed record ~~and is authenticated by a signature or in~~ 1443
~~accordance with the agreement of the parties or the standard~~ 1444
~~practice referred to in division (E) of section 1305.07 of the~~ 1445
~~Revised Code.~~ 1446

Sec. 1305.15. Choice of law and forum [UCC 5-116] 1447

(A) The liability of an issuer, nominated person, or 1448
adviser for action or omission is governed by the law of the 1449
jurisdiction chosen by an agreement in the form of a record 1450
~~signed or otherwise authenticated by the affected parties in the~~ 1451
~~manner provided in section 1305.03 of the Revised Code or by a~~ 1452
provision in the person's letter of credit, confirmation, or 1453
other undertaking. The jurisdiction whose law is chosen need not 1454
bear any relation to the transaction. 1455

(B) Unless division (A) of this section applies, the 1456
liability of an issuer, nominated person, or adviser for action 1457
or omission is governed by the law of the jurisdiction in which 1458
the person is located. The person is considered to be located at 1459
the address indicated in the person's undertaking. If more than 1460
one address is indicated, the person is considered to be located 1461
at the address from which the person's undertaking was issued. 1462
~~For~~ 1463

(C) For the purpose of jurisdiction, choice of law, and 1464
recognition of interbranch letters of credit, but not 1465
enforcement of a judgment, all branches of a bank are considered 1466
separate juridical entities and a bank is considered to be 1467
located at the place where its relevant branch is considered to 1468
be located under ~~this division~~ (D) of this section. 1469

~~(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. 1470
1471
1472
1473

(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. 1474
1475
1476
1477
1478
1479
1480
1481
1482
1483
1484
1485
1486

~~(D)~~—(F) If there is conflict between this chapter and Chapter 1303., 1304., or 1309. of the Revised Code, this chapter governs. 1487
1488
1489

~~(E)~~—(G) The forum for settling disputes arising out of an undertaking within this chapter may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with division (A) of this section. 1490
1491
1492
1493

Sec. 1307.102. Definitions and index of definitions [UCC 7-102] 1494
1495

(A) As used in sections 1307.101 to 1307.603 of the Revised Code, unless the context otherwise requires: 1496
1497

(1) "Bailee" means a person that by a warehouse receipt, 1498

bill of lading, or other document of the title acknowledges	1499
possession of goods and contracts to deliver them.	1500
(2) "Carrier" means a person that issues a bill of lading.	1501
(3) "Consignee" means a person named in a bill of lading	1502
to which or to whose order the bill promises delivery.	1503
(4) "Consignor" means a person named in a bill of lading	1504
as the person from which the goods have been received for	1505
shipment.	1506
(5) "Delivery order" means a record that contains an order	1507
to deliver goods directed to a warehouse, carrier, or other	1508
person that in the ordinary course of business issues warehouse	1509
receipts or bills of lading.	1510
(6) "Good faith" has the same meaning as in section	1511
1301.201 of the Revised Code.	1512
(7) "Goods" means all things that are treated as movable	1513
for the purposes of a contract of storage or transportation.	1514
(8) "Issuer" means a bailee that issues a document of	1515
title or, in the case of an unaccepted delivery order, the	1516
person that orders the possessor of goods to deliver. The term	1517
includes a person for which an agent or employee purports to act	1518
in issuing a document if the agent or employee has real or	1519
apparent authority to issue documents, even if the issuer did	1520
not receive any goods, the goods were misdescribed, or in any	1521
other respect the agent or employee violated the issuer's	1522
instructions.	1523
(9) "Person entitled under the document" means the holder,	1524
in the case of a negotiable document of title, or the person to	1525
which delivery of the goods is to be made by the terms of, or	1526

pursuant to instructions in a record under, a nonnegotiable 1527
document of title. 1528

~~(10) "Record" means information that is inscribed on a 1529
tangible medium or that is stored in an electronic or other 1530
medium and is retrievable in perceivable form[Reserved.] 1531~~

~~(11) "Sign" means, with present intent to authenticate or 1532
adopt a record: 1533~~

~~(a) To execute or adopt a tangible symbol; or 1534~~

~~(b) To attach to or logically associate with the record an 1535
electronic sound, symbol, or process [Reserved.] 1536~~

(12) "Shipper" means a person that enters into a contract 1537
of transportation with a carrier. 1538

(13) "Warehouse" means a person engaged in the business of 1539
storing of goods for hire. 1540

(B) As used in sections 1307.101 to 1307.603 of the 1541
Revised Code, "contract for sale" and "receipt" of goods have 1542
the meaning set forth in section 1302.01 of the Revised Code, 1543
and "lessee in the ordinary course of business" has the meaning 1544
set forth in section 1310.01 of the Revised Code. 1545

(C) In addition, Chapter 1301. of the Revised Code 1546
contains general definitions and principles of construction and 1547
interpretation applicable throughout this chapter. 1548

Sec. 1307.106. Control of electronic document of title 1549
[UCC 7-106] 1550

(A) A person has control of an electronic document of 1551
title if a system employed for evidencing the transfer of 1552
interests in the electronic document reliably establishes that 1553

person as the person to which the electronic document was issued 1554
or transferred. 1555

(B) A system satisfies division (A) of this section, and a 1556
person ~~is deemed to have~~ has control of an electronic document 1557
of title, if the document is created, stored, and ~~assigned-~~ 1558
transferred in such-a manner that: 1559

(1) A single authoritative copy of the document exists 1560
which is unique, identifiable, and, except as otherwise provided 1561
in divisions (B) (4), (5), and (6) of this section, unalterable; 1562

(2) The authoritative copy identifies the person asserting 1563
control as: 1564

(a) The person to which the document was issued; or 1565

(b) If the authoritative copy indicates that the document 1566
has been transferred, the person to which the document was most 1567
recently transferred. 1568

(3) The authoritative copy is communicated to and 1569
maintained by the person asserting control or its designated 1570
custodian; 1571

(4) Copies or amendments that add or change an identified 1572
~~assignee-transferee~~ of the authoritative copy can be made only 1573
with the consent of the person asserting control; 1574

(5) Each copy of the authoritative copy and any copy of a 1575
copy is readily identifiable as a copy that is not the 1576
authoritative copy; and 1577

(6) Any amendment of the authoritative copy is readily 1578
identifiable as authorized or unauthorized. 1579

(C) A system satisfies division (A) of this section, and a 1580

person has control of an electronic document of title, if an 1581
authoritative electronic copy of the document, a record attached 1582
to or logically associated with the electronic copy, or a system 1583
in which the electronic copy is recorded does all of the 1584
following: 1585

(1) Enables the person to readily identify each electronic 1586
copy as either an authoritative or nonauthoritative copy; 1587

(2) Enables the person to readily identify itself in any 1588
way, including by name, identifying number, cryptographic key, 1589
office, or account number, as the person to which each 1590
authoritative electronic copy was issued or transferred; 1591

(3) Gives the person exclusive power, subject to division 1592
(D) of this section, to do both of the following: 1593

(a) Prevent others from adding or changing the person to 1594
which each authoritative electronic copy has been issued or 1595
transferred; 1596

(b) Transfer control of each authoritative electronic 1597
copy. 1598

(D) Subject to division (E) of this section, a power is 1599
exclusive under divisions (C) (3) (a) and (b) of this section even 1600
if one or both of the following apply: 1601

(1) The authoritative electronic copy, a record attached 1602
to or logically associated with the authoritative electronic 1603
copy, or a system in which the authoritative electronic copy is 1604
recorded limits the use of the document of title or has a 1605
protocol that is programmed to cause a change, including a 1606
transfer or loss of control; 1607

(2) The power is shared with another person. 1608

(E) A power of a person is not shared with another person 1609
under division (D) (2) of this section and the person's power is 1610
not exclusive if both of the following apply: 1611

(1) The person can exercise the power only if the power is 1612
also exercised by the other person; 1613

(2) The other person either: 1614

(a) Can exercise the power without exercise of the power 1615
by the person; 1616

(b) Is the transferor to the person of an interest in the 1617
document of title. 1618

(F) If a person has the powers specified in divisions (C) 1619
(3) (a) and (b) of this section, the powers are presumed to be 1620
exclusive. 1621

(G) A person has control of an electronic document of 1622
title if another person, other than the transferor to the person 1623
of an interest in the document, either: 1624

(1) Has control of the document and acknowledges that it 1625
has control on behalf of the person; 1626

(2) Obtains control of the document after having 1627
acknowledged that it will obtain control of the document on 1628
behalf of the person. 1629

(H) A person that has control under this section is not 1630
required to acknowledge that it has control on behalf of another 1631
person. 1632

(I) If a person acknowledges that it has or will obtain 1633
control on behalf of another person, unless the person otherwise 1634
agrees or law other than this chapter or Chapter 1309. of the 1635

Revised Code otherwise provides, the person does not owe any 1636
duty to the other person and is not required to confirm the 1637
acknowledgment to any person. 1638

Sec. 1308.01. Definitions and index of definitions [UCC 8- 1639
102] 1640

(A) In this chapter: 1641

(1) "Adverse claim" means a claim that a claimant has a 1642
property interest in a financial asset and that it is a 1643
violation of the rights of the claimant for another person to 1644
hold, transfer, or deal with the financial asset. 1645

(2) "Bearer form," as applied to a certificated security, 1646
means a form in which the security is payable to the bearer of 1647
the security certificate according to its terms but not by 1648
reason of an indorsement. 1649

(3) "Broker" means a person defined as a broker or dealer 1650
under the federal securities laws, but without excluding a bank 1651
acting in that capacity. 1652

(4) "Certificated security" means a security that is 1653
represented by a certificate. 1654

(5) "Clearing corporation" means: 1655

(a) A person that is registered as a "clearing agency" 1656
under the federal securities laws; 1657

(b) A federal reserve bank; or 1658

(c) Any other person that provides clearance or settlement 1659
services with respect to financial assets that would require it 1660
to register as a clearing agency under the federal securities 1661
laws but for an exclusion or exemption from the registration 1662

requirement, if its activities as a clearing corporation, 1663
including promulgation of rules, are subject to regulation by a 1664
federal or state governmental authority. 1665

(6) "Communicate" means to: 1666

(a) Send a signed ~~writing~~record; or 1667

(b) Transmit information by any mechanism agreed upon by 1668
the persons transmitting and receiving the information. 1669

(7) "Entitlement holder" means a person identified in the 1670
records of a securities intermediary as the person having a 1671
security entitlement against the securities intermediary. If a 1672
person acquires a security entitlement by virtue of division (B) 1673
(2) or (3) of section 1308.51 of the Revised Code, that person 1674
is the entitlement holder. 1675

(8) "Entitlement order" means a notification communicated 1676
to a securities intermediary directing transfer or redemption of 1677
a financial asset to which the entitlement holder has a security 1678
entitlement. 1679

(9) "Financial asset," except as otherwise provided in 1680
section 1308.02 of the Revised Code, means: 1681

(a) A security; 1682

(b) An obligation of a person or a share, participation, 1683
or other interest in a person or in property or an enterprise of 1684
a person, which is, or is of a type, dealt in or traded on 1685
financial markets, or which is recognized in any area in which 1686
it is issued or dealt in as a medium for investment; or 1687

(c) Any property that is held by a securities intermediary 1688
for another person in a securities account if the securities 1689
intermediary has expressly agreed with the other person that the 1690

property is to be treated as a financial asset under this 1691
chapter. 1692

As context requires, the term means either the interest 1693
itself or the means by which a person's claim to it is 1694
evidenced, including a certificated or uncertificated security, 1695
a security certificate, or a security entitlement. 1696

(10) "Good faith" has the same meaning as in section 1697
1301.201 of the Revised Code. 1698

(11) "Indorsement" means a signature that alone or 1699
accompanied by other words is made on a security certificate in 1700
registered form or on a separate document for the purpose of 1701
assigning, transferring, or redeeming the security or granting a 1702
power to assign, transfer, or redeem it. 1703

(12) "Instruction" means a notification communicated to 1704
the issuer of an uncertificated security which directs that the 1705
transfer of the security be registered or that the security be 1706
redeemed. 1707

(13) "Registered form," as applied to a certificated 1708
security, means a form in which: 1709

(a) The security certificate specifies a person entitled 1710
to the security; and 1711

(b) A transfer of the security may be registered upon 1712
books maintained for that purpose by or on behalf of the issuer, 1713
or the security certificate so states. 1714

(14) "Securities intermediary" means: 1715

(a) A clearing corporation; or 1716

(b) A person, including a bank or broker, that in the 1717

ordinary course of its business maintains securities accounts	1718
for others and is acting in that capacity.	1719
(15) "Security," except as otherwise provided in section	1720
1308.02 of the Revised Code, means an obligation of an issuer or	1721
a share, participation, or other interest in an issuer or in	1722
property or an enterprise of an issuer:	1723
(a) Which is represented by a security certificate in	1724
bearer or registered form, or the transfer of which may be	1725
registered upon books maintained for that purpose by or on	1726
behalf of the issuer;	1727
(b) Which is one of a class or series or by its terms is	1728
divisible into a class or series of shares, participations,	1729
interests, or obligations; and	1730
(c) Which:	1731
(i) Is, or is of a type, dealt in or traded on securities	1732
exchanges or securities markets; or	1733
(ii) Is a medium for investment and by its terms expressly	1734
provides that it is a security governed by this chapter.	1735
(16) "Security certificate" means a certificate	1736
representing a security.	1737
(17) "Security entitlement" means the rights and property	1738
interest of an entitlement holder with respect to a financial	1739
asset specified in sections 1308.51 to 1308.61 of the Revised	1740
Code.	1741
(18) "Uncertificated security" means a security that is	1742
not represented by a certificate.	1743
(B) Other definitions applying to this chapter and the	1744

sections in which they appear are:	1745
(1) "Appropriate person," as defined in section 1308.23 of the Revised Code.	1746 1747
(2) "Control," as defined in section 1308.24 of the Revised Code.	1748 1749
(3) <u>"Controllable account," as defined in section 1309.102 of the Revised Code.</u>	1750 1751
(4) <u>"Controllable electronic record," as defined in section 1314.102 of the Revised Code.</u>	1752 1753
(5) <u>"Controllable payment intangible," as defined in section 1309.102 of the Revised Code.</u>	1754 1755
(6) <u>"Delivery," as defined in section 1308.27 of the Revised Code.</u>	1756 1757
(4) -(7) <u>"Investment company security," as defined in section 1308.02 of the Revised Code.</u>	1758 1759
(5) -(8) <u>"Issuer," as defined in section 1308.08 of the Revised Code.</u>	1760 1761
(6) -(9) <u>"Overissue," as defined in section 1308.03 of the Revised Code.</u>	1762 1763
(7) -(10) <u>"Protected purchaser," as defined in section 1308.17 of the Revised Code.</u>	1764 1765
(8) -(11) <u>"Securities account," as defined in section 1308.51 of the Revised Code.</u>	1766 1767
(C) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretation applicable throughout this chapter.	1768 1769 1770

(D) The characterization of a person, business, or 1771
transaction for purposes of this chapter does not determine the 1772
characterization of the person, business, or transaction for 1773
purposes of any other law, regulation, or rule. 1774

Sec. 1308.02. Rules for determining whether certain 1775
obligations and interests are securities or financial assets 1776
[UCC 8-103] 1777

(A) A share or similar equity interest issued by a 1778
corporation, business trust, joint stock company, or similar 1779
entity is a security. 1780

(B) An "investment company security" is a security. 1781
"Investment company security" means a share or similar equity 1782
interest issued by an entity that is registered as an investment 1783
company under the federal investment company laws, an interest 1784
in a unit investment trust that is so registered, or a face- 1785
amount certificate issued by a face-amount certificate company 1786
that is so registered. Investment company security does not 1787
include an insurance policy or endowment policy or annuity 1788
contract issued by an insurance company. 1789

(C) An interest in a partnership or limited liability 1790
company is not a security unless it is dealt in or traded on 1791
securities exchanges or in securities markets, its terms 1792
expressly provide that it is a security governed by this 1793
chapter, or it is an investment company security. However, an 1794
interest in a partnership or limited liability company is a 1795
financial asset if it is held in a securities account. 1796

(D) A writing that is a security certificate is governed 1797
by this chapter and not by Chapter 1303. of the Revised Code, 1798
even though it also meets the requirements of that chapter. 1799

However, a negotiable instrument governed by Chapter 1303. of 1800
the Revised Code is a financial asset if it is held in a 1801
securities account. 1802

(E) An option or similar obligation issued by a clearing 1803
corporation to its participants is not a security, but is a 1804
financial asset. 1805

(F) A commodity contract, as defined in ~~division (A) (15)~~ 1806
~~of~~ section 1309.102 of the Revised Code, is not a security or a 1807
financial asset. 1808

(G) A document of title is not a financial asset unless 1809
division (A) (9) (c) of section 1308.01 of the Revised Code 1810
applies. 1811

(H) A controllable account, controllable electronic 1812
record, or controllable payment is not a financial asset unless 1813
division (A) (9) (c) of section 1308.01 of the Revised Code 1814
applies. 1815

Sec. 1308.05. Applicability; choice of law [UCC 8-110] 1816

(A) The local law of the issuer's jurisdiction, as 1817
specified in division (D) of this section, governs: 1818

(1) The validity of a security; 1819

(2) The rights and duties of the issuer with respect to 1820
registration of transfer; 1821

(3) The effectiveness of registration of transfer by the 1822
issuer; 1823

(4) Whether the issuer owes any duties to an adverse 1824
claimant to a security; and 1825

(5) Whether an adverse claim can be asserted against a 1826

person to whom transfer of a certificated or uncertificated 1827
security is registered or a person who obtains control of an 1828
uncertificated security. 1829

(B) The local law of the securities intermediary's 1830
jurisdiction, as specified in division (E) of this section, 1831
governs: 1832

(1) Acquisition of a security entitlement from the 1833
securities intermediary; 1834

(2) The rights and duties of the securities intermediary 1835
and entitlement holder arising out of a security entitlement; 1836

(3) Whether the securities intermediary owes any duties to 1837
an adverse claimant to a security entitlement; and 1838

(4) Whether an adverse claim can be asserted against a 1839
person who acquires a security entitlement from the securities 1840
intermediary or a person who purchases a security entitlement or 1841
interest therein from an entitlement holder. 1842

(C) The local law of the jurisdiction in which a security 1843
certificate is located at the time of delivery governs whether 1844
an adverse claim can be asserted against a person to whom the 1845
security certificate is delivered. 1846

(D) "Issuer's jurisdiction" means the jurisdiction under 1847
which the issuer of the security is organized or, if permitted 1848
by the law of that jurisdiction, the law of another jurisdiction 1849
specified by the issuer. An issuer organized under the law of 1850
this state may specify the law of another jurisdiction as the 1851
law governing the matters specified in divisions (A) (2) to (5) 1852
of this section. 1853

(E) The following rules determine a "securities 1854

intermediary's jurisdiction" for purposes of this section: 1855

(1) If an agreement between the securities intermediary 1856
and its entitlement holder governing the securities account 1857
expressly provides that a particular jurisdiction is the 1858
securities intermediary's jurisdiction for purposes of Chapter 1859
1308. or 1309. of the Revised Code, that jurisdiction is the 1860
securities intermediary's jurisdiction. 1861

(2) If division (E) (1) of this section does not apply and 1862
an agreement between the securities intermediary and its 1863
entitlement holder governing the securities account expressly 1864
provides that the agreement is governed by the law of a 1865
particular jurisdiction, that jurisdiction is the securities 1866
intermediary's jurisdiction. 1867

(3) If divisions (E) (1) and (2) of this section do not 1868
apply and an agreement between the securities intermediary and 1869
its entitlement holder governing the securities account 1870
expressly provides that the securities account is maintained at 1871
an office in a particular jurisdiction, that jurisdiction is the 1872
securities intermediary's jurisdiction. 1873

(4) If divisions (E) (1), (2), and (3) of this section do 1874
not apply, the securities intermediary's jurisdiction is the 1875
jurisdiction in which the office identified in an account 1876
statement as the office serving the entitlement holder's account 1877
is located. 1878

(5) If divisions (E) (1), (2), (3), and (4) of this section 1879
do not apply, the securities intermediary's jurisdiction is the 1880
jurisdiction in which the chief executive office of the 1881
securities intermediary is located. 1882

(F) A securities intermediary's jurisdiction is not 1883

determined by the physical location of certificates representing 1884
financial assets, or by the jurisdiction in which is organized 1885
the issuer of the financial asset with respect to which an 1886
entitlement holder has a security entitlement, or by the 1887
location of facilities for data processing or other record 1888
keeping concerning the account. 1889

(G) The local law of the issuer's jurisdiction or the 1890
securities intermediary's jurisdiction governs a matter or 1891
transaction specified in division (A) or (B) of this section, 1892
even if the matter or transaction does not bear any relation to 1893
the jurisdiction. 1894

Sec. 1308.17. Protected purchaser [8-303] 1895

(A) A "protected purchaser" means a purchaser of a 1896
certificated or uncertificated security, or of an interest 1897
therein, who: 1898

(1) Gives value; 1899

(2) Does not have notice of any adverse claim to the 1900
security; and 1901

(3) Obtains control of the certificated or uncertificated 1902
security. 1903

~~(B) In addition to acquiring the rights of a purchaser, a~~ 1904
A protected purchaser also acquires its interest in the security 1905
free of any adverse claim. 1906

Sec. 1308.24. Control [UCC 8-106] 1907

(A) A purchaser has "control" of a certificated security 1908
in bearer form if the certificated security is delivered to the 1909
purchaser. 1910

(B) A purchaser has "control" of a certificated security	1911
in registered form if the certificated security is delivered to	1912
the purchaser, and:	1913
(1) The certificate is indorsed to the purchaser or in	1914
blank by an effective indorsement; or	1915
(2) The certificate is registered in the name of the	1916
purchaser, upon original issue or registration of transfer by	1917
the issuer.	1918
(C) A purchaser has "control" of an uncertificated	1919
security if:	1920
(1) The uncertificated security is delivered to the	1921
purchaser; or	1922
(2) The issuer has agreed that it will comply with	1923
instructions originated by the purchaser without further consent	1924
by the registered owner.	1925
(D) A purchaser has "control" of a security entitlement	1926
if:	1927
(1) The purchaser becomes the entitlement holder; or	1928
(2) The securities intermediary has agreed that it will	1929
comply with entitlement orders originated by the purchaser	1930
without further consent by the entitlement holder; or	1931
(3) Another person has control of the security entitlement	1932
on behalf of the purchaser or, having previously acquired	1933
control of the security entitlement, acknowledges having control	1934
on behalf of the purchaser, other than the transferor to the	1935
<u>purchaser of an interest in the security entitlement:</u>	1936
<u>(a) Has control of the security entitlement and</u>	1937

<u>acknowledges that it has control on behalf of the purchaser; or</u>	1938
<u>(b) Obtains control of the security entitlement after</u>	1939
<u>having acknowledged that it will obtain control of the security</u>	1940
<u>entitlement on behalf of the purchaser.</u>	1941
(E) If an interest in a security entitlement is granted by	1942
the entitlement holder to the entitlement holder's own	1943
securities intermediary, the securities intermediary has	1944
control.	1945
(F) A purchaser who has satisfied the requirements of	1946
division (C) or (D) of this section has control even if the	1947
registered owner in the case of division (C) of this section or	1948
the entitlement holder in the case of division (D) of this	1949
section retains the right to make substitutions for the	1950
uncertificated security or security entitlement, to originate	1951
instructions or entitlement orders to the issuer or securities	1952
intermediary, or otherwise to deal with the uncertificated	1953
security or security entitlement.	1954
(G) An issuer or a securities intermediary may not enter	1955
into an agreement of the kind described in division (C) (2) or	1956
(D) (2) of this section without the consent of the registered	1957
owner or entitlement holder, but an issuer or a securities	1958
intermediary is not required to enter into such an agreement	1959
even though the registered owner or entitlement holder so	1960
directs. An issuer or securities intermediary that has entered	1961
into such an agreement is not required to confirm the existence	1962
of the agreement to another party unless requested to do so by	1963
the registered owner or entitlement holder.	1964
<u>(H) A person that has control under this section is not</u>	1965
<u>required to acknowledge that it has control on behalf of a</u>	1966

<u>purchaser.</u>	1967
<u>(I) If a person acknowledges that it has or will obtain</u>	1968
<u>control on behalf of a purchaser, unless the person otherwise</u>	1969
<u>agrees or law other than this chapter or Chapter 1309. of the</u>	1970
<u>Revised Code otherwise provides, the person does not owe any</u>	1971
<u>duty to the purchaser and is not required to confirm the</u>	1972
<u>acknowledgement to any other person.</u>	1973
Sec. 1309.102. <u>Definitions and index of definitions [UCC</u>	1974
<u>9-102]</u>	1975
(A) As used in this chapter, unless the context requires	1976
otherwise:	1977
(1) "Accession" means goods that are physically united	1978
with other goods in such a manner that the identity of the	1979
original goods is not lost.	1980
(2) (a) "Account," except as used in "account for,"	1981
<u>"account statement," "account to," "commodity account,"</u>	1982
<u>"customer's account," "deposit account," and "statement of</u>	1983
<u>account,"</u> means a right to payment of a monetary obligation,	1984
whether or not earned by performance, (i) for property that has	1985
been or is to be sold, leased, licensed, assigned, or otherwise	1986
disposed of, (ii) for services rendered or to be rendered, (iii)	1987
for a policy of insurance issued or to be issued, (iv) for a	1988
secondary obligation incurred or to be incurred, (v) for energy	1989
provided or to be provided, (vi) for the use or hire of a vessel	1990
under a charter or other contract, (vii) arising out of the use	1991
of a credit or charge card or information contained on or for	1992
use with the card, or (viii) as winnings in a lottery or other	1993
game of chance operated or sponsored by a state, governmental	1994
unit of a state, or person licensed or authorized to operate the	1995

game by a state or governmental unit of a state.	1996
(b) "Account" includes <u>controllable accounts</u> and health-care insurance receivables.	1997 1998
(c) "Account" does not include (i) rights to payment evidenced by chattel paper or an instrument , (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card, <u>or (vii) rights to payment evidenced by an instrument.</u>	1999 2000 2001 2002 2003 2004 2005 2006
(3) "Account debtor" means a person who is obligated on an account, chattel paper, or general intangible. "Account debtor" does not include a person who is obligated to pay a negotiable instrument, even if the <u>negotiable</u> instrument constitutes part of evidences chattel paper.	2007 2008 2009 2010 2011
(4) "Accounting," except as used in "accounting for," means a record:	2012 2013
(a) Authenticated <u>Signed</u> by a secured party;	2014
(b) Indicating the aggregate unpaid secured obligations as of a date not more than thirty-five days earlier or thirty-five days later than the date of the record; and	2015 2016 2017
(c) Identifying the components of the obligations in reasonable detail.	2018 2019
(5) "Agricultural lien" means an interest, other than a security interest, in farm products:	2020 2021
(a) That secures payment or performance of an obligation for:	2022 2023

(i) Goods or services furnished in connection with a debtor's farming operation; or	2024 2025
(ii) Rent on real property leased by a debtor in connection with its farming operation.	2026 2027
(b) That is created by statute in favor of a person who:	2028
(i) In the ordinary course of business, furnished goods or services to a debtor in connection with the debtor's farming operation; or	2029 2030 2031
(ii) Leased real property to a debtor in connection with the debtor's farming operation; and	2032 2033
(c) Whose effectiveness does not depend on the person's possession of the personal property.	2034 2035
(6) "As-extracted collateral" means:	2036
(a) Oil, gas, or other minerals that are subject to a security interest that:	2037 2038
(i) Is created by a debtor having an interest in the minerals before extraction; and	2039 2040
(ii) Attaches to the minerals as extracted; or	2041
(b) Accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.	2042 2043 2044
(7) "Authenticate" means:	2045
(a) To sign; or	2046
(b) With present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process [Reserved.]	2047 2048 2049

(a) "Assignee," except as used in "assignee for benefit of 2050
creditors," means a person (i) in whose favor a security 2051
interest that secures an obligation is created or provided for 2052
under a security agreement, whether or not the obligation is 2053
outstanding, or (ii) to which an account, chattel paper, payment 2054
intangible, or promissory note has been sold. The term includes 2055
a person to which a security interest has been transferred by a 2056
secured party. 2057

(b) "Assignor" means a person that (i) under a security 2058
agreement creates or provides for a security interest that 2059
secures an obligation, or (ii) sells an account, chattel paper, 2060
payment intangible, or promissory note. The term includes a 2061
secured party that has transferred a security interest to 2062
another person. 2063

(8) "Bank" means an organization that is engaged in the 2064
business of banking. "Bank" includes savings banks, savings and 2065
loan associations, credit unions, and trust companies. 2066

(9) "Cash proceeds" means proceeds that are money, checks, 2067
deposit accounts, or the like. 2068

(10) "Certificate of title" means a certificate of title 2069
with respect to which a statute provides for the security 2070
interest in question to be indicated on the certificate as a 2071
condition or result of the security interest's obtaining 2072
priority over the rights of a lien creditor with respect to the 2073
collateral. The term includes another record maintained as an 2074
alternative to a certificate of title by the governmental unit 2075
that issues certificates of title if a statute permits the 2076
security interest in question to be indicated on the record as a 2077
condition or result of the security interest's obtaining 2078
priority over the rights of a lien creditor with respect to the 2079

collateral. 2080

~~(11)(a) (11) "Chattel paper" means a record that evidences 2081
both a monetary obligation and a security interest in specific 2082
goods, a security interest in specific goods and software used 2083
in the goods, a security interest in specific goods and license 2084
of software used in the goods, a lease of specific goods, or a 2085
lease of specific goods and license of software used in the 2086
goods. 2087~~

~~As used in division (A) (11)(a) of this section, "monetary 2088
obligation" means a monetary obligation secured by the goods or 2089
owed under a lease of the goods and includes a monetary 2090
obligation with respect to software used in the goods. 2091~~

~~(b) If a transaction is evidenced by records that include 2092
an instrument or series of instruments, the group of records 2093
taken together constitutes chattel paper. 2094~~

~~(c) "Chattel paper" does not include (i) charters or other 2095
contracts involving the use or hire of a vessel or (ii) records 2096
that evidence a right to payment arising out of the use of a 2097
credit or charge card or information contained on or for use 2098
with the card either of the following: 2099~~

(a) A right to payment of a monetary obligation secured by 2100
specific goods, if the right to payment and security agreement 2101
are evidenced by a record; 2102

(b) A right to payment of a monetary obligation owed by a 2103
lessee under a lease agreement with respect to specific goods 2104
and a monetary obligation owed by the lessee in connection with 2105
the transaction giving rise to the lease, if both of the 2106
following apply: 2107

(i) The right to payment and lease agreement are evidenced 2108

<u>by a record;</u>	2109
(ii) <u>The predominant purpose of the transaction giving</u>	2110
<u>rise to the lease was to give the lessee the right to possession</u>	2111
<u>and use of goods.</u>	2112
<u>The term does not include a right to payment arising out</u>	2113
<u>of a charter or other contract involving the use or hire of a</u>	2114
<u>vessel, or a right to payment arising out of the use of a credit</u>	2115
<u>or charge card or information contained on or for use with the</u>	2116
<u>card.</u>	2117
(12) "Collateral" means the property subject to a security	2118
interest or agricultural lien, including:	2119
(a) Proceeds to which a security interest attaches;	2120
(b) Accounts, chattel paper, payment intangibles, and	2121
promissory notes that have been sold; and	2122
(c) Goods that are the subject of a consignment.	2123
(13) "Commercial tort claim" means a claim arising in tort	2124
with respect to which:	2125
(a) The claimant is an organization; or	2126
(b) The claimant is an individual, and the claim:	2127
(i) Arose in the course of the claimant's business or	2128
profession; and	2129
(ii) Does not include damages arising out of personal	2130
injury to or the death of an individual.	2131
(14) "Commodity account" means an account maintained by a	2132
commodity intermediary in which a commodity contract is carried	2133
for a commodity customer.	2134

(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:

(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

(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.

(16) "Commodity customer" means a person for whom a commodity intermediary carries a commodity contract on its books.

(17) "Commodity intermediary" means a person that:

(a) Is registered as a futures commission merchant under the federal commodities laws; or

(b) In the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to the federal commodities laws.

(18) "Communicate" means:

(a) To send a written or other tangible record;

(b) To transmit a record by any means agreed upon by the persons sending and receiving the record; or

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

(19) "Consignee" means a merchant to whom goods are

delivered in a consignment.	2162
(20) "Consignment" means a transaction, regardless of its	2163
form, in which a person delivers goods to a merchant for the	2164
purpose of sale and:	2165
(a) The merchant:	2166
(i) Deals in goods of that kind under a name other than	2167
the name of the person making delivery;	2168
(ii) Is not an auctioneer; and	2169
(iii) Is not generally known by its creditors to be	2170
substantially engaged in selling the goods of others;	2171
(b) With respect to each delivery, the aggregate value of	2172
the goods is one thousand dollars or more at the time of	2173
delivery.	2174
(c) The goods are not consumer goods immediately before	2175
delivery; and	2176
(d) The transaction does not create a security interest	2177
that secures an obligation.	2178
(21) "Consignor" means a person that delivers goods to a	2179
consignee in a consignment.	2180
(22) "Consumer debtor" means a debtor in a consumer	2181
transaction.	2182
(23) "Consumer goods" means goods that are used or bought	2183
for use primarily for personal, family, or household purposes.	2184
(24) "Consumer-goods transaction" means a consumer	2185
transaction in which:	2186
(a) An individual incurs an obligation primarily for	2187

personal, family, or household purposes; and	2188
(b) A security interest in consumer goods secures the obligation.	2189 2190
(25) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.	2191 2192 2193 2194
(26) "Consumer transaction" means a transaction in which:	2195
(a) an individual incurs an obligation primarily for personal, family, or household purposes, (b) a security interest secures the obligation, and (c) the collateral is held or acquired primarily for personal, family, or household purposes. "Consumer transaction" includes consumer-goods transactions.	2196 2197 2198 2199 2200
(27) <u>(27) (a)</u> "Continuation statement" means an amendment of a financing statement that:	2201 2202
(a) <u>(i)</u> Identifies, by its file number, the initial financing statement to which it relates; and	2203 2204
(b) <u>(ii)</u> Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.	2205 2206 2207
<u>(b) "Controllable account" means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 1314.105 of the Revised Code of the controllable account record.</u>	2208 2209 2210 2211 2212
<u>(c) "Controllable payment intangible" means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person</u>	2213 2214 2215

<u>that has control under section 1314.105 of the Revised Code of</u>	2216
<u>the controllable electronic record.</u>	2217
(28) "Debtor" means:	2218
(a) A person having an interest, other than a security	2219
interest or other lien, in the collateral, whether or not the	2220
person is an obligor;	2221
(b) A seller of accounts, chattel paper, payment	2222
intangibles, or promissory notes; or	2223
(c) A consignee.	2224
(29) "Deposit account" means a demand, time, savings,	2225
passbook, or similar account maintained with a bank but does not	2226
include investment property or accounts evidenced by an	2227
instrument.	2228
(30) "Document" means a document of title or a receipt of	2229
the type described in division (B) of section 1307.201 of the	2230
Revised Code.	2231
(31) "Electronic chattel paper" means chattel paper	2232
evidenced by a record consisting of information stored in an	2233
electronic medium <u>[Reserved.]</u>	2234
<u>(a) "Electronic money" means money in an electronic form.</u>	2235
(32) "Encumbrance" means a right, other than an ownership	2236
interest, in real property. "Encumbrance" includes mortgages and	2237
other liens on real property.	2238
(33) "Equipment" means goods other than inventory, farm	2239
products, or consumer goods.	2240
(34) "Farm products" means goods, other than standing	2241
timber, with respect to which the debtor is engaged in a farming	2242

operation and that are:	2243
(a) Crops grown, growing, or to be grown, including:	2244
(i) Crops produced on trees, vines, and bushes;	2245
(ii) Aquatic goods produced in aquacultural operations;	2246
(iii) Algacultural products as defined in section 901.511	2247
of the Revised Code that are produced as a result of aglaculture	2248
meaning the farming of algae.	2249
(b) Livestock, born or unborn, including aquatic goods	2250
produced in aquacultural operations;	2251
(c) Supplies used or produced in a farming operation; or	2252
(d) Products of crops or livestock in their unmanufactured	2253
states.	2254
(35) "Farming operation" means raising, cultivating,	2255
propagating, fattening, grazing, or any other farming,	2256
livestock, or aquacultural operation.	2257
(36) "File number" means the number assigned to an initial	2258
financing statement under division (A) of section 1309.519 of	2259
the Revised Code.	2260
(37) "Filing office" means an office designated in section	2261
1309.501 of the Revised Code as the place to file a financing	2262
statement.	2263
(38) "Filing-office rule" means a rule adopted under	2264
section 1309.526 of the Revised Code.	2265
(39) "Financing statement" means a record composed of an	2266
initial financing statement and any filed record or records	2267
relating to the initial financing statement. For the purposes of	2268
this chapter, financing statements filed for recording with the	2269

secretary of state shall not be required to include social 2270
security or employer identification numbers. 2271

(40) "Fixture filing" means the filing of a financing 2272
statement covering goods that are or are to become fixtures and 2273
satisfying divisions (A) and (B) of section 1309.502 of the 2274
Revised Code. "Fixture filing" includes the filing of a 2275
financing statement covering goods of a transmitting utility 2276
that are or are to become fixtures. 2277

(41) "Fixtures" means goods that have become so related to 2278
particular real property that an interest in them arises under 2279
real property law. 2280

(42) "General intangible" means any personal property, 2281
including things in action, other than accounts, chattel paper, 2282
commercial tort claims, deposit accounts, documents, goods, 2283
instruments, investment property, letter-of-credit rights, 2284
letters of credit, money, and oil, gas, or other minerals before 2285
extraction. "General intangible" includes controllable 2286
electronic records, payment intangibles, and software. 2287

(43) ~~"Good faith" has the same meaning as in section~~ 2288
~~1301.201 of the Revised Code.~~ [Reserved.] 2289

(44) (a) "Goods" means all things that are movable when a 2290
security interest attaches. "Goods" includes (i) fixtures, (ii) 2291
standing timber that is to be cut and removed under a conveyance 2292
or contract for sale, (iii) the unborn young of animals, (iv) 2293
crops grown, growing, or to be grown, even if the crops are 2294
produced on trees, vines, or bushes, and (v) manufactured homes. 2295

(b) "Goods" also includes a computer program embedded in 2296
goods and any supporting information provided in connection with 2297
a transaction relating to the program if (i) the program is 2298

associated with the goods in such a manner that it customarily 2299
is considered part of the goods, or (ii) by becoming the owner 2300
of the goods, a person acquires a right to use the program in 2301
connection with the goods. 2302

(c) "Goods" does not include a computer program embedded 2303
in goods that consist solely of the medium in which the program 2304
is embedded. "Goods" does not include accounts, chattel paper, 2305
commercial tort claims, deposit accounts, documents, general 2306
intangibles, instruments, investment property, letter-of-credit 2307
rights, letters of credit, money, or oil, gas, or other minerals 2308
before extraction. 2309

(45) "Governmental unit" means a subdivision, agency, 2310
department, county, parish, municipal corporation, or other unit 2311
of the government of the United States, a state, or a foreign 2312
country. "Governmental unit" includes an organization having a 2313
separate corporate existence if the organization is eligible to 2314
issue debt on which interest is exempt from income taxation 2315
under the laws of the United States. 2316

(46) "Health-care-insurance receivable" means an interest 2317
in or claim under a policy of insurance that is a right to 2318
payment of a monetary obligation for health-care goods or 2319
services provided. 2320

(47) (a) "Instrument" means a negotiable instrument or any 2321
other writing that evidences a right to the payment of a 2322
monetary obligation, is not itself a security agreement or 2323
lease, and is of a type that in ordinary course of business is 2324
transferred by delivery with any necessary indorsement or 2325
assignment. 2326

(b) "Instrument" does not include (i) investment property, 2327

(ii) letters of credit, ~~or~~ (iii) writings 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, or (iv) writings that evidence chattel paper.

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

(a) Are leased by a person as lessor;

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

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

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

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

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

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

(52) "Lien creditor" means:

(a) A creditor who has acquired a lien on the property	2355
involved by attachment, levy or the like;	2356
(b) An assignee for benefit of creditors from the time of	2357
assignment;	2358
(c) A trustee in bankruptcy from the date of the filing of	2359
the petition; or	2360
(d) A receiver in equity from the time of appointment.	2361
(53) "Manufactured home" means a structure, transportable	2362
in one or more sections, that, in the traveling mode, is eight	2363
body feet or more in width or forty body feet or more in length,	2364
or, when erected on site, is three hundred twenty or more square	2365
feet, and that is built on a permanent chassis and designed to	2366
be used as a dwelling with or without a permanent foundation	2367
when connected to the required utilities, and includes the	2368
plumbing, heating, air conditioning, and electrical systems	2369
contained in the structure. "Manufactured home" includes any	2370
structure that meets all of the requirements of this paragraph	2371
except the size requirements and with respect to which the	2372
manufacturer voluntarily files a certification required by the	2373
United States secretary of housing and urban development and	2374
complies with the standards established under Title 42 of the	2375
United States Code.	2376
(54) (54) (a) "Manufactured-home transaction" means a	2377
secured transaction:	2378
(a) (i) That creates a purchase-money security interest in	2379
a manufactured home, other than a manufactured home held as	2380
inventory; or	2381
(b) (ii) In which a manufactured home, other than a	2382
manufactured home held as inventory, is the primary collateral.	2383

<u>(b) "Money" has the same meaning as in section 1301.201 of</u>	2384
<u>the Revised Code, but does not include either of the following:</u>	2385
<u>(i) A deposit account;</u>	2386
<u>(ii) Money in an electronic form that cannot be subjected</u>	2387
<u>to control under section 1309.105 of the Revised Code.</u>	2388
(55) "Mortgage" means a consensual interest in real	2389
property, including fixtures, that secures payment or	2390
performance of an obligation.	2391
(56) "New debtor" means a person that becomes bound as	2392
debtor under division (D) of section 1309.203 of the Revised	2393
Code by a security agreement previously entered into by another	2394
person.	2395
(57) (a) "New value" means (i) money, (ii) money's worth in	2396
property, services, or new credit, or (iii) release by a	2397
transferee of an interest in property previously transferred to	2398
the transferee.	2399
(b) "New value" does not include an obligation substituted	2400
for another obligation.	2401
(58) "Noncash proceeds" means proceeds other than cash	2402
proceeds.	2403
(59) (a) "Obligor" means a person who, with respect to an	2404
obligation secured by a security interest in or an agricultural	2405
lien on the collateral, (i) owes payment or other performance of	2406
the obligation, (ii) has provided property other than the	2407
collateral to secure payment or other performance of the	2408
obligation, or (iii) is otherwise accountable in whole or in	2409
part for payment or other performance of the obligation.	2410
(b) "Obligor" does not include issuers or nominated	2411

persons under a letter of credit. 2412

(60) "Original debtor," except as used in division (C) of 2413
section 1309.310 of the Revised Code, means a person who, as 2414
debtor, entered into a security agreement to which a new debtor 2415
has become bound under division (D) of section 1309.203 of the 2416
Revised Code. 2417

(61) "Payment intangible" means a general intangible under 2418
which the account debtor's principal obligation is a monetary 2419
obligation. The term includes a controllable payment intangible. 2420

(62) "Person related to," with respect to an individual, 2421
means: 2422

(a) The spouse of the individual; 2423

(b) A brother, brother-in-law, sister, or sister-in-law of 2424
the individual; 2425

(c) An ancestor or lineal descendant of the individual or 2426
the individual's spouse; or 2427

(d) Any other relative, by blood or marriage, of the 2428
individual or the individual's spouse who shares the same home 2429
with the individual. 2430

(63) "Person related to," with respect to an organization, 2431
means: 2432

(a) A person directly or indirectly controlling, 2433
controlled by, or under common control with the organization; 2434

(b) An officer or director of, or a person performing 2435
similar functions with respect to, the organization; 2436

(c) An officer or director of, or a person performing 2437
similar functions with respect to, a person described in 2438

division (A) (63) (a) of this section;	2439
(d) The spouse of an individual described in division (A) (63) (a), (b), or (c) of this section; or	2440 2441
(e) An individual who is related by blood or marriage to an individual described in division (A) (63) (a), (b), (c), or (d) of this section and shares the same home with the individual.	2442 2443 2444
(64) "Proceeds," except as used in division (B) of section 1309.609 of the Revised Code, means the following property:	2445 2446
(a) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;	2447 2448
(b) Whatever is collected on, or distributed on account of, collateral;	2449 2450
(c) Rights arising out of collateral;	2451
(d) To the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to the collateral; or	2452 2453 2454 2455
(e) To the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to the collateral.	2456 2457 2458 2459
(65) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.	2460 2461 2462 2463
(66) "Proposal" means a record authenticated <u>signed</u> by a secured party that includes the terms on which the secured party	2464 2465

is willing to accept collateral in full or partial satisfaction 2466
of the obligation it secures pursuant to sections 1309.620, 2467
1309.621, and 1309.622 of the Revised Code. 2468

(67) "Public-finance transaction" means a secured 2469
transaction in connection with which: 2470

(a) Debt securities are issued; 2471

(b) All or a portion of the securities issued have an 2472
initial stated maturity of at least twenty years; and 2473

(c) The debtor, obligor, secured party, account debtor or 2474
other person obligated on collateral, assignor or assignee of a 2475
secured obligation, or assignor or assignee of a security 2476
interest is a state or a governmental unit of a state. 2477

(68) "Public organic record" means a record that is 2478
available to the public for inspection and is: 2479

(a) A record consisting of the record initially filed with 2480
or issued by a state or the United States to form or organize an 2481
organization and any record filed with or issued by the state or 2482
the United States that amends or restates the initial record; 2483

(b) An organic record of a business trust consisting of 2484
the record initially filed with a state and any record filed 2485
with the state that amends or restates the initial record, if a 2486
statute of the state governing business trusts requires that the 2487
record be filed with the state; or 2488

(c) A record consisting of legislation enacted by the 2489
legislature of a state or the congress of the United States that 2490
forms or organizes an organization, any record amending the 2491
legislation, and any record filed with or issued by the state or 2492
the United States that amends or restates the name of the 2493

organization.	2494
(69) "Pursuant to commitment," with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.	2495 2496 2497 2498 2499 2500
(70) "Record," except as used in "for record," "of record," "record or legal title," and "record owner," means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.	2501 2502 2503 2504 2505
(71) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the state or the United States. The term includes a business trust that is formed or organized under the law of a single state if a statute of the state governing business trusts requires that the business trust's organic record be filed with the state.	2506 2507 2508 2509 2510 2511 2512 2513 2514
(72) "Secondary obligor" means an obligor to the extent that:	2515 2516
(a) The obligor's obligation is secondary; or	2517
(b) The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.	2518 2519 2520
(73) "Secured party" means:	2521

(a) A person in whose favor a security interest is created	2522
or provided for under a security agreement, whether or not any	2523
obligation to be secured is outstanding;	2524
(b) A person that holds an agricultural lien;	2525
(c) A consignor;	2526
(d) A person to whom accounts, chattel paper, payment	2527
intangibles, or promissory notes have been sold;	2528
(e) A trustee, indenture trustee, agent, collateral agent,	2529
or other representative in whose favor a security interest or	2530
agricultural lien is created or provided for; or	2531
(f) A person who holds a security interest arising under	2532
section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54	2533
of the Revised Code.	2534
(74) "Security agreement" means an agreement that creates	2535
or provides for a security interest.	2536
(75) "Send," in connection with a record or notification,	2537
means:	2538
(a) To deposit in the mail, deliver for transmission, or	2539
transmit by any other usual means of communication, with postage	2540
or cost of transmission provided for, addressed to any address	2541
reasonable under the circumstances; or	2542
(b) To cause the record or notification to be received	2543
within the time that it would have been received if properly	2544
sent under division (A) (74) (a) of this section[Reserved.]	2545
(76) "Software" means a computer program and any	2546
supporting information provided in connection with a transaction	2547
relating to the program. "Software" does not include a computer	2548

program that is included in the definition of goods.	2549
(77) "State" means a state of the United States, the	2550
District of Columbia, Puerto Rico, the United States Virgin	2551
Islands, or any territory or insular possession subject to the	2552
jurisdiction of the United States.	2553
(78) "Supporting obligation" means a letter-of-credit	2554
right or secondary obligation that supports the payment or	2555
performance of an account, chattel paper, a document, a general	2556
intangible, an instrument, or investment property.	2557
(79) "Tangible chattel paper" means chattel paper	2558
evidenced by a record consisting of information that is	2559
inscribed on a tangible medium <u>[Reserved.]</u>	2560
(a) <u>"Tangible money" means money in a tangible form.</u>	2561
(80) "Termination statement" means an amendment of a	2562
financing statement that:	2563
(a) Identifies, by its file number, the initial financing	2564
statement to which it relates; and	2565
(b) Indicates either that it is a termination statement or	2566
that the identified financing statement is no longer effective.	2567
(81) "Transmitting utility" means a person primarily	2568
engaged in the business of:	2569
(a) Operating a railroad, subway, street railway, or	2570
trolley bus;	2571
(b) Transmitting communications electrically,	2572
electromagnetically, or by light;	2573
(c) Transmitting goods by pipeline or sewer; or	2574
(d) Transmitting or producing and transmitting	2575

electricity, steam, gas, or water.	2576
(B) Other definitions applying to this chapter are:	2577
(1) "Applicant" has the same meaning as in section 1305.01 of the Revised Code.	2578 2579
(2) "Beneficiary" has the same meaning as in section 1305.01 of the Revised Code.	2580 2581
(3) "Broker" has the same meaning as in section 1308.01 of the Revised Code.	2582 2583
(4) "Certificated security" has the same meaning as in section 1308.01 of the Revised Code.	2584 2585
(5) "Check" has the same meaning as in section 1303.03 of the Revised Code.	2586 2587
(6) "Clearing corporation" has the same meaning as in section 1308.01 of the Revised Code.	2588 2589
(7) "Contract for sale" has the same meaning as in section 1302.01 of the Revised Code.	2590 2591
(8) "Control" with respect to a document of title, has the same meaning as in section 1307.106 of the Revised Code.	2592 2593
(9) <u>"Controllable electronic record" has the same meaning as in section 1314.102 of the Revised Code.</u>	2594 2595
<u>(10)</u> "Customer" has the same meaning as in section 1304.01 of the Revised Code.	2596 2597
(10) <u>(11)</u> "Entitlement holder" has the same meaning as in section 1308.01 of the Revised Code.	2598 2599
(11) <u>(12)</u> "Financial asset" has the same meaning as in section 1308.01 of the Revised Code.	2600 2601

(12) <u>(13)</u> "Holder in due course" has the same meaning as	2602
in section 1303.32 of the Revised Code.	2603
(13) <u>(14)</u> "Issuer," with respect to a letter of credit or	2604
letter-of-credit right, has the same meaning as in section	2605
1305.01 of the Revised Code.	2606
(14) <u>(15)</u> "Issuer," with respect to a security, has the	2607
same meaning as in section 1308.08 of the Revised Code.	2608
(15) <u>(16)</u> "Issuer," with respect to a document of title,	2609
has the same meaning as in section 1307.102 of the Revised Code.	2610
(16) <u>(17)</u> "Lease," "lease agreement," "lease contract,"	2611
"leasehold interest," "lessee," "lessee in ordinary course of	2612
business," "lessor," and "lessor's residual interest" have the	2613
same meanings as in section 1310.01 of the Revised Code.	2614
(17) <u>(18)</u> "Letter of credit" has the same meaning as in	2615
section 1305.01 of the Revised Code.	2616
(18) <u>(19)</u> "Merchant" has the same meaning as in section	2617
1302.01 of the Revised Code.	2618
(19) <u>(20)</u> "Negotiable instrument" has the same meaning as	2619
in section 1303.03 of the Revised Code.	2620
(20) <u>(21)</u> "Nominated person" has the same meaning as in	2621
section 1305.01 of the Revised Code.	2622
(21) <u>(22)</u> "Note" has the same meaning as in section	2623
1303.03 of the Revised Code.	2624
(22) <u>(23)</u> "Proceeds of a letter of credit" has the same	2625
meaning as in section 1305.13 of the Revised Code.	2626
<u>(24) "Protected purchaser" has the same meaning as in</u>	2627
<u>section 1308.17 of the Revised Code.</u>	2628

(23) <u>(25)</u> "Prove" has the same meaning as in section 1303.01 of the Revised Code.	2629 2630
<u>(26) "Qualifying purchaser" has the same meaning as in section 1314.102 of the Revised Code.</u>	2631 2632
(24) <u>(27)</u> "Sale" has the same meaning as in division (A) (11) of section 1302.01 of the Revised Code.	2633 2634
(25) <u>(28)</u> "Securities account" has the same meaning as in section 1308.51 of the Revised Code.	2635 2636
(26) <u>(29)</u> "Securities intermediary," "security," "security certificate," "security entitlement," and "uncertificated security" have the same meanings as in section 1308.01 of the Revised Code.	2637 2638 2639 2640
(C) In addition, Chapter 1301. of the Revised Code contains general definitions and principles of construction and interpretations applicable throughout this chapter.	2641 2642 2643
Sec. 1309.104. <u>Control of deposit account [UCC 9-104]</u>	2644
(A) A secured party has control of a deposit account if:	2645
(1) The secured party is the bank with which the deposit account is maintained;	2646 2647
(2) The debtor, secured party, and bank have agreed in an <u>authenticated</u> a signed record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor; or	2648 2649 2650 2651 2652
(3) The secured party becomes the bank's customer with respect to the deposit account; <u>or</u>	2653 2654
<u>(4) Another person other than the debtor:</u>	2655

<u>(a) Has control of the deposit account and acknowledges</u>	2656
<u>that it has control on behalf of the secured party; or</u>	2657
<u>(b) Obtains control of the deposit account after having</u>	2658
<u>acknowledged that it will obtain control of the deposit account</u>	2659
<u>on behalf of the secured party.</u>	2660
(B) A secured party that has satisfied division (A) of	2661
this section has control of a deposit account, even if the	2662
debtor retains the right to direct the disposition of funds from	2663
the deposit account.	2664
Sec. 1309.105. <u>Control of electronic copy of record</u>	2665
<u>evidencing chattel paper [UCC 9-105]</u>	2666
(A) A secured party purchaser has control of electronic an	2667
<u>authoritative electronic copy of a record evidencing chattel</u>	2668
<u>paper if a system employed for evidencing the transfer</u>	2669
<u>assignment of interests in the chattel paper reliably</u>	2670
<u>establishes the secured party purchaser as the person to which</u>	2671
<u>the chattel paper authoritative electronic copy was assigned.</u>	2672
(B) A system satisfies division (A) of this section if the	2673
record or records comprising evidencing the chattel paper are	2674
created, stored, and assigned in such a manner that:	2675
(1) A single authoritative copy of the record or records	2676
exists that is unique, identifiable, and, except as otherwise	2677
provided in divisions (B) (4), (5), and (6) of this section,	2678
unalterable;	2679
(2) The authoritative copy identifies the secured party	2680
<u>purchaser as the assignee of the record or records;</u>	2681
(3) The authoritative copy is communicated to and	2682
maintained by the secured party purchaser or its designated	2683

custodian;	2684
(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 <u>purchaser</u> ;	2685 2686 2687
(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	2688 2689 2690
(6) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.	2691 2692
<u>(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:</u>	2693 2694 2695 2696 2697
<u>(1) Enables the purchaser to readily identify each electronic copy as either an authoritative copy or a nonauthoritative copy;</u>	2698 2699 2700
<u>(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</u>	2701 2702 2703 2704
<u>(3) Gives the purchaser exclusive power, subject to division (D) of this section, to:</u>	2705 2706
<u>(a) Prevent others from adding or changing an identified assignee of the authoritative electronic copy; and</u>	2707 2708
<u>(b) Transfer control of the authoritative electronic copy.</u>	2709
<u>(D) Subject to division (E) of this section, a power is</u>	2710

<u>exclusive under divisions (C) (3) (a) and (b) of this section even</u>	2711
<u>if:</u>	2712
<u>(1) The authoritative electronic copy, a record attached</u>	2713
<u>to or logically associated with the authoritative electronic</u>	2714
<u>copy, or a system in which the authoritative electronic copy is</u>	2715
<u>recorded limits the use of the authoritative electronic copy or</u>	2716
<u>has a protocol programmed to cause a change, including a</u>	2717
<u>transfer or loss of control; or</u>	2718
<u>(2) The power is shared with another person.</u>	2719
<u>(E) A power of a purchaser is not shared with another</u>	2720
<u>person under division (D) (2) of this section and the purchaser's</u>	2721
<u>power is not exclusive if:</u>	2722
<u>(1) The purchaser can exercise the power only if the power</u>	2723
<u>is also exercised by the other person; and</u>	2724
<u>(2) The other person:</u>	2725
<u>(a) Can exercise power without exercise of the power of</u>	2726
<u>the purchaser; or</u>	2727
<u>(b) Is the transferor to the purchaser of an interest in</u>	2728
<u>the chattel paper.</u>	2729
<u>(F) If a purchaser has the powers specified in divisions</u>	2730
<u>(C) (3) (a) and (b) of this section, the powers are presumed to be</u>	2731
<u>exclusive.</u>	2732
<u>(G) A purchaser has control of an authoritative electronic</u>	2733
<u>copy of a record evidencing chattel paper if another person,</u>	2734
<u>other than the transferor to the purchaser of an interest in the</u>	2735
<u>chattel paper:</u>	2736
<u>(1) Has control of the authoritative electronic copy and</u>	2737

<u>acknowledges that it has control on behalf of the purchaser; or</u>	2738
<u>(2) Obtains control of the authoritative electronic copy</u>	2739
<u>after having acknowledged that it will obtain control of the</u>	2740
<u>electronic copy on behalf of the purchaser.</u>	2741
<u>Sec. 1309.111. Control of electronic money [UCC 9-105A]</u>	2742
<u>(A) A person has control of electronic money if both of</u>	2743
<u>the following apply:</u>	2744
<u>(1) The electronic money, a record attached to or</u>	2745
<u>logically associated with the electronic money, or a system in</u>	2746
<u>which the electronic money is recorded gives the person both of</u>	2747
<u>the following:</u>	2748
<u>(a) Power to avail itself of substantially all the</u>	2749
<u>benefits from the electronic money;</u>	2750
<u>(b) Exclusive power, subject to division (B) of this</u>	2751
<u>section, to do both of the following:</u>	2752
<u>(i) Prevent others from availing themselves of</u>	2753
<u>substantially all the benefit from the electronic money;</u>	2754
<u>(ii) Transfer control of the electronic money to another</u>	2755
<u>person or cause another person to obtain control of other</u>	2756
<u>electronic money as a result of the transfer of the electronic</u>	2757
<u>money.</u>	2758
<u>(2) The electronic money, a record attached to or</u>	2759
<u>logically associated with the electronic money, or a system in</u>	2760
<u>which the electronic money is recorded enables the person to</u>	2761
<u>readily identify itself in any way, including by name,</u>	2762
<u>identifying number, cryptographic key, office, or account</u>	2763
<u>number, as having the powers under division (A) (1) of this</u>	2764
<u>section.</u>	2765

(B) Subject to division (C) of this section, a power is 2766
exclusive under divisions (A) (1) (b) (i) and (ii) of this section 2767
even if either or both of the following apply: 2768

(1) The electronic money, a record attached to or 2769
logically associated with the electronic money, or a system in 2770
which the electronic money is recorded limits the use of the 2771
electronic money or has a protocol programmed to cause a change, 2772
including a transfer or loss of control; 2773

(2) The power is shared with another person. 2774

(C) A power of a person is not shared with another person 2775
under division (B) (2) of this section and the person's power is 2776
not exclusive if both of the following apply: 2777

(1) The person can exercise the power only if the power is 2778
also exercised by the other person. 2779

(2) The other person either: 2780

(a) Can exercise the power without exercise of the power 2781
by the person; 2782

(b) Is the transferor to the person of an interest in the 2783
electronic money. 2784

(D) If a person has the powers specified in divisions (A) 2785
(1) (b) (i) and (ii) of this section, the powers are presumed to 2786
be exclusive. 2787

(E) A person has control of electronic money if another 2788
person, other than the transferor to the person of an interest 2789
in the electronic money, either: 2790

(1) Has control of the electronic money and acknowledges 2791
that it has control on behalf of the person; 2792

(2) Obtains control of the electronic money after having 2793
acknowledged that it will obtain control of the electronic money 2794
on behalf of the person. 2795

Sec. 1309.112. Control of controllable electronic record, 2796
controllable account, or controllable payment intangible [UCC 9- 2797
107A] 2798

(A) A secured party has control of a controllable 2799
electronic record as provided in section 1314.105 of the Revised 2800
Code. 2801

(B) A secured party has control of a controllable account 2802
or controllable payment intangible if the secured party has 2803
control of the controllable electronic record that evidences the 2804
controllable account or controllable payment intangible. 2805

Sec. 1309.113. No requirement to acknowledge or confirm; 2806
no duties [UCC 9-107B] 2807

(A) A person that has control under section 1309.104 or 2808
1309.105 of the Revised Code is not required to acknowledge that 2809
it has control on behalf of another person. 2810

(B) If a person acknowledges that it has or will obtain 2811
control on behalf of another person, unless the person otherwise 2812
agrees or law other than this chapter otherwise provides, the 2813
person does not owe any duty to the other person and is not 2814
required to confirm the acknowledgment to any other person. 2815

Sec. 1309.203. Attachment and enforceability of security 2816
interest; proceeds; supporting obligations; formal requisites 2817
[UCC 9-203] 2818

(A) A security interest attaches to collateral when it 2819
becomes enforceable against the debtor with respect to the 2820

collateral, unless an agreement expressly postpones the time of attachment. 2821
2822

(B) Except as otherwise provided in divisions (C) to (I) 2823
of this section, a security interest is enforceable against the 2824
debtor and third parties with respect to the collateral only if: 2825

(1) Value has been given; 2826

(2) The debtor has rights in the collateral or the power 2827
to transfer rights in the collateral to a secured party; and 2828

(3) One of the following conditions is met: 2829

(a) The debtor has ~~authenticated~~signed a security 2830
agreement that provides a description of the collateral and, if 2831
the security interest covers timber to be cut, a description of 2832
the land concerned; 2833

(b) The collateral is not a certificated security and is 2834
in the possession of the secured party under section 1309.313 of 2835
the Revised Code pursuant to the debtor's security agreement; 2836

(c) The collateral is a certificated security in 2837
registered form and the security certificate has been delivered 2838
to the secured party under section 1308.27 of the Revised Code 2839
pursuant to the debtor's security agreement; ~~or~~ 2840

(d) The collateral is controllable accounts, controllable 2841
electronic records, controllable payment intangibles, deposit 2842
accounts, electronic ~~chattel paper~~ documents, electronic money, 2843
investment property, or letter-of-credit rights, ~~or electronic~~ 2844
~~documents,~~ and the secured party has control under section 2845
1307.106, 1309.104, 1309.105, 1309.106, ~~or~~ 1309.107, 1309.111, 2846
or 1309.112 of the Revised Code pursuant to the debtor's 2847
security agreement; 2848

(e) The collateral is chattel paper and the secured party 2849
has possession and control under section 1309.345 of the Revised 2850
Code pursuant to the debtor's security agreement. 2851

(C) Division (B) of this section is subject to section 2852
1304.20 of the Revised Code on the security interest of a 2853
collecting bank, section 1305.18 of the Revised Code on the 2854
security interest of a letter-of-credit issuer or nominated 2855
person, section 1309.110 of the Revised Code on a security 2856
interest arising under Chapter 1302. or 1310. of the Revised 2857
Code, and section 1309.206 of the Revised Code on security 2858
interests in investment property. 2859

(D) A person becomes bound as debtor by a security 2860
agreement entered into by another person if, by operation of law 2861
other than this article or by contract: 2862

(1) The security agreement becomes effective to create a 2863
security interest in the person's property; or 2864

(2) The person becomes generally obligated for the 2865
obligations of the other person, including the obligation 2866
secured under the security agreement, and acquires or succeeds 2867
to all or substantially all of the assets of the other person. 2868

(E) If a new debtor becomes bound as debtor by a security 2869
agreement entered into by another person: 2870

(1) The agreement satisfies division (B) (3) of this 2871
section with respect to existing or after-acquired property of 2872
the new debtor to the extent the property is described in the 2873
agreement; and 2874

(2) Another agreement is not necessary to make a security 2875
interest in the property enforceable. 2876

(F) The attachment of a security interest in collateral 2877
gives the secured party the rights to proceeds provided by 2878
section 1309.315 of the Revised Code and is also attachment of a 2879
security interest in a supporting obligation for the collateral. 2880

(G) The attachment of a security interest in a right to 2881
payment or performance secured by a security interest or other 2882
lien on personal or real property is also attachment of a 2883
security interest in the security interest, mortgage, or other 2884
lien. 2885

(H) The attachment of a security interest in a securities 2886
account is also attachment of a security interest in the 2887
security entitlements carried in the securities account. 2888

(I) The attachment of a security interest in a commodity 2889
account is also attachment of a security interest in the 2890
commodity contracts carried in the commodity account. 2891

Sec. 1309.204. After-acquired property; future advances 2892
[UCC 9-204] 2893

(A) Except as provided in division (B) of this section, a 2894
security agreement may create or provide for a security interest 2895
in after-acquired collateral. 2896

(B) ~~A~~ Subject to division (D) of this section, a security 2897
interest does not attach under a term constituting an after- 2898
acquired property clause to: 2899

(1) Consumer goods other than accessions when given as 2900
additional security unless the debtor acquires rights in them 2901
within ten days after the secured party gives value; or 2902

(2) A commercial tort claim. 2903

(C) A security agreement may provide that collateral 2904

secures, or that accounts, chattel paper, payment intangibles, 2905
or promissory notes are sold in connection with, future advances 2906
or other value, whether or not the advances or value are given 2907
pursuant to commitment. 2908

(D) Division (B) of this section does not prevent a 2909
security interest from attaching to any of the following: 2910

(1) To consumer goods as proceeds under section 1309.315 2911
of the Revised Code or as commingled goods under section 2912
1309.336 of the Revised Code; 2913

(2) To a commercial tort claim as proceeds under section 2914
1309.315 of the Revised Code; 2915

(3) Under an after-acquired property clause to property 2916
that is proceeds of consumer goods or a commercial tort claim. 2917

Sec. 1309.207. Rights and duties of secured party having 2918
possession or control of collateral [UCC 9-207] 2919

(A) Except as otherwise provided in division (D) of this 2920
section, a secured party shall use reasonable care in the 2921
custody and preservation of collateral in the secured party's 2922
possession. In the case of an instrument or chattel paper, 2923
reasonable care includes taking necessary steps to preserve 2924
rights against prior parties unless otherwise agreed. 2925

(B) Except as otherwise provided in division (D) of this 2926
section, if a secured party has possession of collateral: 2927

(1) Reasonable expenses, including the cost of insurance 2928
and payment of taxes or other charges, incurred in the custody, 2929
preservation, use, or operation of the collateral are chargeable 2930
to the debtor and are secured by the collateral; 2931

(2) The risk of accidental loss or damage is on the debtor 2932

to the extent of a deficiency in any effective insurance	2933
coverage;	2934
(3) The secured party shall keep the collateral	2935
identifiable but fungible collateral may be commingled; and	2936
(4) The secured party may use or operate the collateral:	2937
(a) For the purpose of preserving the collateral or its	2938
value;	2939
(b) As permitted by an order of a court having competent	2940
jurisdiction; or	2941
(c) Except in the case of consumer goods, in the manner	2942
and to the extent agreed by the debtor.	2943
(C) Except as otherwise provided in division (D) of this	2944
section, a secured party having possession of collateral or	2945
control of collateral under section 1307.106, 1309.104,	2946
1309.105, 1309.106, or 1309.107, <u>1309.111, or 1309.112</u> of the	2947
Revised Code:	2948
(1) May hold as additional security any proceeds, except	2949
money or funds, received from the collateral;	2950
(2) Shall apply money or funds received from the	2951
collateral to reduce the secured obligation, unless remitted to	2952
the debtor; and	2953
(3) May create a security interest in the collateral.	2954
(D) If the secured party is a buyer of accounts, chattel	2955
paper, payment intangibles, or promissory notes or a consignor:	2956
(1) Division (A) of this section does not apply unless the	2957
secured party is entitled under an agreement:	2958
(a) To charge back uncollected collateral; or	2959

(b) Otherwise to full or limited recourse against the 2960
debtor or a secondary obligor based on the nonpayment or other 2961
default of an account debtor or other obligor on the collateral; 2962
and 2963

(2) Divisions (B) and (C) of this section do not apply. 2964

Sec. 1309.208. Additional duties of secured party having 2965
control of collateral [UCC 9-208] 2966

(A) This section applies to cases in which there is no 2967
outstanding secured obligation and the secured party is not 2968
committed to make advances, incur obligations, or otherwise give 2969
value. 2970

(B) Within ten days after receiving an authenticated a 2971
signed demand by the debtor: 2972

(1) A secured party having control of a deposit account 2973
under division (A) (2) of section 1309.104 of the Revised Code 2974
shall send to the bank with which the deposit account is 2975
maintained ~~an authenticated statement~~ a signed record that 2976
releases the bank from any further obligation to comply with 2977
instructions originated by the secured party. 2978

(2) A secured party having control of a deposit account 2979
under division (A) (3) of section 1309.104 of the Revised Code 2980
shall: 2981

(a) Pay the debtor the balance on deposit in the deposit 2982
account; or 2983

(b) Transfer the balance on deposit into a deposit account 2984
in the debtor's name. 2985

(3) A secured party, other than a buyer, having control_ 2986
under section 1309.105 of the Revised Code of an authoritative 2987

electronic copy of a record evidencing chattel paper ~~under~~ 2988
~~section 1309.105 of the Revised Code shall:~~ 2989

~~(a) Communicate the authoritative copy of the electronic~~ 2990
~~chattel paper to the debtor or its designated custodian;~~ 2991

~~(b) If the debtor designates a custodian that is the~~ 2992
~~designated custodian with which the authoritative copy of the~~ 2993
~~electronic chattel paper is maintained for the secured party,~~ 2994
~~communicate to the custodian an authenticated record releasing~~ 2995
~~the designated custodian from any further obligation to comply~~ 2996
~~with instructions originated by the secured party and~~ 2997
~~instructing the custodian to comply with instructions originated~~ 2998
~~by the debtor; and~~ 2999

~~(c) Take appropriate action to enable the debtor or its~~ 3000
~~designated custodian to make copies of or revisions to the~~ 3001
~~authoritative copy that add or change an identified assignee of~~ 3002
~~the authoritative copy without the consent of the secured party.~~ 3003
transfer control of the electronic copy to the debtor or a 3004
person designated by the debtor; 3005

(4) A secured party having control of investment property 3006
under division (D) (2) of section 1308.24 or division (B) of 3007
section 1309.106 of the Revised Code shall send to the 3008
securities intermediary or commodity intermediary with which the 3009
security entitlement or commodity contract is maintained ~~an~~ 3010
~~authenticated~~ a signed record that releases the securities 3011
intermediary or commodity intermediary from any further 3012
obligation to comply with entitlement orders or directions 3013
originated by the secured party; ~~and~~ 3014

(5) A secured party having control of a letter-of-credit 3015
right under section 1309.107 of the Revised Code shall send to 3016

each person having an unfulfilled obligation to pay or deliver 3017
proceeds of the letter of credit to the secured party ~~an-~~ 3018
~~authenticated~~ a signed release from any further obligation to 3019
pay or deliver proceeds of the letter of credit to the secured 3020
party; 3021

(6) A secured party having control under section 1307.106 3022
of the Revised Code of an authoritative electronic copy of an 3023
electronic document shall; 3024

~~(a) Give control of the electronic document to the debtor-~~ 3025
~~or its designated custodian;~~ 3026

~~(b) If the debtor designates a custodian that is the-~~ 3027
~~designated custodian with which the authoritative copy of the-~~ 3028
~~electronic document is maintained for the secured party,~~ 3029
~~communicate to the custodian an authenticated record releasing-~~ 3030
~~the designated custodian from any further obligation to comply-~~ 3031
~~with instructions originated by the secured party and-~~ 3032
~~instructing the custodian to comply with instructions originated~~ 3033
~~by the debtor; and~~ 3034

~~(c) Take appropriate action to enable the debtor or its-~~ 3035
~~designated custodian to make copies of or revisions to the-~~ 3036
~~authoritative copy which add or change an identified assignee of~~ 3037
~~the authoritative copy without the consent of the secured party_~~ 3038
transfer control of the electronic copy to the debtor or a 3039
person designated by the debtor; 3040

(7) A secured party having control under section 1309.111 3041
of the Revised Code of electronic money shall transfer control 3042
of the electronic money to the debtor or a person designated by 3043
the debtor; and 3044

(8) A secured party having control under section 1314.105 3045

of the Revised Code of a controllable electronic record, other 3046
than a buyer of a controllable account or a controllable payment 3047
intangible evidenced by the controllable electronic record, 3048
shall transfer control of the controllable electronic record to 3049
the debtor or a person designated by the debtor. 3050

Sec. 1309.209. Duties of secured party if account debtor 3051
has been notified of assignment [UCC 9-209] 3052

(A) Except as otherwise provided in division (C) of this 3053
section, this section applies if: 3054

(1) There is no outstanding secured obligation; and 3055

(2) The secured party is not committed to make advances, 3056
incur obligations, or otherwise give value. 3057

(B) Within ten days after receiving ~~an authenticated a~~ 3058
signed demand by the debtor, a secured party shall send to an 3059
account debtor that has received notification under section 3060
1309.406 or 1314.106 of the Revised Code of an assignment to the 3061
secured party as assignee ~~under division (A) of section 1309.406~~ 3062
~~of the Revised Code an authenticated a signed~~ record that 3063
releases the account debtor from any further obligation to the 3064
secured party. 3065

(C) This section does not apply to an assignment 3066
constituting the sale of an account, chattel paper, or payment 3067
intangible. 3068

Sec. 1309.210. Request for accounting; request regarding 3069
list of collateral or statement of account [UCC 9-210] 3070

(A) As used in this section: 3071

(1) "Request" means a record of a type described in 3072
division (A) (2), (3), or (4) of this section. 3073

(2) "Request for an accounting" means a record 3074
~~authenticated~~ signed by a debtor requesting that the recipient 3075
provide an accounting of the unpaid obligations secured by 3076
collateral and reasonably identifying the transaction or 3077
relationship that is the subject of the request. 3078

(3) "Request regarding a list of collateral" means a 3079
record ~~authenticated~~ signed by a debtor requesting that the 3080
recipient approve or correct a list of what the debtor believes 3081
to be the collateral securing an obligation and reasonably 3082
identifying the transaction or relationship that is the subject 3083
of the request. 3084

(4) "Request regarding a statement of account" means a 3085
record ~~authenticated~~ signed by a debtor requesting that the 3086
recipient approve or correct a statement indicating what the 3087
debtor believes to be the aggregate amount of unpaid obligations 3088
secured by collateral as of a specified date and reasonably 3089
identifying the transaction or relationship that is the subject 3090
of the request. 3091

(B) Subject to divisions (C), (D), (E), and (F) of this 3092
section, a secured party, other than a buyer of accounts, 3093
chattel paper, payment intangibles, or promissory notes or a 3094
consignor, shall comply with a request within fourteen days 3095
after receipt: 3096

(1) In the case of a request for an accounting, by 3097
~~authenticating~~ signing and sending to the debtor an accounting; 3098
and 3099

(2) In the case of a request regarding a list of 3100
collateral or a request regarding a statement of account, by 3101
~~authenticating~~ signing and sending to the debtor an approval or 3102

correction. 3103

(C) A secured party that claims a security interest in all 3104
of a particular type of collateral owned by the debtor may 3105
comply with a request regarding a list of collateral by sending 3106
to the debtor ~~an authenticated~~ a signed record including a 3107
statement to that effect within fourteen days after receipt. 3108

(D) A person that receives a request regarding a list of 3109
collateral, claims no interest in the collateral when it 3110
receives the request, and claimed an interest in the collateral 3111
at an earlier time shall comply with the request within fourteen 3112
days after receipt by sending to the debtor ~~an authenticated~~ a 3113
signed record: 3114

(1) Disclaiming any interest in the collateral; and 3115

(2) If known to the recipient, providing the name and 3116
mailing address of any assignee of or successor to the 3117
recipient's interest in the collateral. 3118

(E) A person that receives a request for an accounting or 3119
a request regarding a statement of account, claims no interest 3120
in the obligations when it receives the request, and claimed an 3121
interest in the obligations at an earlier time shall comply with 3122
the request within fourteen days after receipt by sending to the 3123
debtor ~~an authenticated~~ a signed record: 3124

(1) Disclaiming any interest in the obligations; and 3125

(2) If known to the recipient, providing the name and 3126
mailing address of any assignee of or successor to the 3127
recipient's interest in the obligations. 3128

(F) A debtor is entitled without charge to one response to 3129
a request under this section during any six-month period. The 3130

secured party may require payment of a charge not exceeding 3131
twenty-five dollars for each additional response. 3132

Sec. 1309.301. Law governing perfection and priority of 3133
security interests [UCC 9-301] 3134

Except as otherwise provided in sections 1309.303 to 3135
1309.306 and section 1309.344 of the Revised Code, the following 3136
rules determine the law governing perfection, the effect of 3137
perfection or nonperfection, and the priority of a security 3138
interest in collateral: 3139

(A) Except as otherwise provided in this section, while a 3140
debtor is located in a jurisdiction, the local law of that 3141
jurisdiction governs perfection, the effect of perfection or 3142
nonperfection, and the priority of a security interest in 3143
collateral. 3144

(B) While collateral is located in a jurisdiction, the 3145
local law of that jurisdiction governs perfection, the effect of 3146
perfection or nonperfection, and the priority of a possessory 3147
security interest in that collateral. 3148

(C) Except as otherwise provided in division (D) of this 3149
section, while ~~tangible~~-negotiable tangible documents, goods, 3150
instruments, or tangible money, ~~or tangible chattel paper~~ is 3151
located in a jurisdiction, the local law of that jurisdiction 3152
governs: 3153

(1) Perfection of a security interest in the goods by 3154
filing a fixture filing; 3155

(2) Perfection of a security interest in timber to be cut; 3156
and 3157

(3) The effect of perfection or nonperfection and the 3158

priority of a nonpossessory security interest in the collateral.	3159
(D) The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.	3160 3161 3162 3163
Sec. 1309.304. <u>Law governing perfection and priority of security interests in deposit accounts [UCC 9-304]</u>	3164 3165
(A) The local law of a bank's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that bank <u>even if the transaction does not bear any relation to the bank's jurisdiction.</u>	3166 3167 3168 3169 3170
(B) The following rules determine a bank's jurisdiction for purposes of this section:	3171 3172
(1) If an agreement between the bank and the debtor governing the deposit account expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this chapter or Chapters 1301. to 1305. and 1307. to 1310. of the Revised Code, that jurisdiction is the bank's jurisdiction.	3173 3174 3175 3176 3177
(2) If division (B) (1) of this section does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the bank's jurisdiction.	3178 3179 3180 3181 3182
(3) If neither division (B) (1) nor (2) of this section applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit account is maintained at an office in a particular jurisdiction, that jurisdiction is the bank's jurisdiction.	3183 3184 3185 3186 3187

(4) If neither division (B) (1), (2), nor (3) of this 3188
section applies, the bank's jurisdiction is the jurisdiction in 3189
which the office identified in an account statement as the 3190
office serving the customer's account is located. 3191

(5) If neither division (B) (1), (2), (3), nor (4) of this 3192
section applies, the bank's jurisdiction is the jurisdiction in 3193
which the chief executive office of the bank is located. 3194

Sec. 1309.305. Law governing perfection and priority of 3195
security interests in investment property [UCC 9-305] 3196

(A) Except as otherwise provided in division (C) of this 3197
section, the following rules apply: 3198

(1) While a security certificate is located in a 3199
jurisdiction, the local law of that jurisdiction governs 3200
perfection, the effect of perfection or nonperfection, and the 3201
priority of a security interest in the certificated security 3202
represented thereby. 3203

(2) The local law of the issuer's jurisdiction as 3204
specified in division (D) of section 1308.05 of the Revised Code 3205
governs perfection, the effect of perfection or nonperfection, 3206
and the priority of a security interest in an uncertificated 3207
security. 3208

(3) The local law of the securities intermediary's 3209
jurisdiction as specified in division (E) of section 1308.05 of 3210
the Revised Code governs perfection, the effect of perfection or 3211
nonperfection, and the priority of a security interest in a 3212
security entitlement or securities account. 3213

(4) The local law of the commodity intermediary's 3214
jurisdiction governs perfection, the effect of perfection or 3215
nonperfection, and the priority of a security interest in a 3216

commodity contract or commodity account. 3217

(5) Divisions (A) (2), (3), and (4) of this section apply 3218
even if the transaction does not bear any relation to the 3219
jurisdiction. 3220

(B) The following rules determine a commodity 3221
intermediary's jurisdiction for purposes of sections 1309.301 to 3222
1309.342 of the Revised Code: 3223

(1) If an agreement between the commodity intermediary and 3224
commodity customer governing the commodity account expressly 3225
provides that a particular jurisdiction is the commodity 3226
intermediary's jurisdiction for purposes of sections 1309.301 to 3227
1309.342 of the Revised Code, this chapter, or Chapters 1301., 3228
1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of 3229
the Revised Code, that jurisdiction is the commodity 3230
intermediary's jurisdiction. 3231

(2) If division (B) (1) of this section does not apply and 3232
an agreement between the commodity intermediary and commodity 3233
customer governing the commodity account expressly provides that 3234
the agreement is governed by the law of a particular 3235
jurisdiction, that jurisdiction is the commodity intermediary's 3236
jurisdiction. 3237

(3) If neither division (B) (1) nor (2) of this section 3238
applies and an agreement between the commodity intermediary and 3239
commodity customer governing the commodity account expressly 3240
provides that the commodity account is maintained at an office 3241
in a particular jurisdiction, that jurisdiction is the commodity 3242
intermediary's jurisdiction. 3243

(4) If neither division (B) (1), (2), nor (3) of this 3244
section applies, the commodity intermediary's jurisdiction is 3245

the jurisdiction in which the office identified in an account 3246
statement as the office serving the commodity customer's account 3247
is located. 3248

(5) If neither division (B) (1), (2), (3), nor (4) of this 3249
section applies, the commodity intermediary's jurisdiction is 3250
the jurisdiction in which the chief executive office of the 3251
commodity intermediary is located. 3252

(C) The local law of the jurisdiction in which the debtor 3253
is located governs: 3254

(1) Perfection of a security interest in investment 3255
property by filing; 3256

(2) Automatic perfection of a security interest in 3257
investment property created by a broker or securities 3258
intermediary; and 3259

(3) Automatic perfection of a security interest in a 3260
commodity contract or commodity account created by a commodity 3261
intermediary. 3262

Sec. 1309.310. When filing required to perfect security 3263
interest or agricultural lien; security interests and 3264
agricultural liens to which filing provisions do not apply [UCC 3265
9-310] 3266

(A) Except as otherwise provided in division (B) of this 3267
section and division (B) of section 1309.312 of the Revised 3268
Code, a financing statement must be filed to perfect all 3269
security interests and agricultural liens. 3270

(B) The filing of a financing statement is not necessary 3271
to perfect a security interest: 3272

(1) That is perfected under division (D), (E), (F), or (G) 3273

of section 1309.308 of the Revised Code;	3274
(2) That is perfected under section 1309.309 of the Revised Code when it attaches;	3275 3276
(3) In property subject to a statute, regulation, or treaty described in division (A) of section 1309.311 of the Revised Code;	3277 3278 3279
(4) In goods in possession of a bailee which is perfected under division (D)(1) or (2) of section 1309.312 of the Revised Code;	3280 3281 3282
(5) In certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under division (E), (F), or (G) of section 1309.312 of the Revised Code;	3283 3284 3285 3286
(6) In collateral in the secured party's possession under section 1309.313 of the Revised Code;	3287 3288
(7) In a certificated security perfected by delivery of the security certificate to the secured party under section 1309.313 of the Revised Code;	3289 3290 3291
(8) (8) (a) In <u>controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights</u> perfected by control under section 1309.314 of the Revised Code;	3292 3293 3294 3295 3296
<u>(b) In chattel paper which is perfected by possession and control under section 1309.345 of the Revised Code.</u>	3297 3298
(9) In proceeds which is perfected under section 1309.315 of the Revised Code; or	3299 3300

(10) That is perfected under section 1309.316 of the Revised Code. 3301
3302

(C) If a secured party assigns a perfected security interest or agricultural lien, a filing under this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor. 3303
3304
3305
3306
3307

Sec. 1309.312. Perfection of security interests in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, negotiable documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money; perfection by permissive filing; temporary perfection without filing or transfer of possession [UCC 9-312] 3308
3309
3310
3311
3312
3313
3314

(A) A security interest in chattel paper, ~~negotiable documents~~controllable accounts, controllable electronic records, controllable payment intangibles, instruments, or investment property, or negotiable documents may be perfected by filing. 3315
3316
3317
3318

(B) Except as otherwise provided in divisions (C) and (D) of section 1309.315 of the Revised Code for proceeds: 3319
3320

(1) A security interest in a deposit account may be perfected only by control under section 1309.314 of the Revised Code; 3321
3322
3323

(2) ~~And except~~ Except as otherwise provided in division (D) of section 1309.308 of the Revised Code, a security interest in a letter-of-credit right may be perfected only by control under section 1309.314 of the Revised Code; ~~and~~ 3324
3325
3326
3327

(3) A security interest in tangible money may be perfected only by the secured party's taking possession under section 3328
3329

1309.313 of the Revised Code;	3330
<u>(4) A security interest in electronic money may be</u>	3331
<u>perfected only by control under section 1309.314 of the Revised</u>	3332
<u>Code.</u>	3333
(C) While goods are in the possession of a bailee that has	3334
issued a negotiable document covering the goods:	3335
(1) A security interest in the goods may be perfected by	3336
perfecting a security interest in the document; and	3337
(2) A security interest perfected in the document has	3338
priority over any security interest that becomes perfected in	3339
the goods by another method during that time.	3340
(D) While goods are in the possession of a bailee that has	3341
issued a non-negotiable document covering the goods, a security	3342
interest in the goods may be perfected by:	3343
(1) Issuance of a document in the name of the secured	3344
party;	3345
(2) The bailee's receipt of notification of the secured	3346
party's interest; or	3347
(3) Filing as to the goods.	3348
(E) A security interest in certificated securities, or	3349
negotiable documents, or instruments is perfected without filing	3350
or the taking of possession or control for a period of twenty	3351
days from the time it attaches to the extent that it arises for	3352
new value given under an authenticated <u>a signed</u> security	3353
agreement.	3354
(F) A perfected security interest in a negotiable document	3355
or goods in possession of a bailee, other than one that has	3356

issued a negotiable document for the goods, remains perfected 3357
for a period of twenty days without filing if the secured party 3358
makes available to the debtor the goods or documents 3359
representing the goods for the purpose of: 3360

(1) Ultimate sale or exchange; or 3361

(2) Loading, unloading, storing, shipping, trans-shipping, 3362
manufacturing, processing, or otherwise dealing with them in a 3363
manner preliminary to their sale or exchange. 3364

(G) A perfected security interest in an instrument or 3365
certificated security remains perfected for twenty days without 3366
filing if the secured party delivers the security certificate or 3367
instrument to the debtor for the purpose of: 3368

(1) Ultimate sale or exchange; or 3369

(2) Presentation, collection, enforcement, renewal, or 3370
registration of transfer. 3371

(H) After the twenty-day period specified in divisions 3372
(E), (F), or (G) of this section expires, perfection depends 3373
upon compliance with this chapter. 3374

Sec. 1309.313. When possession by or delivery to secured 3375
party perfects security interest without filing [UCC 9-313] 3376

(A) Except as otherwise provided in division (B) of this 3377
section, a secured party may perfect a security interest in 3378
~~tangible negotiable documents, goods, instruments, negotiable~~ 3379
~~tangible documents, or tangible money, or tangible chattel paper~~ 3380
by taking possession of the collateral. A secured party may 3381
perfect a security interest in certificated securities by taking 3382
delivery of the certificated securities under section 1308.27 of 3383
the Revised Code. 3384

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

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

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

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

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

(E) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under section 1308.27 of the Revised Code and remains perfected by delivery until the debtor obtains possession of the security certificate.

(F) A person in possession of collateral is not required

to acknowledge that the person holds possession for a secured party's benefit. 3414
3415

(G) If a person acknowledges that the person holds possession for the secured party's benefit: 3416
3417

(1) The acknowledgment is effective under division (C) of this section or division (A) of section 1308.27 of the Revised Code, even if the acknowledgment violates the rights of a debtor; and 3418
3419
3420
3421

(2) Unless the person otherwise agrees or law other than this chapter otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person. 3422
3423
3424
3425

(H) A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery: 3426
3427
3428
3429
3430
3431

(1) To hold possession of the collateral for the secured party's benefit; or 3432
3433

(2) To redeliver the collateral to the secured party. 3434

(I) A secured party does not relinquish possession, even if a delivery under division (H) of this section violates the rights of a debtor. A person to whom collateral is delivered under division (H) of this section does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this chapter otherwise provides. 3435
3436
3437
3438
3439
3440
3441

Sec. 1309.314. <u>Perfection by control [UCC 9-314]</u>	3442
(A) A security interest in investment property, deposit	3443
accounts, letter-of-credit rights, electronic chattel paper, or	3444
electronic documents <u>controllable accounts, controllable</u>	3445
<u>electronic records, controllable payment intangibles, deposit</u>	3446
<u>accounts, electronic documents, electronic money, investment</u>	3447
<u>property, or letter-of-credit rights</u> may be perfected by control	3448
of the collateral under section 1307.106, 1309.104, 1309.105,	3449
1309.106, or <u>1309.107, 1309.111, or 1309.112</u> of the Revised	3450
Code.	3451
(B) A security interest in deposit accounts, electronic	3452
chattel paper, letter-of-credit rights, or electronic documents	3453
<u>controllable accounts, controllable electronic records,</u>	3454
<u>controllable payment intangibles, deposit accounts, electronic</u>	3455
<u>documents, electronic money, or letter-of-credit rights</u> is	3456
perfected by control under section 1307.106, 1309.104, 1309.105,	3457
or <u>1309.107, 1309.111, or 1309.112</u> of the Revised Code when not	3458
<u>earlier than the time</u> the secured party obtains control and	3459
remains perfected by control only while the secured party	3460
retains control.	3461
(C) A security interest in investment property is	3462
perfected by control under section 1309.106 of the Revised Code	3463
from not <u>earlier than</u> the time the secured party obtains control	3464
and remains perfected by control until:	3465
(1) The secured party does not have control; and	3466
(2) One of the following occurs:	3467
(a) If the collateral is a certificated security, the	3468
debtor has or acquires possession of the security certificate;	3469
(b) If the collateral is an uncertificated security, the	3470

issuer has registered or registers the debtor as the registered owner; or

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

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

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

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

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

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

(B) If a security interest described in division (A) of this section becomes perfected under the law of the other jurisdiction before the earliest time or event described in that division, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before that earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(C) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted

collateral consisting of goods, remains continuously perfected	3499
if:	3500
(1) The collateral is located in one jurisdiction and	3501
subject to a security interest perfected under the law of that	3502
jurisdiction;	3503
(2) Thereafter, the collateral is brought into another	3504
jurisdiction; and	3505
(3) Upon entry into the other jurisdiction, the security	3506
interest is perfected under the law of the other jurisdiction.	3507
(D) Except as otherwise provided in division (E) of this	3508
section, a security interest in goods covered by a certificate	3509
of title that is perfected by any method under the law of	3510
another jurisdiction when the goods become covered by a	3511
certificate of title from this state remains perfected until the	3512
security interest would have become unperfected under the law of	3513
the other jurisdiction had the goods not become so covered.	3514
(E) A security interest described in division (D) of this	3515
section becomes unperfected as against a purchaser of the goods	3516
for value and is deemed never to have been perfected as against	3517
a purchaser of the goods for value if the applicable	3518
requirements for perfection under division (B) of section	3519
1309.311 or section 1309.313 of the Revised Code are not	3520
satisfied before the earlier of:	3521
(1) The time the security interest would have become	3522
unperfected under the law of the other jurisdiction had the	3523
goods not become covered by a certificate of title from this	3524
state; or	3525
(2) The expiration of four months after the goods had	3526
become so covered.	3527

(F) A security interest in chattel paper, controllable 3528
accounts, controllable electronic records, controllable payment 3529
intangibles, deposit accounts, letter-of-credit rights, or 3530
investment property that is perfected under the law of the_ 3531
chattel paper's jurisdiction, the controllable electronic 3532
record's jurisdiction, the bank's jurisdiction, the issuer's 3533
jurisdiction, a nominated person's jurisdiction, the securities 3534
intermediary's jurisdiction, or the commodity intermediary's 3535
jurisdiction, as applicable, remains perfected until the earlier 3536
of: 3537

(1) The time the security interest would have become 3538
unperfected under the law of that jurisdiction; or 3539

(2) The expiration of four months after a change of the 3540
applicable jurisdiction to another jurisdiction. 3541

(G) If a security interest described in division (F) of 3542
this section becomes perfected under the law of the other 3543
jurisdiction before the earlier of the time or the end of the 3544
period described in that division, it remains perfected 3545
thereafter. If the security interest does not become perfected 3546
under the law of the other jurisdiction before the earlier of 3547
that time or the end of that period, it becomes unperfected and 3548
is deemed never to have been perfected as against a purchaser of 3549
the collateral for value. 3550

(H) The following rules apply to collateral to which a 3551
security interest attaches within four months after the debtor 3552
changes its location to another jurisdiction: 3553

(1) A financing statement filed before the change pursuant 3554
to the law of the jurisdiction designated in division (A) of 3555
section 1309.301 or division (C) of section 1309.305 of the 3556

Revised Code is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location.

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

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

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

(2) A security interest perfected by the financing

statement and that becomes perfected under the law of the other 3587
jurisdiction before the earlier of the time the financing 3588
statement would have become ineffective under the law of the 3589
jurisdiction designated in division (A) of section 1309.301 or 3590
division (C) of section 1309.305 of the Revised Code or the 3591
expiration of the four-month period remains perfected 3592
thereafter. A security interest that is perfected by the 3593
financing statement but that does not become perfected under the 3594
law of the other jurisdiction before the earlier time or event 3595
becomes unperfected and is deemed never to have been perfected 3596
as against a purchaser of the collateral for value. 3597

Sec. 1309.317. Interests that take priority over or take 3598
free of security interest or agricultural lien [UCC 9-317] 3599

(A) A security interest or agricultural lien is 3600
subordinate to the rights of: 3601

(1) A person entitled to priority under section 1309.322 3602
of the Revised Code; and 3603

(2) Except as otherwise provided in division (E) of this 3604
section, a person who becomes a lien creditor before the earlier 3605
of the time: 3606

(a) The security interest or agricultural lien is 3607
perfected; or 3608

(b) One of the conditions specified in division (B) (3) of 3609
section 1309.203 of the Revised Code is met and a financing 3610
statement covering the collateral is filed. 3611

(B) Except as otherwise provided in division (E) of this 3612
section, a buyer, other than a secured party, of ~~tangible~~ 3613
~~chattel paper, tangible documents,~~ goods, instruments, tangible 3614
documents, or a certificated security takes free of a security 3615

interest or agricultural lien if the buyer gives value and 3616
receives delivery of the collateral without knowledge of the 3617
security interest or agricultural lien and before it is 3618
perfected. 3619

(C) Except as otherwise provided in division (E) of this 3620
section, a lessee of goods takes free of a security interest or 3621
agricultural lien if the lessee gives value and receives 3622
delivery of the collateral without knowledge of the security 3623
interest or agricultural lien and before it is perfected. 3624

(D) A ~~Subject to divisions (F) to (I) of this section, a~~ 3625
licensee of a general intangible or a buyer, other than a 3626
secured party, of collateral other than ~~tangible chattel~~ 3627
~~paper~~ electronic money, tangible documents, goods, instruments, 3628
tangible documents, or a certificated security takes free of a 3629
security interest if the licensee or buyer gives value without 3630
knowledge of the security interest and before it is perfected. 3631

(E) Except as otherwise provided in sections 1309.320 and 3632
1309.321 of the Revised Code, if a person files a financing 3633
statement with respect to a purchase money security interest 3634
before or within twenty days after the debtor receives delivery 3635
of the collateral, the security interest takes priority over the 3636
rights of a buyer, lessee, or lien creditor that arise between 3637
the time the security interest attaches and the time of filing. 3638

(F) A buyer, other than a secured party, of chattel paper 3639
takes free of a security interest if, without knowledge of the 3640
security interest and before it is perfected, the buyer gives 3641
value and: 3642

(1) Receives delivery of each authoritative copy of the 3643
record evidencing the chattel paper; and 3644

(2) If each authoritative electronic copy of the record 3645
evidencing the chattel paper can be subjected to control under 3646
section 1309.105 of the Revised Code, obtains control of each 3647
authoritative electronic copy. 3648

(G) A buyer of an electronic document takes free of a 3649
security interest if, without knowledge of the security interest 3650
and before it is perfected, the buyer gives value and, if each 3651
authoritative electronic copy of the document can be subjected 3652
to control under section 1307.106 of the Revised Code, obtains 3653
control of each authoritative electronic copy. 3654

(H) A buyer of a controllable electronic record takes free 3655
of a security interest if, without knowledge of the security 3656
interest and before it is perfected, the buyer gives value and 3657
obtains control of the controllable electronic record. 3658

(I) A buyer, other than a secured party, of a controllable 3659
account or a controllable payment intangible takes free of a 3660
security interest if, without knowledge of the security interest 3661
and before it is perfected, the buyer gives value and obtains 3662
control of the controllable account or controllable payment 3663
intangible. 3664

Sec. 1309.323. Future advances [UCC 9-323] 3665

(A) Except as otherwise provided in division (C) of this 3666
section, for purposes of determining the priority of a perfected 3667
security interest under division (A) (1) of section 1309.322 of 3668
the Revised Code, perfection of the security interest dates from 3669
the time an advance is made to the extent that the security 3670
interest secures an advance that: 3671

(1) Is made while the security interest is perfected only: 3672

(a) Under section 1309.309 of the Revised Code when it 3673

attaches; or	3674
(b) Temporarily under division (E), (F), or (G) of section 1309.312 of the Revised Code.	3675 3676
(2) Is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under section 1309.309 or division (E), (F), or (G) of section 1309.312 of the Revised Code.	3677 3678 3679 3680
(B) Except as otherwise provided in division (C) of this section, a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures advances made more than forty-five days after the person becomes a lien creditor unless the advance is made:	3681 3682 3683 3684 3685 3686
(1) Without knowledge of the lien; or	3687
(2) Pursuant to a commitment entered into without knowledge of the lien.	3688 3689
(C) Divisions (A) and (B) of this section do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor.	3690 3691 3692 3693
(D) Except as otherwise provided in division (E) of this section, a buyer of goods other than a buyer in ordinary course of business takes free of a security interest to the extent that it secures advances made after the earlier of:	3694 3695 3696 3697
(1) The time the secured party acquires knowledge of the buyer's purchase; or	3698 3699
(2) Forty-five days after the purchase.	3700

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

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

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

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

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

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

(A) Except as otherwise provided in division (G) of this
section, a perfected purchase money security interest in goods
other than inventory or livestock has priority over a
conflicting security interest in the same goods, and, except as
otherwise provided in section 1309.327 of the Revised Code, a
perfected security interest in its identifiable proceeds also
has priority, if the purchase money security interest is
perfected when the debtor receives possession of the collateral
or within twenty days thereafter.

(B) Subject to division (C) of this section and except as

otherwise provided in division (G) of this section, a perfected 3730
purchase money security interest in inventory has priority over 3731
a conflicting security interest in the same inventory, has 3732
priority over a conflicting security in chattel paper or an 3733
instrument constituting proceeds of the inventory and in 3734
proceeds of the chattel paper, if provided in section 1309.330 3735
of the Revised Code, and, except as otherwise provided in 3736
section 1309.327 of the Revised Code, also has priority in 3737
identifiable cash proceeds of the inventory to the extent the 3738
identifiable cash proceeds are received on or before the 3739
delivery of the inventory to a buyer if: 3740

(1) The purchase money security interest is perfected when 3741
the debtor receives possession of the inventory; 3742

(2) The purchase money secured party sends ~~an~~ 3743
~~authenticated~~ a signed notification to the holder of the 3744
conflicting security interest; 3745

(3) The holder of the conflicting security interest 3746
receives the notification within five years before the debtor 3747
receives possession of the inventory; and 3748

(4) The notification states that the person sending the 3749
notification has or expects to acquire a purchase money security 3750
interest in inventory of the debtor and describes the inventory. 3751

(C) Divisions (B) (2), (3), and (4) of this section apply 3752
only if the holder of the conflicting security interest filed a 3753
financing statement covering the same types of inventory: 3754

(1) If the purchase money security interest is perfected 3755
by filing, before the date of the filing; or 3756

(2) If the purchase money security interest is temporarily 3757
perfected without filing or possession under division (F) of 3758

section 1309.312 of the Revised Code, before the beginning of 3759
the twenty-day period. 3760

(D) Subject to division (E) of this section and except as 3761
otherwise provided in division (G) of this section, a perfected 3762
purchase money security interest in livestock that are farm 3763
products has priority over a conflicting security interest in 3764
the same livestock, and, except as otherwise provided in section 3765
1309.327 of the Revised Code, a perfected security interest in 3766
their identifiable proceeds and identifiable products in their 3767
unmanufactured states also has priority, if: 3768

(1) The purchase money security interest is perfected when 3769
the debtor receives possession of the livestock; 3770

(2) The purchase money secured party sends ~~an~~ 3771
~~authenticated~~ a signed notification to the holder of the 3772
conflicting security interest; 3773

(3) The holder of the conflicting security interest 3774
receives the notification within six months before the debtor 3775
receives possession of the livestock; and 3776

(4) The notification states that the person sending the 3777
notification has or expects to acquire a purchase money security 3778
interest in livestock of the debtor and describes the livestock. 3779

(E) Divisions (D) (2), (3), and (4) of this section apply 3780
only if the holder of the conflicting security interest had 3781
filed a financing statement covering the same types of 3782
livestock: 3783

(1) If the purchase money security interest is perfected 3784
by filing, before the date of the filing; or 3785

(2) If the purchase money security interest is temporarily 3786

perfected without filing or possession under division (F) of 3787
section 1309.312 of the Revised Code, before the beginning of 3788
the twenty-day period. 3789

(F) Except as otherwise provided in division (G) of this 3790
section, a perfected purchase money security interest in 3791
software has priority over a conflicting security interest in 3792
the same collateral, and, except as otherwise provided in 3793
section 1309.327 of the Revised Code, a perfected security 3794
interest in its identifiable proceeds also has priority, to the 3795
extent that the purchase money security interest in the goods in 3796
which the software was acquired for use has priority in the 3797
goods and proceeds of the goods under this section. 3798

(G) If more than one security interest qualifies for 3799
priority in the same collateral under division (A), (B), (D), or 3800
(F) of this section: 3801

(1) A security interest securing an obligation incurred as 3802
all or part of the price of the collateral has priority over a 3803
security interest securing an obligation incurred for value 3804
given to enable the debtor to acquire rights in or the use of 3805
collateral; and 3806

(2) In all other cases, division (A) of section 1309.322 3807
of the Revised Code applies to the qualifying security 3808
interests. 3809

Sec. 1309.330. Priority of purchaser of chattel paper or 3810
instrument [UCC 9-330] 3811

(A) A purchaser of chattel paper has priority over a 3812
security interest in the chattel paper that is claimed merely as 3813
proceeds of inventory subject to a security interest if: 3814

(1) In good faith and in the ordinary course of the 3815

purchaser's business, the purchaser gives new value ~~and~~, takes 3816
possession of each authoritative tangible copy of the record 3817
evidencing the chattel paper ~~or~~, and obtains control of the 3818
~~chattel paper~~ under section 1309.105 of the Revised Code of each 3819
authoritative electronic copy of the record evidencing the 3820
chattel paper; and 3821

(2) The authoritative copies of the record evidencing the 3822
chattel paper ~~does~~ do not indicate that ~~it~~ the chattel paper has 3823
been assigned to an identified assignee other than the 3824
purchaser. 3825

(B) A purchaser of chattel paper has priority over a 3826
security interest in the chattel paper that is claimed other 3827
than merely as proceeds of inventory subject to a security 3828
interest if the purchaser gives new value ~~and~~, takes possession 3829
of each authoritative tangible copy of the record evidencing the 3830
chattel paper ~~or~~, and obtains control of the chattel paper 3831
under section 1309.105 of the Revised Code of each authoritative 3832
electronic copy of the record evidencing the chattel paper in 3833
good faith, in the ordinary course of the purchaser's business, 3834
and without knowledge that the purchase violates the rights of 3835
the secured party. 3836

(C) Except as otherwise provided in section 1309.327 of 3837
the Revised Code, a purchaser having priority in chattel paper 3838
under division (A) or (B) of this section also has priority in 3839
proceeds of the chattel paper to the extent that: 3840

(1) Section 1309.322 of the Revised Code provides for 3841
priority in the proceeds; or 3842

(2) The proceeds consist of the specific goods covered by 3843
the chattel paper or cash proceeds of the specific goods, even 3844

if the purchaser's security interest in the proceeds is 3845
unperfected. 3846

(D) Except as otherwise provided in division (A) of 3847
section 1309.331 of the Revised Code, a purchaser of an 3848
instrument has priority over a security interest in the 3849
instrument perfected by a method other than possession if the 3850
purchaser gives value and takes possession of the instrument in 3851
good faith and without knowledge that the purchase violates the 3852
rights of the secured party. 3853

(E) For purposes of divisions (A) and (B) of this section, 3854
the holder of a purchase money security interest in inventory 3855
gives new value for chattel paper constituting proceeds of the 3856
inventory. 3857

(F) For purposes of divisions (B) and (D) of this section, 3858
if the authoritative copies of the record evidencing chattel 3859
paper or an instrument indicates indicate that it the chattel 3860
paper or instrument has been assigned to an identified secured 3861
party other than the purchaser, a purchaser of the chattel paper 3862
or instrument has knowledge that the purchase violates the 3863
rights of the secured party. 3864

Sec. 1309.331. Priority of rights of purchasers of 3865
controllable accounts, controllable electronic records, 3866
controllable payment intangibles, documents, instruments, and 3867
securities under other chapters; priority of interests in 3868
financial assets and security entitlements and protection 3869
against assertion of claim under Chapters 1303., 1307., 1308., 3870
and 1314. of the Revised Code [UCC 9-331] 3871

(A) This chapter does not limit the rights of a holder in 3872
due course of a negotiable instrument, as defined in section 3873

1303.32 of the Revised Code, or a holder to whom a negotiable 3874
document of title has been duly negotiated under section 3875
1307.501 of the Revised Code, ~~or~~ a protected purchaser of a 3876
security under section 1308.17 of the Revised Code, or a 3877
qualifying purchaser of a controllable account, controllable 3878
electronic record, or controllable payment intangible. These 3879
holders or purchasers take priority over an earlier security 3880
interest, even though perfected, to the extent provided in 3881
Chapters 1303., 1307., ~~and~~ 1308., and 1314. of the Revised Code. 3882

(B) This chapter does not limit the rights of or impose 3883
liability on a person to the extent that the person is protected 3884
against the assertion of a claim under ~~Chapter~~ Chapters 1308. 3885
and 1314. of the Revised Code. 3886

(C) Filing under this chapter does not constitute notice 3887
of a claim or defense to the holders, purchasers, or persons 3888
described in divisions (A) and (B) of this section. 3889

Sec. 1309.332. Transfer of money; transfer of funds from 3890
deposit account [UCC 9-332] 3891

(A) A transferee of tangible money takes the money free of 3892
a security interest ~~unless~~ if the transferee ~~acts~~ receives 3893
possession of the money without acting in collusion with the 3894
debtor in violating the rights of the secured party. 3895

(B) A transferee of funds from a deposit account takes the 3896
funds free of a security interest in the deposit account ~~unless~~ 3897
if the transferee ~~acts~~ receives the funds without acting in 3898
collusion with the debtor in violating the rights of the secured 3899
party. 3900

(C) A transferee of electronic money takes the money free 3901
of a security interest if the transferee obtains control of the 3902

money without acting in collusion with the debtor in violating 3903
the rights of the secured party. 3904

Sec. 1309.334. Priority of security interests in fixtures 3905
and crops [UCC 9-334] 3906

(A) A security interest under this chapter may be created 3907
in goods that are fixtures or may continue in goods that become 3908
fixtures. A security interest does not exist under this chapter 3909
in ordinary building materials incorporated into an improvement 3910
on land. 3911

(B) This chapter does not prevent creation of an 3912
encumbrance upon fixtures pursuant to real property law. 3913

(C) In cases not governed by divisions (D) to (H) of this 3914
section, a security interest in fixtures is subordinate to a 3915
conflicting interest of an encumbrancer or owner of the related 3916
real property other than the debtor. 3917

(D) Except as otherwise provided in division (H) of this 3918
section, a perfected security interest in fixtures has priority 3919
over a conflicting interest of an encumbrancer or owner of the 3920
real property if the debtor has an interest of record in or is 3921
in possession of the real property and: 3922

(1) The security interest is a purchase money security 3923
interest; 3924

(2) The interest of the encumbrancer or owner arises 3925
before the goods become fixtures; and 3926

(3) The security interest is perfected by a fixture filing 3927
before the goods become fixtures or within twenty days 3928
thereafter. 3929

(E) A perfected security interest in fixtures has priority 3930

over a conflicting interest of an encumbrancer or owner of the	3931
real property if:	3932
(1) The debtor has an interest of record in the real	3933
property or is in possession of the real property, and the	3934
security interest:	3935
(a) Is perfected by a fixture filing before the interest	3936
of the encumbrancer or owner is of record; and	3937
(b) Has priority over any conflicting interest of a	3938
predecessor in title of the encumbrancer or owner;	3939
(2) Before the goods became fixtures, the security	3940
interest is perfected by any method permitted by this chapter,	3941
and the fixtures are readily removable:	3942
(a) Factory or office machines;	3943
(b) Equipment that is not primarily used or leased for use	3944
in the operation of the real property; or	3945
(c) Replacements of domestic appliances that are consumer	3946
goods;	3947
(3) The conflicting interest is a lien on the real	3948
property obtained by legal or equitable proceedings after the	3949
security interest was perfected by any method permitted by this	3950
chapter; or	3951
(4) The security interest is:	3952
(a) Created in a manufactured home in a manufactured home	3953
transaction; and	3954
(b) Perfected pursuant to a section listed in division (A)	3955
(2) of section 1309.311 of the Revised Code.	3956
(F) A security interest in fixtures, whether or not	3957

perfected, has priority over the conflicting interest of an 3958
encumbrancer or owner of the real property if: 3959

(1) The encumbrancer or owner has, in ~~an authenticated a~~ 3960
signed record, consented to the security interest or disclaimed 3961
an interest in the goods as fixtures; or 3962

(2) The debtor has a right to remove the goods as against 3963
the encumbrancer or owner. 3964

(G) The priority of the security interest under division 3965
(F) (2) of this section continues for a reasonable time if the 3966
debtor's right to remove the goods as against the encumbrancer 3967
or owner terminates. 3968

(H) A mortgage is a construction mortgage to the extent 3969
that it secures an obligation incurred for the construction of 3970
an improvement on land, including the acquisition cost of the 3971
land, if a recorded record of the mortgage so indicates. Except 3972
as otherwise provided in divisions (E) and (F) of this section, 3973
a security interest in fixtures is subordinate to a construction 3974
mortgage if a record of the mortgage is recorded before the 3975
goods become fixtures and the goods become fixtures before the 3976
completion of the construction. A mortgage has this priority to 3977
the same extent as a construction mortgage to the extent that it 3978
is given to refinance a construction mortgage. 3979

(I) A perfected security interest in crops growing on real 3980
property has priority over a conflicting interest of an 3981
encumbrancer or owner of the real property if the debtor has an 3982
interest of record in or is in possession of the real property. 3983

(J) Division (I) of this section prevails over any 3984
inconsistent statutes not specifically enumerated under division 3985
(D) (2) of section 1309.109 of the Revised Code and applicable by 3986

their terms. 3987

Sec. 1309.341. Bank's rights and duties with respect to 3988
deposit account [UCC 9-341] 3989

Except as otherwise provided in division (C) of section 3990
1309.340 of the Revised Code, and unless the bank otherwise 3991
agrees in ~~an authenticated~~ a signed record, a bank's rights and 3992
duties with respect to a deposit account maintained with the 3993
bank are not terminated, suspended, or modified by: 3994

(A) The creation, attachment, or perfection of a security 3995
interest in the deposit account; 3996

(B) The bank's knowledge of the security interest; or 3997

(C) The bank's receipt of instructions from the secured 3998
party. 3999

Sec. 1309.343. Law governing perfection and priority of 4000
security interests in chattel paper [UCC 9-306A] 4001

(A) Except as provided in division (D) of this section, if 4002
chattel paper is evidenced only by an authoritative electronic 4003
copy of the chattel paper or is evidenced by an authoritative 4004
electronic copy and an authoritative tangible copy, the local 4005
law of the chattel paper's jurisdiction governs perfection, the 4006
effect of perfection or nonperfection, and the priority of a 4007
security interest in the chattel paper, even if the transaction 4008
does not bear any relation to the chattel paper's jurisdiction. 4009

(B) The following rules determine the chattel paper's 4010
jurisdiction under this section: 4011

(1) If the authoritative electronic copy of a recording 4012
evidencing chattel paper, or a record attached to or logically 4013
associated with the electronic copy and readily available for 4014

review, expressly provides that a particular jurisdiction is the 4015
chattel paper's jurisdiction for purposes of this section, this 4016
chapter, or Chapters 1301., 1302., 1303., 1304., 1305., 1307., 4017
1308., 1309., 1310., and 1314. of the Revised Code, that 4018
jurisdiction is the chattel paper's jurisdiction. 4019

(2) If division (B) (1) of this section does not apply and 4020
the rules of the system in which the authoritative electronic 4021
copy is recorded are readily available for review and expressly 4022
provide that a particular jurisdiction is the chattel paper's 4023
jurisdiction for purposes of this section, this chapter, or 4024
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 4025
1310., and 1314. of the Revised Code, that jurisdiction is the 4026
chattel paper's jurisdiction. 4027

(3) If divisions (B) (1) and (2) of this section do not 4028
apply and the authoritative electronic copy, or a record 4029
attached to or logically associated with the electronic copy and 4030
readily available for review, expressly provides that the 4031
chattel paper is governed by the law of a particular 4032
jurisdiction, that jurisdiction is the chattel paper's 4033
jurisdiction. 4034

(4) If divisions (B) (1), (2), and (3) of this section do 4035
not apply and the rules of the system in which the authoritative 4036
electronic copy is recorded are readily available for review and 4037
expressly provide that the chattel paper or the system is 4038
governed by the law of a particular jurisdiction, that 4039
jurisdiction is the chattel paper's jurisdiction. 4040

(5) If divisions (B) (1) to (4) of this section do not 4041
apply, the chattel paper's jurisdiction is the jurisdiction in 4042
which the debtor is located. 4043

(C) If an authoritative tangible copy of a record 4044
evidences chattel paper and the chattel paper is not evidenced 4045
by an authoritative electronic copy, while the authoritative 4046
tangible copy of the record is located in a jurisdiction, the 4047
local law of that jurisdiction governs both of the following: 4048

(1) Perfection of a security interest in the chattel paper 4049
by possession under section 1309.314 of the Revised Code; 4050

(2) The effect of perfection and nonperfection and the 4051
priority of a security interest in the chattel paper. 4052

(D) The local law of the jurisdiction in which the debtor 4053
is located governs perfection of a security interest in the 4054
chattel paper by filing. 4055

Sec. 1309.344. Law governing perfection and priority of 4056
security interests in controllable accounts, controllable 4057
electronic records, and controllable payment intangibles [UCC 9- 4058
306B] 4059

(A) Except as provided in division (B) of this section, 4060
the local law of the controllable electronic record's 4061
jurisdiction specified in divisions (C) and (D) of section 4062
1314.107 of the Revised Code governs perfection, the effect of 4063
perfection or nonperfection, and the priority of a security 4064
interest in a controllable electronic record and a security 4065
interest in a controllable account or controllable payment 4066
intangible governed by the controllable electronic record. 4067

(B) The local law of the jurisdiction in which the debtor 4068
is located governs both of the following: 4069

(1) Perfection of a security interest in a controllable 4070
account, controllable electronic record, or controllable payment 4071
intangible by filing; 4072

(2) Automatic perfection of a security interest in a 4073
controllable payment intangible created by the sale of the 4074
controllable payment intangible. 4075

Sec. 1309.345. Perfection by possession and control of 4076
chattel paper [UCC 9-314A] 4077

(A) A secured party may perfect a security interest in 4078
chattel paper by taking possession of each authoritative 4079
tangible copy of the record evidencing the chattel paper and 4080
obtaining control of each authoritative electronic copy of the 4081
electronic record evidencing the chattel paper. 4082

(B) A security interest is perfected under division (A) of 4083
this section not earlier than the time the secured party takes 4084
possession and obtains control and remains perfected under 4085
division (A) of this section only while the secured party 4086
retains possession and control. 4087

(C) Divisions (C), (F), (G), (H), and (I) of section 4088
1309.313 of the Revised Code apply to perfection by possession 4089
of an authoritative tangible copy of a record evidencing chattel 4090
paper. 4091

Sec. 1309.346. Priority of security interest in 4092
controllable account, controllable electronic record, and 4093
controllable payment intangible [UCC 9-326A] 4094

A security interest in a controllable account, 4095
controllable electronic record, or controllable payment 4096
intangible held by a secured party having control of the 4097
account, electronic record, or payment intangible has priority 4098
over a conflicting security interest held by a secured party 4099
that does not have control. 4100

Sec. 1309.404. Rights acquired by assignee; claims and 4101

<u>defenses against assignee [UCC 9-404]</u>	4102
(A) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to divisions (B) to (E) of this section, the rights of an assignee are subject to:	4103 4104 4105 4106
(1) All terms of the agreement between the account debtor and assignor and any defense or claim in recoupment arising from the transaction that gave rise to the contract; and	4107 4108 4109
(2) Any other defense or claim of the account debtor against the assignor that accrues before the account debtor receives a notification of the assignment authenticated <u>signed</u> by the assignor or the assignee.	4110 4111 4112 4113
(B) Subject to division (C) of this section and except as provided in division (D) of this section, the claim of an account debtor against an assignor may be asserted against an assignee under division (A) of this section only to reduce the amount the account debtor owes.	4114 4115 4116 4117 4118
(C) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.	4119 4120 4121 4122
(D) In a consumer transaction, if a record evidences the account debtor's obligation, if law other than this chapter requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and if the record does not include the required statement, the extent to which a claim of an account debtor against the assignor may be	4123 4124 4125 4126 4127 4128 4129 4130

asserted against an assignee is determined as if the record 4131
included the required statement. 4132

(E) This section does not apply to an assignment of a 4133
health-care-insurance receivable. 4134

Sec. 1309.406. Discharge of account debtor; notification 4135
of assignment; identification and proof of assignment; 4136
restrictions on assignment of accounts, chattel paper, payment 4137
intangibles, and promissory notes ineffective [UCC 9-406] 4138

(A) Subject to divisions (B) to (I) and division (L) of 4139
this section, an account debtor on an account, chattel paper, or 4140
payment intangible may discharge its obligation by paying the 4141
assignor until, but not after, the account debtor receives a 4142
notification, ~~authenticated~~ signed by the assignor or the 4143
assignee, that the amount due or to become due has been assigned 4144
and that payment is to be made to the assignee. After receipt of 4145
the notification, the account debtor may discharge its 4146
obligation by paying the assignee and may not discharge the 4147
obligation by paying the assignor. 4148

(B) Subject to ~~division~~ divisions (H) and (L) of this 4149
section, notification under division (A) of this section is not 4150
effective: 4151

(1) If the notification does not reasonably identify the 4152
rights assigned; 4153

(2) To the extent that an agreement between an account 4154
debtor and a seller of a payment intangible limits the account 4155
debtor's duty to pay a person other than the seller and the 4156
limitation is effective under law other than this chapter; or 4157

(3) At the option of an account debtor, if the 4158
notification notifies the account debtor to make less than the 4159

full amount of any installment or other periodic payment to the 4160
assignee, even if: 4161

(a) Only a portion of the account, chattel paper, or 4162
payment intangible has been assigned to that assignee; 4163

(b) A portion has been assigned to another assignee; or 4164

(c) The account debtor knows that the assignment to that 4165
assignee is limited. 4166

(C) Subject to ~~division~~ divisions (H) and (L) of this 4167
section, if requested by the account debtor, an assignee shall 4168
seasonably furnish reasonable proof that the assignment has been 4169
made. Unless the assignee complies, the account debtor may 4170
discharge its obligation by paying the assignor, even if the 4171
account debtor has received a notification under division (A) of 4172
this section. 4173

(D) As used in this division, "promissory note" includes a 4174
negotiable instrument that evidences chattel paper. Except as 4175
otherwise provided in division (E) of this section and sections 4176
1309.407 and 1310.31 of the Revised Code, and subject to 4177
division (H) of this section, a term in an agreement between an 4178
account debtor and an assignor or in a promissory note is 4179
ineffective to the extent that it: 4180

(1) Prohibits, restricts, or requires the consent of the 4181
account debtor or person obligated on the promissory note to the 4182
assignment or transfer of, or the creation, attachment, 4183
perfection, or enforcement of a security interest in, the 4184
account, chattel paper, payment intangible, or promissory note; 4185
or 4186

(2) Provides that the assignment or transfer or the 4187
creation, attachment, perfection, or enforcement of the security 4188

interest may give rise to a default, breach, right of 4189
recoupment, claim, defense, termination, right of termination, 4190
or remedy under the account, chattel paper, payment intangible, 4191
or promissory note. 4192

(E) Division (D) of this section does not apply to the 4193
sale of a payment intangible or promissory note, other than a 4194
sale pursuant to a disposition under section 1309.610 of the 4195
Revised Code or an acceptance of collateral under section 4196
1309.620 of the Revised Code. 4197

(F) Except as provided in sections 1309.407 and 1310.31 of 4198
the Revised Code and subject to divisions (H) and (I) of this 4199
section, a rule of law, statute, or regulation that prohibits, 4200
restricts, or requires the consent of a government, governmental 4201
body or official, or account debtor to the assignment or 4202
transfer of, or creation of a security interest in, an account 4203
or chattel paper is not effective to the extent that the rule of 4204
law, statute, or regulation: 4205

(1) Prohibits, restricts, or requires the consent of the 4206
government, governmental body or official, or account debtor to 4207
the assignment or transfer of, or the creation, attachment, 4208
perfection, or enforcement of a security interest in the account 4209
or chattel paper; or 4210

(2) Provides that the assignment or transfer or the 4211
creation, attachment, perfection, or enforcement of the security 4212
interest may give rise to a default, breach, right of 4213
recoupment, claim, defense, termination, right of termination, 4214
or remedy under the account or chattel paper. 4215

(G) Subject to ~~division~~divisions (H) and (L) of this 4216
section, an account debtor may not waive or vary its option 4217

under division (B) (3) of this section. 4218

(H) This section is subject to law other than this chapter 4219
that establishes a different rule for an account debtor who is 4220
an individual and who incurred the obligation primarily for 4221
personal, family, or household purposes. 4222

(I) This section does not apply to an assignment of a 4223
health-care-insurance receivable. 4224

(J) Divisions (D) and (F) of this section do not apply to: 4225

(1) A claim or right to receive compensation for injuries 4226
or sickness as described in section 104(a) (1) or (2) of the 4227
Internal Revenue Code, as amended; or 4228

(2) A claim or right to receive benefits under a special 4229
needs trust as described in the "Omnibus Budget Reconciliation 4230
Act of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d) (4), as amended. 4231

(K) Divisions (D), (F), and (J) of this section apply only 4232
to a security interest created on or after July 1, 2001. Nothing 4233
in this section shall supersede the provisions of sections 4234
2323.58 to 2323.587 of the Revised Code. This section shall be 4235
interpreted consistently with sections 2323.58 to 2323.587 of 4236
the Revised Code. 4237

(L) Divisions (A), (B), (C), and (G) of this section do 4238
not apply to a controllable account or controllable payment 4239
intangible. 4240

Sec. 1309.408. Restrictions on assignment of promissory 4241
notes, health-care-insurance receivables, and certain general 4242
intangibles ineffective [UCC 9-408] 4243

(A) Except as otherwise provided in division (B) of this 4244
section, a term in a promissory note or in an agreement between 4245

an account debtor and a debtor that relates to a health-care- 4246
insurance receivable or a general intangible, including a 4247
contract, permit, license, or franchise, and which term 4248
prohibits, restricts, or requires the consent of the person 4249
obligated on the promissory note or the account debtor to, the 4250
assignment or transfer of, or creation, attachment, or 4251
perfection of a security interest in, the promissory note, 4252
health-care-insurance receivable, or general intangible, is not 4253
effective to the extent that the term: 4254

(1) Would impair the creation, attachment, or perfection 4255
of a security interest; or 4256

(2) Provides that the assignment or transfer or the 4257
creation, attachment, or perfection of the security interest may 4258
give rise to a default, breach, right of recoupment, claim, 4259
defense, termination, right of termination, or remedy under the 4260
promissory note, health-care-insurance receivable, or general 4261
intangible. 4262

(B) Division (A) applies to a security interest in a 4263
payment intangible or promissory note only if the security 4264
interest arises out of a sale of the payment intangible or 4265
promissory note, other than a sale pursuant to a disposition 4266
under section 1309.610 of the Revised Code or an acceptance of 4267
collateral under section 1309.620 of the Revised Code. 4268

(C) A rule of law, statute, or regulation that prohibits, 4269
restricts, or requires the consent of a government, governmental 4270
body or official, person obligated on a promissory note, or 4271
account debtor to the assignment or transfer of, or creation of 4272
a security interest in, a promissory note, health-care-insurance 4273
receivable, or general intangible, including a contract, permit, 4274
license, or franchise between an account debtor and a debtor, is 4275

not effective to the extent that the rule of law, statute, or regulation:	4276
	4277
(1) Would impair the creation, attachment, or perfection of a security interest; or	4278
	4279
(2) Provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.	4280
	4281
	4282
	4283
	4284
	4285
(D) To the extent that a term in a promissory note or in an agreement between an account debtor and a debtor that relates to a health-care-insurance receivable or general intangible or a rule of law, statute, or regulation described in division (C) of this section would be effective under law other than this chapter but is ineffective under division (A) or (C) of this section, the creation, attachment, or perfection of a security interest in the promissory note, health-care-insurance receivable, or general intangible:	4286
	4287
	4288
	4289
	4290
	4291
	4292
	4293
	4294
(1) Is not enforceable against the person obligated on the promissory note or the account debtor;	4295
	4296
(2) Does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;	4297
	4298
(3) Does not require the person obligated on the promissory note or the account debtor to recognize the security interest, pay or render performance to the secured party, or accept payment or performance from the secured party;	4299
	4300
	4301
	4302
(4) Does not entitle the secured party to use or assign the debtor's rights under the promissory note, health-care-	4303
	4304

insurance receivable, or general intangible, including any 4305
related information or materials furnished to the debtor in the 4306
transaction giving rise to the promissory note, health-care- 4307
insurance receivable, or general intangible; 4308

(5) Does not entitle the secured party to use, assign, 4309
possess, or have access to any trade secrets or confidential 4310
information of the person obligated on the promissory note or 4311
the account debtor; and 4312

(6) Does not entitle the secured party to enforce the 4313
security interest in the promissory note, health-care-insurance 4314
receivable, or general intangible. 4315

(E) Divisions (A) and (C) of this section do not apply to: 4316

(1) A claim or right to receive compensation for injuries 4317
or sickness as described in section 104(a)(1) or (2) of the 4318
Internal Revenue Code as amended; or 4319

(2) A claim or right to receive benefits under a special 4320
needs trust as described in the "Omnibus Budget Reconciliation 4321
Act of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended. 4322

(F) Divisions (A), (C), and (E) of this section apply only 4323
to a security interest created on or after July 1, 2001. Nothing 4324
in this section shall supersede the provisions of sections 4325
2323.58 to 2323.587 of the Revised Code. This section shall be 4326
interpreted consistently with sections 2323.58 to 2323.587 of 4327
the Revised Code. 4328

(G) As used in this section, "promissory note" includes a 4329
negotiable instrument that evidences chattel paper. 4330

Sec. 1309.509. Persons entitled to file a record [UCC 9- 4331
509] 4332

(A) A person may file an initial financing statement, 4333
amendment that adds collateral covered by a financing statement, 4334
or amendment that adds a debtor to a financing statement only 4335
if: 4336

(1) The debtor authorizes the filing in ~~an authenticated~~ a 4337
signed record or pursuant to division (B) or (C) of this 4338
section; or 4339

(2) The person holds an agricultural lien that has become 4340
effective at the time of filing, and the financing statement 4341
covers only collateral in which the person holds an agricultural 4342
lien. 4343

(B) By ~~authenticating~~ signing or becoming bound as debtor 4344
by a security agreement, a debtor or new debtor authorizes the 4345
filing of an initial financing statement, and an amendment, 4346
covering: 4347

(1) The collateral described in the security agreement; 4348
and 4349

(2) Property that becomes collateral under division (A) (2) 4350
of section 1309.315 of the Revised Code, whether or not the 4351
security agreement expressly covers proceeds. 4352

(C) By acquiring collateral in which a security interest 4353
or agricultural lien continues under division (A) (1) of section 4354
1309.315 of the Revised Code, a debtor authorizes the filing of 4355
an initial financing statement, and an amendment, covering the 4356
collateral and property that becomes collateral under division 4357
(A) (2) of section 1309.315 of the Revised Code. 4358

(D) A person may file an amendment other than an amendment 4359
that adds collateral covered by a financing statement or an 4360
amendment that adds a debtor to a financing statement only if: 4361

(1) The secured party of record authorizes the filing; or	4362
(2) The amendment is a termination statement for a	4363
financing statement as to which the secured party of record has	4364
failed to file or send a termination statement as required by	4365
division (A) or (C) of section 1309.513 of the Revised Code, the	4366
debtor authorizes the filing, and the termination statement	4367
indicates that the debtor authorized it to be filed.	4368
(E) If there is more than one secured party of record for	4369
a financing statement, each secured party of record may	4370
authorize the filing of an amendment under division (D) of this	4371
section.	4372
Sec. 1309.513. <u>Termination statement [UCC 9-513]</u>	4373
(A) A secured party shall cause the secured party of	4374
record for a financing statement to file a termination statement	4375
for the financing statement if the financing statement covers	4376
consumer goods and:	4377
(1) There is no obligation secured by the collateral	4378
covered by the financing statement, and no commitment to make an	4379
advance, incur an obligation, or otherwise give value; or	4380
(2) The debtor did not authorize the filing of the initial	4381
financing statement.	4382
(B) To comply with division (A) of this section, a secured	4383
party shall cause the secured party of record to file the	4384
termination statement:	4385
(1) Within one month after there is no obligation secured	4386
by the collateral covered by the financing statement and no	4387
commitment to make an advance, incur an obligation, or otherwise	4388
give value; or	4389

(2) If earlier, within twenty days after the secured party receives ~~an authenticated~~ a signed demand from a debtor. 4390
4391

(C) In cases not governed by division (A) of this section, 4392
within twenty days after a secured party receives ~~an~~ 4393
~~authenticated~~ a signed demand from a debtor, the secured party 4394
shall cause the secured party of record for a financing 4395
statement to send to the debtor a termination statement for the 4396
financing statement or file the termination statement in the 4397
filing office if: 4398

(1) Except in the case of a financing statement covering 4399
accounts or chattel paper that has been sold or goods that are 4400
the subject of a consignment, there is no obligation secured by 4401
the collateral covered by the financing statement and no 4402
commitment to make an advance, incur an obligation, or otherwise 4403
give value; 4404

(2) The financing statement covers accounts or chattel 4405
paper that have been sold but as to which the account debtor or 4406
other person obligated has discharged its obligation; 4407

(3) The financing statement covers goods that were the 4408
subject of a consignment to the debtor but are not in the 4409
debtor's possession; or 4410

(4) The debtor did not authorize the filing of the initial 4411
financing statement. 4412

(D) Except as provided in section 1309.510 of the Revised 4413
Code, upon the filing of a termination statement with the filing 4414
office, the financing statement to which the termination 4415
statement relates ceases to be effective. Except as provided in 4416
section 1309.510 of the Revised Code, for purposes of division 4417
(G) of section 1309.519, division (A) of section 1309.522, and 4418

division (C) of section 1309.523 of the Revised Code, the filing 4419
with the filing office of a termination statement relating to a 4420
financing statement that indicates that the debtor is a 4421
transmitting utility also causes the effectiveness of the 4422
financing statement to lapse. 4423

Sec. 1309.601. Rights after default; judicial enforcement; 4424
consignor or buyer of accounts, chattel paper, payment 4425
intangibles, or promissory notes [UCC 9-601] 4426

(A) After default, a secured party has the rights provided 4427
in sections 1309.601 to 1309.628 of the Revised Code and, except 4428
as otherwise provided in section 1309.602 of the Revised Code, 4429
those provided by agreement of the parties. A secured party: 4430

(1) May reduce a claim to judgment, foreclose, or 4431
otherwise enforce the claim, security interest, or agricultural 4432
lien by any available judicial procedure; and 4433

(2) If the collateral is documents, proceed either as to 4434
the documents or as to the goods they cover. 4435

(B) A secured party in possession of collateral or control 4436
of collateral under section 1307.106, 1309.104, 1309.105, 4437
1309.106, ~~or~~ 1309.107, 1309.111, or 1309.112 of the Revised Code 4438
has the rights and duties provided in section 1309.207 of the 4439
Revised Code. 4440

(C) The rights under divisions (A) and (B) of this section 4441
are cumulative and may be exercised simultaneously. 4442

(D) Except as otherwise provided in division (G) of this 4443
section and section 1309.605 of the Revised Code, after default, 4444
a debtor and an obligor have the rights provided in sections 4445
1309.601 to 1309.628 of the Revised Code and by agreement of the 4446
parties. 4447

(E) If a secured party has reduced its claim to judgment, 4448
the lien of any levy that may be made upon the collateral by 4449
virtue of an execution based upon the judgment relates back to 4450
the earliest of: 4451

(1) The date of perfection of the security interest or 4452
agricultural lien in the collateral; 4453

(2) The date of filing a financing statement covering the 4454
collateral; or 4455

(3) Any date specified in a statute under which the 4456
agricultural lien was created. 4457

(F) A sale pursuant to an execution is a foreclosure of 4458
the security interest or agricultural lien by judicial procedure 4459
within the meaning of this section. A secured party may purchase 4460
at the sale and after the sale may hold the collateral free of 4461
any other requirements of this chapter. 4462

(G) Except as provided in division (C) of section 1309.607 4463
of the Revised Code, sections 1309.601 to 1309.628 of the 4464
Revised Code do not impose any duties upon a secured party who 4465
is a consignor or a buyer of accounts, chattel paper, payment 4466
intangibles, or promissory notes. 4467

Sec. 1309.605. A—Unknown debtor or secondary obligor [UCC 4468
9-605] 4469

(A) Except as otherwise provided in division (B) of this 4470
section, a secured party does not owe a duty based on its status 4471
as secured party: 4472

~~(A)~~ (1) To a person who is a debtor or obligor, unless the 4473
secured party knows: 4474

~~(1)~~ (a) That the person is a debtor or obligor; 4475

(2) <u>(b)</u> The identity of the person; and	4476
(3) <u>(c)</u> How to communicate with the person; or	4477
(B) <u>(2)</u> To a secured party or lienholder who has filed a financing statement against a person, unless the secured party knows:	4478 4479 4480
(1) <u>(a)</u> That the person is a debtor; and	4481
(2) <u>(b)</u> The identity of the person.	4482
<u>(B) A secured party owes a duty based on its status as a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at a time the security interest attaches to the collateral, whichever is later:</u>	4483 4484 4485 4486 4487 4488
<u>(1) The person is a debtor or obligor; and</u>	4489
<u>(2) The secured party knows that the information in division (A) (1) (a), (b), or (c) of this section relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.</u>	4490 4491 4492 4493 4494
Sec. 1309.608. <u>Application of proceeds of collection or enforcement; liability for deficiency and right to surplus [UCC 9-608]</u>	4495 4496 4497
(A) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:	4498 4499 4500
(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under	4501 4502

section 1309.607 of the Revised Code in the following order: 4503

(a) The reasonable expenses of collection and enforcement 4504
and, to the extent provided for by agreement and not prohibited 4505
by law, reasonable attorney's fees and legal expenses incurred 4506
by the secured party; 4507

(b) The satisfaction of obligations secured by the 4508
security interest or agricultural lien under which the 4509
collection or enforcement is made; and 4510

(c) The satisfaction of obligations secured by any 4511
subordinate security interest in or other lien on the collateral 4512
subject to the security interest or agricultural lien under 4513
which the collection or enforcement is made if the secured party 4514
receives ~~an authenticated~~ a signed demand for proceeds before 4515
distribution of the proceeds is completed. 4516

(2) If requested by a secured party, a holder of a 4517
subordinate security interest or other lien shall furnish 4518
reasonable proof of the interest or lien within a reasonable 4519
time. Unless the holder complies, the secured party is not 4520
required to comply with the holder's demand made under division 4521
(A) (1) (c) of this section. 4522

(3) A secured party is not required to apply or pay over 4523
for application noncash proceeds of collection and enforcement 4524
under section 1309.607 of the Revised Code unless the failure to 4525
do so would be commercially unreasonable. A secured party who 4526
applies or pays over for application noncash proceeds shall do 4527
so in a commercially reasonable manner. 4528

(4) A secured party shall account to and pay a debtor for 4529
any surplus, and the obligor is liable for any deficiency. 4530

(B) If the underlying transaction is a sale of accounts, 4531

chattel paper, payment intangibles, or promissory notes, the 4532
debtor is not entitled to any surplus, and the obligor is not 4533
liable for any deficiency. 4534

Sec. 1309.611. Notification before disposition of 4535
collateral [UCC 9-611] 4536

(A) As used in this section, "notification date" means the 4537
earlier of the date on which: 4538

(1) A secured party sends to the debtor and any secondary 4539
obligor ~~an authenticated~~ a signed notification of disposition; 4540
or 4541

(2) The debtor and any secondary obligor waive the right 4542
to notification. 4543

(B) Except as provided in division (D) of this section, a 4544
secured party who disposes of collateral under section 1309.610 4545
of the Revised Code shall send a reasonable ~~authenticated~~ signed 4546
notification of disposition to the persons specified in division 4547
(C) of this section. 4548

(C) To comply with division (B) of this section, the 4549
secured party shall send ~~an authenticated~~ a signed notification 4550
of disposition to: 4551

(1) The debtor; 4552

(2) Any secondary obligor; and 4553

(3) If the collateral is other than consumer goods: 4554

(a) Any other person from whom the secured party has 4555
received, before the notification date, ~~an authenticated~~ a 4556
signed notification of a claim of an interest in the collateral; 4557

(b) Any other secured party or lienholder who, ten days 4558

before the notification date, held a security interest in or 4559
other lien on the collateral perfected by the filing of a 4560
financing statement that: 4561

(i) Identified the collateral; 4562

(ii) Was indexed under the debtor's name as of that date; 4563
and 4564

(iii) Was filed in the office in which to file a financing 4565
statement against the debtor covering the collateral as of that 4566
date; and 4567

(c) Any other secured party who, ten days before the 4568
notification date, held a security interest in the collateral 4569
perfected by compliance with a statute, rule, or treaty 4570
described in division (A) of section 1309.311 of the Revised 4571
Code. 4572

(D) Division (B) of this section does not apply if the 4573
collateral is perishable or threatens to decline speedily in 4574
value or is of a type customarily sold on a recognized market. 4575

(E) A secured party complies with the requirement for 4576
notification prescribed by division (C) (3) (b) of this section 4577
if: 4578

(1) Not later than twenty days nor earlier than thirty 4579
days before the notification date, the secured party requests, 4580
in a commercially reasonable manner, information concerning 4581
financing statements indexed under the debtor's name in the 4582
office indicated in division (C) (3) (b) of this section; and 4583

(2) Before the notification date, the secured party: 4584

(a) Did not receive a response to the request for 4585
information; or 4586

(b) Received a response to the request for information and 4587
sent ~~an authenticated~~ a signed notification of disposition to 4588
each secured party or other lienholder named in that response 4589
whose financing statement covered the collateral. 4590

Sec. 1309.613. Contents and form of notification before 4591
disposition of collateral: general [UCC 9-613] 4592

(A) Except in a consumer-goods transaction, all of the 4593
following rules apply to a notification of disposition of 4594
collateral and to a disposition of collateral: 4595

(1) The contents of a notification of disposition are 4596
sufficient if the notification: 4597

(a) Describes the debtor and the secured party; 4598

(b) Describes the collateral that is the subject of the 4599
intended disposition; 4600

(c) States the method of intended disposition; 4601

(d) States that the debtor is entitled to an accounting of 4602
the unpaid indebtedness and states the charge, if any, for an 4603
accounting; and 4604

(e) States the time and place, by identifying the place of 4605
business or address or by providing other information that, in 4606
each case, reasonably describes the location, of a public 4607
disposition or the time after which any other disposition is to 4608
be made. 4609

(2) Whether the contents of a notification that lacks any 4610
of the information specified in division (A)(1) of this section 4611
are nevertheless sufficient is a question of fact. 4612

(3) The contents of a notification providing substantially 4613

the information specified in division (A) (1) of this section are 4614
sufficient, even if the notification includes: 4615

(a) Information not specified by that division; or 4616

(b) Minor errors that are not seriously misleading. 4617

(4) A particular phrasing of the notification is not 4618
required. 4619

(B) The following form of notification and the form 4620
appearing in division (B) of section 1309.614 of the Revised 4621
Code, when completed in accordance with the instructions in 4622
division (C) of this section and in division (F) of section 4623
1309.614 of the Revised Code, each provides sufficient 4624
information: 4625

"NOTIFICATION OF DISPOSITION OF COLLATERAL 4626

To: (Name of debtor, obligor, or other person to whom the 4627
notification is sent) 4628

From: (Name, address, and telephone number of secured 4629
party) 4630

(1) Name of Debtor(s): ~~(Include only if debtor(s) are not~~ 4631
~~an addressee)~~ 4632

~~(FOR A PUBLIC DISPOSITION:)~~ any debtor that is not an 4633
addressee: (Name of each debtor) 4634

(2) We will sell ~~(or lease or license, as applicable) the~~ 4635
~~(describe collateral) (to the highest qualified bidder) in at a~~ 4636
public sale. A sale could include a lease or license. The sale 4637
will be held as follows: 4638

~~Day and Date:~~ _____ 4639

Time: _____ 4640

Place: _____ 4641

~~(FOR A PRIVATE DISPOSITION:)~~ 4642

(3) We will sell ~~(or lease or license, as applicable)~~ the 4643
(describe collateral) privately at a private sale sometime after 4644
(~~day and date~~). A sale could include a lease or license. 4645

(4) You are entitled to an accounting of the unpaid 4646
indebtedness secured by the property that we intend to sell ~~(or,~~ 4647
as applicable, lease or license, as applicable). 4648

(5) If you request an accounting, you must pay~~(for a~~ 4649
charge of \$ _____). 4650

(6) You may request an accounting by calling us at 4651
(telephone number). 4652

(C) The following instructions apply to the form of 4653
notification in division (B) of this section: 4654

(1) The instructions in division (C) of this section refer 4655
to the items in the form of notification described in division 4656
(B) of this section. Do not include the references to division 4657
(B) of this section in the notification. The division references 4658
are used only for the purpose of these instructions. 4659

(2) Include and complete division (B) (1) of this section 4660
only if there is a debtor that is not an addressee of the 4661
notification and list the name or names. 4662

(3) Include and complete either division (B) (2) of this 4663
section, if the notification relates to a public disposition of 4664
the collateral, or division (B) (3) of this section, if the 4665
notification relates to a private disposition of the collateral. 4666
If division (B) (2) of this section is included, include the 4667
words "to the highest qualified bidder" only if applicable. 4668

<u>(4) Include and complete divisions (B) (4) and (6) of this section.</u>	4669
	4670
<u>(5) Include and complete division (B) (5) of this section only if the sender will charge the recipient for an accounting.</u>	4671
	4672
Sec. 1309.614. <u>Contents and form of notification before disposition of collateral; consumer-goods transaction [UCC 9-614]</u>	4673
	4674
	4675
(A) In a consumer-goods transaction, the following rules apply:	4676
	4677
(1) A notification of disposition must provide all of the following information:	4678
	4679
(a) The information specified in division (A) (1) of section 1309.613 of the Revised Code;	4680
	4681
(b) A description of any liability for a deficiency of the person to whom the notification is sent;	4682
	4683
(c) A telephone number from which the amount that must be paid to the secured party to redeem the collateral under section 1309.623 of the Revised Code is available; and	4684
	4685
	4686
(d) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.	4687
	4688
	4689
(2) A particular phrasing of the notification is not required.	4690
	4691
(B) The following form of notification of disposition, when completed <u>in accordance with the instructions in division (F) of this section</u> , provides sufficient information:	4692
	4693
	4694
"(Name and address of secured party)	4695

(Date)	4696
NOTICE OF OUR PLAN TO SELL PROPERTY	4697
(Name and address of any obligor who is also a debtor)	4698
Subject: (Identification of <u>Identify</u> Transaction)	4699
We have your (describe collateral), because you broke promises in our agreement.	4700 4701
(For a public disposition)	4702
<u>(1)</u> We will sell <u>your</u> (describe collateral) at public sale. A sale could include a lease or license. The sale will be held as follows:	4703 4704 4705
Day and date: _____	4706
Time: _____	4707
Place: _____	4708
You may attend the sale and bring bidders if you want.	4709
(For a private disposition)	4710
<u>(2)</u> We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.	4711 4712
<u>(3)</u> The money that we get from the sale (, after paying our costs), will reduce the amount you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us the difference. If we get more money than you owe, you will get the extra money, unless we must pay it to someone else.	4713 4714 4715 4716 4717
<u>(4)</u> You can get the property back at any time before we sell it by paying us the full amount you owe (not just the past due payments), including our expenses. To learn the exact amount you must pay, call us at (telephone number).	4718 4719 4720 4721

(5) If you want us to explain to you in writing how we 4722
have figured the amount that you owe us, ~~you may call~~ do both of 4723
the following: 4724

(a) Call us at (telephone number) (or) (write us at 4725
(secured party's address)) ~~and request~~ (or contact us by 4726
(description of electronic communication method)); 4727

(b) Request (a written explanation) (a written explanation 4728
or an explanation in (description of electronic record)) (an 4729
explanation in (description of electronic record)). ~~(We~~ 4730

(6) We will charge you \$_____ for the explanation if we 4731
sent you another written explanation of the amount you owe us 4732
within the last six months.→ 4733

(7) If you need more information about the sale, (call us 4734
at (telephone number)) (or) (write us at (secured party's 4735
address)) (or contact us by (description of electronic 4736
communication method)). 4737

(8) We are sending this notice to the following other 4738
people who have an interest in (describe collateral) or who owe 4739
money under your agreement: 4740

(Names of all other debtors and obligors, if any)." 4741

(C) A notification in~~r~~ the form contained in division (B) 4742
of this section is sufficient, even if additional information 4743
appears at the end of the form. 4744

(D) A notification in the form of division (B) of this 4745
section is sufficient, even if it includes errors in information 4746
not required by division (A) (1) of this section, unless the 4747
error is misleading with respect to rights arising under this 4748
chapter. 4749

(E) If a notification under this section is not in the 4750
form contained in division (B) of this section, law other than 4751
this chapter determines the effect of including information not 4752
required by division (A) (1) of this section. 4753

(F) The following instructions apply to the form of 4754
notification in division (B) of this section: 4755

(1) The instructions in division (F) of this section refer 4756
to the items in the form of notification described in division 4757
(B) of this section. Do not include the references to division 4758
(B) of this section in the notification. The division references 4759
are used only for the purposes of these instructions. 4760

(2) Include and complete either division (B) (1) of this 4761
section, if the notification relates to a public disposition of 4762
the collateral, or division (B) (2) of this section, if the 4763
notification relates to a private disposition of the collateral. 4764

(3) Include and complete divisions (B) (3), (4), and (5) of 4765
this section. 4766

(4) In division (B) (5) of this section, include and 4767
complete any one of the three alternative methods for the 4768
explanation: writing, writing or electronic record, or 4769
electronic record. 4770

(5) In division (B) (5) (a) of this section, include the 4771
telephone number. In addition, the sender may include and 4772
complete either or both of the two alternative methods of 4773
communication, writing or electronic communication, for the 4774
recipient of the notification to communicate with the sender. 4775
Neither of the two additional methods of communication is 4776
required to be included. 4777

(6) In division (B) (5) (b) of this section, include and 4778

complete the method for the explanation: writing, writing or 4779
electronic record, or electronic record, included in division 4780
(B) (5) of this section. 4781

(7) Include and complete division (B) (6) of this section 4782
only if a written explanation is included in division (B) (5) of 4783
this section as a method for communicating the explanation and 4784
the sender will charge the recipient for another written 4785
explanation. 4786

(8) In division (B) (7) of this section, include either the 4787
telephone number or the address or both the telephone number and 4788
address. In addition, the sender may include and complete the 4789
additional method of communication, electronic communication, 4790
for the recipient of the notification to communicate with the 4791
sender. The additional method of electronic communication is not 4792
required to be included. 4793

(9) If division (B) (8) of this section does not apply, 4794
insert "none" after "agreement:". 4795

Sec. 1309.615. Application of proceeds of disposition; 4796
liability for deficiency and right to surplus [UCC 9-615] 4797

(A) A secured party shall apply or pay over for 4798
application the cash proceeds of disposition under section 4799
1309.610 of the Revised Code in the following order to: 4800

(1) The reasonable expenses of retaking, holding, 4801
preparing for disposition, processing, and disposing, and, to 4802
the extent provided for by agreement and not prohibited by law, 4803
reasonable attorney's fees and legal expenses incurred by the 4804
secured party; 4805

(2) The satisfaction of obligations secured by the 4806
security interest or agricultural lien under which the 4807

disposition is made; 4808

(3) The satisfaction of obligations secured by any 4809
subordinate security interest in or other subordinate lien on 4810
the collateral if: 4811

(a) The secured party receives from the holder of the 4812
subordinate security interest or other lien ~~an authenticated a~~ 4813
signed demand for proceeds before distribution of the proceeds 4814
is completed; and 4815

(b) In a case in which a consignor has an interest in the 4816
collateral, the subordinate security interest or other lien is 4817
senior to the interest of the consignor; and 4818

(4) A secured party who is a consignor of the collateral 4819
if the secured party receives from the consignor ~~an~~ 4820
authenticated a signed demand for proceeds before distribution 4821
of the proceeds is completed. 4822

(B) If a secured party so requests, a holder of a 4823
subordinate security interest or other lien shall furnish 4824
reasonable proof of the interest or lien within a reasonable 4825
time. Unless the holder does so, the secured party is not 4826
required to comply with the holder's demand under division (A) 4827
(3) of this section. 4828

(C) A secured party is not required to apply or pay over 4829
for application noncash proceeds of disposition under section 4830
1309.610 unless the failure to do so would be commercially 4831
unreasonable. A secured party who applies or pays over for 4832
application noncash proceeds shall do so in a commercially 4833
reasonable manner. 4834

(D) If the security interest under which a disposition is 4835
made secures payment or performance of an obligation, after 4836

making the payments and applications required by division (A) of 4837
this section and permitted by division (C) of this section: 4838

(1) Unless division (A) (4) of this section requires the 4839
secured party to apply or pay over cash proceeds to a consignor, 4840
the secured party shall account to and pay a debtor for any 4841
surplus; and 4842

(2) The obligor is liable for any deficiency. 4843

(E) If the underlying transaction is a sale of accounts, 4844
chattel paper, payment intangibles, or promissory notes, the 4845
debtor is not entitled to any surplus, and the obligor is not 4846
liable for any deficiency. 4847

(F) The surplus or deficiency following a disposition is 4848
calculated based on the amount of proceeds that would have been 4849
realized in a disposition complying with sections 1309.601 to 4850
1309.628 of the Revised Code to a transferee other than the 4851
secured party, a person related to the secured party, or a 4852
secondary obligor if: 4853

(1) The transferee in the disposition is the secured 4854
party, a person related to the secured party, or a secondary 4855
obligor; and 4856

(2) The amount of proceeds of the disposition is 4857
significantly below the range of proceeds that a complying 4858
disposition to a person other than the secured party, a person 4859
related to the secured party, or a secondary obligor would have 4860
brought. 4861

(G) A secured party who receives cash proceeds of a 4862
disposition in good faith and without knowledge that the receipt 4863
violates the rights of the holder of a security interest or 4864
other lien that is not subordinate to the security interest or 4865

agricultural lien under which the disposition is made:	4866
(1) Takes the cash proceeds free of the security interest or other lien;	4867 4868
(2) Is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and	4869 4870 4871
(3) Is not obligated to account to or pay the holder of the security interest or other lien for any surplus.	4872 4873
Sec. 1309.616. <u>Explanation of calculation of surplus or deficiency [UCC 9-616]</u>	4874 4875
(A) As used in this section:	4876
(1) "Explanation" means a writing - <u>record</u> that:	4877
(a) States the amount of the surplus or deficiency;	4878
(b) Provides an explanation in accordance with division (C) of this section of how the secured party calculated the surplus or deficiency;	4879 4880 4881
(c) States, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and	4882 4883 4884 4885
(d) Provides a telephone number or mailing address from which additional information concerning the transaction is available.	4886 4887 4888
(2) "Request" means a record:	4889
(a) Authenticated - <u>Signed</u> by a debtor or consumer obligor;	4890
(b) Requests that the recipient provide an explanation;	4891

and 4892

(c) Sent after disposition of the collateral under section 4893
1309.610 of the Revised Code. 4894

(B) In a consumer-goods transaction in which the debtor is 4895
entitled to a surplus or a consumer obligor is liable for a 4896
deficiency under section 1309.615 of the Revised Code, the 4897
secured party shall: 4898

(1) Send an explanation to the debtor or consumer obligor, 4899
as applicable, after the disposition and: 4900

(a) Before or when the secured party accounts to the 4901
debtor and pays any surplus or first makes ~~written demand~~ in a 4902
record on the consumer obligor after the disposition for payment 4903
of the deficiency; and 4904

(b) Within fourteen days after receipt of a request; or 4905

(2) In the case of a consumer obligor who is liable for a 4906
deficiency, within fourteen days after receipt of a request, 4907
send to the consumer obligor a record waiving the secured 4908
party's right to a deficiency. 4909

(C) To comply with division (A) (1) (b) of this section, a- 4910
~~writing an explanation~~ must provide all of the following 4911
information in the following order: 4912

(1) The aggregate amount of obligations secured by the 4913
security interest under which the disposition was made, and, if 4914
the amount reflects a rebate of unearned interest or credit 4915
service charge, an indication of that fact, calculated as of a 4916
specified date: 4917

(a) If the secured party takes or receives possession of 4918
the collateral after default, not more than thirty-five days 4919

before the secured party takes or receives possession; or	4920
(b) If the secured party takes or receives possession of	4921
the collateral before default or does not take possession of the	4922
collateral, not more than thirty-five days before the	4923
disposition;	4924
(2) The amount of proceeds of the disposition;	4925
(3) The aggregate amount of the obligations after	4926
deducting the amount of proceeds;	4927
(4) The amount, in the aggregate or by type, and types of	4928
expenses, including expenses of retaking, holding, preparing for	4929
disposition, processing, and disposing of the collateral, and	4930
attorney's fees secured by the collateral that are known to the	4931
secured party and relate to the current disposition;	4932
(5) The amount, in the aggregate or by type, and types of	4933
credits, including rebates of interest or credit service	4934
charges, to which the obligor is known to be entitled and that	4935
are not reflected in the amount in division (C)(1) of this	4936
section; and	4937
(6) The amount of the surplus or deficiency.	4938
(D) A particular phrasing of the explanation is not	4939
required. An explanation that complies substantially with the	4940
requirements of division (A) of this section is sufficient, even	4941
if it includes minor errors that are not seriously misleading.	4942
(E) A debtor or consumer obligor is entitled without	4943
charge to one response to a request under this section during	4944
any six-month period in which the secured party did not send to	4945
the debtor or consumer obligor an explanation pursuant to	4946
division (B)(1) of this section. The secured party may require	4947

payment of a charge not exceeding twenty-five dollars for each 4948
additional response. 4949

Sec. 1309.619. Transfer of record or legal title [UCC 9- 4950
619] 4951

(A) As used in this section, "transfer statement" means a 4952
record ~~authenticated~~ signed by a secured party that states: 4953

(1) The debtor has defaulted in connection with an 4954
obligation secured by specified collateral; 4955

(2) The secured party has exercised its post-default 4956
remedies with respect to the collateral; 4957

(3) By reason of the exercise, a transferee has acquired 4958
the rights of the debtor in the collateral; and 4959

(4) The name and mailing address of the secured party, 4960
debtor, and transferee. 4961

(B) A transfer statement entitles the transferee to the 4962
transfer of record of all rights of the debtor in the collateral 4963
specified in the statement in any official filing, recording, 4964
registration, or certificate of title system covering the 4965
collateral. If a transfer statement is presented with the 4966
applicable fee and request form to the official or office 4967
responsible for maintaining the system, the official or office 4968
shall: 4969

(1) Accept the transfer statement; 4970

(2) Promptly amend its records to reflect the transfer; 4971
and 4972

(3) If applicable, issue a new appropriate certificate of 4973
title in the name of the transferee. 4974

(C) A transfer of the record or legal title to collateral 4975
to a secured party under division (B) of this section or 4976
otherwise is not of itself a disposition of collateral under 4977
this chapter and does not of itself relieve the secured party of 4978
its duties under this chapter. 4979

Sec. 1309.620. Acceptance of collateral in full or partial 4980
satisfaction of obligation; compulsory disposition of collateral 4981
[UCC 9-620] 4982

(A) Except as otherwise provided in division (G) of this 4983
section, a secured party may accept collateral in full or 4984
partial satisfaction of the obligation it secures only if: 4985

(1) The debtor consents to the acceptance under division 4986
(C) of this section; 4987

(2) The secured party, within the time prescribed in 4988
division (D) of this section, does not receive a notification of 4989
objection to the proposal ~~authenticated~~ signed by: 4990

(a) A person to whom the secured party was required to 4991
send a proposal under section 1309.621 of the Revised Code; or 4992

(b) Any other person, other than the debtor, holding an 4993
interest in the collateral subordinate to the security interest 4994
that is the subject of the proposal. 4995

(3) If the collateral is consumer goods, the collateral is 4996
not in the possession of the debtor when the debtor consents to 4997
the acceptance; and 4998

(4) Division (E) of this section does not require the 4999
secured party to dispose of the collateral, or the debtor waives 5000
the requirement pursuant to section 1309.624 of the Revised 5001
Code. 5002

(B) A purported or apparent acceptance of collateral under 5003
this section is not effective unless: 5004

(1) The secured party consents to the acceptance in ~~an~~ 5005
~~authenticated~~ a signed record or sends a proposal to the debtor; 5006
and 5007

(2) The conditions of division (A) of this section are 5008
met. 5009

(C) For purposes of this section: 5010

(1) A debtor consents to an acceptance of collateral in 5011
partial satisfaction of the obligation it secures only if the 5012
debtor agrees to the terms of the acceptance in a record 5013
~~authenticated~~ signed after default; and 5014

(2) A debtor consents to an acceptance of collateral in 5015
full satisfaction of the obligation it secures only if the 5016
debtor agrees to the terms of the acceptance in a record 5017
authenticated after default or the secured party: 5018

(a) Sends to the debtor after default a proposal that is 5019
unconditional or subject only to a condition that collateral not 5020
in the possession of the secured party be preserved or 5021
maintained; 5022

(b) In the proposal, proposes to accept collateral in full 5023
satisfaction of the obligation it secures; and 5024

(c) Does not receive a notification of objection 5025
~~authenticated~~ signed by the debtor within twenty days after the 5026
proposal is sent. 5027

(D) To be effective under division (A) (2) of this section, 5028
a notification of objection must be received by the secured 5029
party: 5030

(1) In the case of a person to whom the proposal was sent 5031
pursuant to section 1309.621 of the Revised Code, within twenty 5032
days after notification was sent to that person; and 5033

(2) In the case of persons other than those described in 5034
division (D) (1) of this section: 5035

(a) Within twenty days after the last notification was 5036
sent pursuant to section 1309.621 of the Revised Code; or 5037

(b) If a notification was not sent, before the debtor 5038
consents to the acceptance under division (C) of this section. 5039

(E) A secured party who has taken possession of collateral 5040
shall dispose of the collateral pursuant to section 1309.610 of 5041
the Revised Code within the time specified in division (F) of 5042
this section if: 5043

(1) Sixty per cent of the cash price has been paid in the 5044
case of a purchase-money security interest in consumer goods; or 5045

(2) Sixty per cent of the principal amount of the 5046
obligation secured has been paid in the case of a non-purchase- 5047
money security interest in consumer goods. 5048

(F) To comply with division (E) of this section, the 5049
secured party shall dispose of the collateral: 5050

(1) Within ninety days after taking possession; or 5051

(2) Within any longer period to which the debtor and all 5052
secondary obligors have agreed in an agreement to that effect 5053
entered into and ~~authenticated~~ signed after default. 5054

(G) In a consumer transaction, a secured party may not 5055
accept collateral in partial satisfaction of the obligation it 5056
secures. 5057

Sec. 1309.621. <u>Notification of proposal to accept</u>	5058
<u>collateral [UCC 9-621]</u>	5059
(A) A secured party who desires to accept collateral in	5060
full or partial satisfaction of the obligation it secures shall	5061
send its proposal to:	5062
(1) Any person from whom the secured party has received,	5063
before the debtor consented to the acceptance, an authenticated	5064
<u>a signed</u> notification of a claim of an interest in the	5065
collateral;	5066
(2) Any other secured party or lienholder who, ten days	5067
before the debtor consented to the acceptance, held a security	5068
interest in or other lien on the collateral perfected by the	5069
filing of a financing statement that:	5070
(a) Identified the collateral;	5071
(b) Was indexed under the debtor's name as of that date;	5072
(c) Was filed in the office or offices in which to file a	5073
financing statement against the debtor covering the collateral	5074
as of that date; and	5075
(3) Any other secured party who, ten days before the	5076
debtor consented to the acceptance, held a security interest in	5077
the collateral perfected by compliance with a statute,	5078
regulation, or treaty described in division (A) of section	5079
1309.311 of the Revised Code.	5080
(B) A secured party who desires to accept collateral in	5081
partial satisfaction of the obligation it secures shall send its	5082
proposal to any secondary obligor in addition to the persons	5083
described in division (A) of this section.	5084
Sec. 1309.624. <u>Waiver [UCC 9-624]</u>	5085

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

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

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

Sec. 1309.628. Nonliability and limitation on liability of secured party; liability of secondary obligor [UCC 9-628]

(A) ~~Unless~~ Subject to division (F) of this section, unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

(1) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this chapter; and

(2) The failure of the secured party to comply with this chapter does not affect the liability of the person for a deficiency.

(B) ~~A~~ Subject to division (F) of this section, a secured party is not liable because of its status as secured party:

(1) To a person that is a debtor or obligor, unless the secured party knows;

(a) That the person is a debtor or obligor;	5114
(b) The identity of the person; and	5115
(c) How to communicate with the person; or	5116
(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:	5117 5118 5119
(a) That the person is a debtor; and	5120
(b) The identity of the person.	5121
(C) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:	5122 5123 5124 5125 5126 5127 5128
(1) A debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or	5129 5130
(2) An obligor's representation concerning the purpose for which a secured obligation was incurred.	5131 5132
(D) A secured party is not liable to any person under division (C) (2) of section 1309.625 of the Revised Code for its failure to comply with section 1309.616 of the Revised Code.	5133 5134 5135
(E) A secured party is not liable under division (C) (2) of section 1309.625 of the Revised Code more than once with respect to any one secured obligation.	5136 5137 5138
<u>(F) Divisions (A) and (B) of this section do not apply to limit the liability of a secured party to a person if, at the</u>	5139 5140

time the secured party obtains control of collateral that is a 5141
controllable account, controllable electronic record, or 5142
controllable payment intangible or at the time the security 5143
interest attaches to the collateral, whichever is later: 5144

(1) The person is a debtor or obligor; or 5145

(2) The secured party knows that the information in 5146
division (B) (1) (a), (b), or (c) of this section relating to the 5147
person is not provided by the collateral, a record attached to 5148
or logically associated with the collateral, or the system in 5149
which the collateral is recorded. 5150

Sec. 1310.01. Definitions and index of definitions [UCC 5151
2A-103] 5152

(A) As used in sections 1310.01 to 1310.78 of the Revised 5153
Code, unless the context otherwise requires: 5154

(1) "Buyer in ordinary course of business" means a person 5155
who in good faith and without knowledge that the sale to the 5156
person is in violation of the ownership rights or security 5157
interest or leasehold interest of a third party in the goods 5158
buys in ordinary course from a person in the business of selling 5159
goods of that kind. "Buyer in ordinary course of business" does 5160
not include a pawnbroker. "Buying" may be for cash, by exchange 5161
of other property, or on secured or unsecured credit and 5162
includes acquiring goods or documents of title under a 5163
preexisting contract for sale. "Buying" does not include a 5164
transfer in bulk or as security for or in total or partial 5165
satisfaction of a money debt. 5166

(2) "Cancellation" occurs when either party puts an end to 5167
the lease contract for default by the other party. 5168

(3) "Commercial unit" means a unit of goods that by 5169

commercial usage is a single whole for purposes of lease and 5170
division of which materially impairs its character or value on 5171
the market or in use. A "commercial unit" may be a single 5172
article, including a machine; a set of articles, including a 5173
suite of furniture or a line of machinery; a quantity, including 5174
a gross or carload; or any other unit treated in use or in the 5175
relevant market as a single whole. 5176

(4) "Conforming" goods or performance under a lease 5177
contract means goods or performance that are in accordance with 5178
the obligations under the lease contract. 5179

(5) "Consumer lease" means a lease that a lessor regularly 5180
engaged in the business of leasing or selling makes to a lessee 5181
who is an individual and who takes under the lease primarily for 5182
a personal, family, or household purpose. 5183

(6) "Fault" means wrongful act, omission, breach, or 5184
default. 5185

(7) "Finance lease" means a lease with respect to which 5186
all of the following apply: 5187

(a) The lessor does not select, manufacture, or supply the 5188
goods; 5189

(b) The lessor acquires the goods or the right to 5190
possession and use of the goods in connection with the lease; 5191

(c) One of the following occurs: 5192

(i) The lessee receives a copy of the contract by which 5193
the lessor acquired the goods or the right to possession and use 5194
of the goods before signing the lease contract; 5195

(ii) The lessee's approval of the contract by which the 5196
lessor acquired the goods or the right to possession and use of 5197

the goods is a condition to effectiveness of the lease contract; 5198

(iii) Before signing the lease contract, the lessee 5199
receives an accurate and complete statement designating the 5200
promises and warranties, disclaimers of warranties, limitations 5201
or modifications of remedies, or liquidated damages of the 5202
manufacturer of the goods and of any other third party that were 5203
provided to the lessor by the person supplying the goods in 5204
connection with or as part of the contract by which the lessor 5205
acquired the goods or the right to possession and use of the 5206
goods; 5207

(iv) If the lease is not a consumer lease, before the 5208
lessee signs the lease contract, the lessor informs the lessee 5209
in writing of the identity of the person supplying the goods to 5210
the lessor, unless the lessee has selected that person and 5211
directed the lessor to acquire the goods or the right to 5212
possession and use of the goods from that person; that the 5213
lessee is entitled under sections 1310.01 to 1310.78 of the 5214
Revised Code to the promises and warranties, including those of 5215
any third party, provided to the lessor by the person supplying 5216
the goods in connection with or as part of the contract by which 5217
the lessor acquired the goods or the right to possession and use 5218
of the goods; and that the lessee may communicate with the 5219
person supplying the goods to the lessor and receive an accurate 5220
and complete statement of those promises and warranties, 5221
including any disclaimers and limitations of them or of 5222
remedies. 5223

~~(8)~~ (8) (a) "Goods" means all things that are movable at the 5224
time of identification to the lease contract or that are 5225
fixtures, as defined in section 1310.37 of the Revised Code. 5226
"Goods" does not include money, documents, instruments, 5227

accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. "Goods" includes the unborn young of animals.

(b) "Hybrid lease" means a single transaction involving a lease of goods and one or more of the following:

(i) The provision of services;

(ii) A sale of other goods;

(iii) A sale, lease, or license of property other than goods.

(9) "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

(10) "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration. A sale, including a sale on approval or a sale or return, or retention or creation of a security interest, is not a lease. Unless the context clearly indicates otherwise, "lease" includes a sublease.

(11) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances, including course of dealing, usage of trade, or course of performance as provided in sections 1310.01 to 1310.78 of the Revised Code. Unless the context clearly indicates otherwise, "lease agreement" includes a sublease agreement.

(12) "Lease contract" means the total legal obligation

that results from the lease agreement as affected by sections 5256
1310.01 to 1310.78 of the Revised Code and any other applicable 5257
rules of law. Unless the context clearly indicates otherwise, 5258
"lease contract" includes a sublease contract. 5259

(13) "Leasehold interest" means the interest of the lessor 5260
or the lessee under a lease contract. 5261

(14) "Lessee" means a person who acquires the right to 5262
possession and use of goods under a lease. Unless the context 5263
clearly indicates otherwise, "lessee" includes a sublessee. 5264

(15) "Lessee in ordinary course of business" means a 5265
person who in good faith and without knowledge that the lease to 5266
the person is in violation of the ownership rights or security 5267
interest or leasehold interest of a third party in the goods 5268
leases in ordinary course from a person in the business of 5269
selling or leasing goods of that kind. "Lessee in ordinary 5270
course of business" does not include a pawnbroker. "Leasing" may 5271
be for cash, by exchange of other property, or on secured or 5272
unsecured credit and includes acquiring goods or documents of 5273
title under a preexisting lease contract. "Leasing" does not 5274
include a transfer in bulk or as security for or in total or 5275
partial satisfaction of a money debt. 5276

(16) "Lessor" means a person who transfers the right to 5277
possession and use of goods under a lease. Unless the context 5278
clearly indicates otherwise, "lessor" includes a sublessor. 5279

(17) "Lessor's residual interest" means the lessor's 5280
interest in the goods after expiration, termination, or 5281
cancellation of the lease contract. 5282

(18) "Lien" means a charge against or interest in goods to 5283
secure payment of a debt or performance of an obligation but 5284

does not include a security interest.	5285
(19) "Lot" means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.	5286 5287 5288
(20) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.	5289 5290
(21) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the parties entered into the transaction. The discount otherwise is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the parties entered into the transaction.	5291 5292 5293 5294 5295 5296 5297 5298 5299
(22) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.	5300 5301 5302
(23) "Sublease" means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.	5303 5304 5305
(24) "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease.	5306 5307
(25) "Supply contract" means a contract under which a lessor buys or leases goods to be leased.	5308 5309
(26) "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.	5310 5311 5312

(B) The following definitions also apply to sections	5313
1310.01 to 1310.78 of the Revised Code:	5314
(1) "Accessions," as defined in section 1310.38 of the	5315
Revised Code;	5316
(2) "Construction mortgage," "encumbrance," "fixtures,"	5317
"fixture filing," and "purchase money lease" as defined in	5318
section 1310.37 of the Revised Code.	5319
(C) As used in sections 1310.01 to 1310.78 of the Revised	5320
Code:	5321
(1) "Account," "chattel paper," "document," "general	5322
intangible," "instrument," "mortgage," and "pursuant to	5323
commitment" have the same meanings as in section 1309.102 of the	5324
Revised Code.	5325
(2) "Between merchants," "buyer," "merchant," "receipt,"	5326
"sale," and "seller" have the same meanings as in section	5327
1302.01 of the Revised Code.	5328
(3) "Consumer goods" has the same meaning as in section	5329
1309.07 of the Revised Code.	5330
(4) "Entrusting" has the same meaning as in section	5331
1302.44 of the Revised Code.	5332
(5) "Good faith" has the same meaning as in section	5333
1301.201 of the Revised Code.	5334
(6) "Sale on approval" and "sale or return" have the same	5335
meanings as in section 1302.39 of the Revised Code.	5336
(D) In addition, Chapter 1301. of the Revised Code	5337
contains general definitions and principles of construction and	5338
interpretation applicable throughout this chapter.	5339

<u>Sec. 1310.02. (A) Scope [UCC 2A-102]</u>	5340
<u>(A) (1) Sections 1310.01 to 1310.78 of the Revised Code apply to any transaction, regardless of form, that creates a lease and, in the case of a hybrid lease, it applies to the extent provided in division (A) (2) of this section.</u>	5341 5342 5343 5344
<u>(2) In a hybrid lease:</u>	5345
<u>(a) If the lease-of-goods aspects do not predominate:</u>	5346
<u>(i) Only the provisions of sections 1310.01 to 1310.78 of the Revised Code which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;</u>	5347 5348 5349 5350
<u>(ii) Section 1310.16 of the Revised Code applies if the lease is a finance lease; and</u>	5351 5352
<u>(iii) Section 1310.46 of the Revised Code applies to the promises of the lessee in a finance lease to the extent the promises are consideration for the right to possession and use of the leased good; and</u>	5353 5354 5355 5356
<u>(b) If the lease-of-goods aspects predominate, sections 1310.01 to 1310.78 of the Revised Code apply to the transaction, but do not preclude application in appropriate circumstances of other law to aspects of the lease which do not relate to the lease of goods.</u>	5357 5358 5359 5360 5361
<u>(B) (1) A lease, although subject to sections 1310.01 to 1310.78 of the Revised Code, is also subject to Chapter 1548., 4505., or 4585. of the Revised Code, any applicable certificate of title statute of another jurisdiction as provided in section 1310.03 of the Revised Code, and Chapter 1345., 1349., or 1351. of the Revised Code.</u>	5362 5363 5364 5365 5366 5367

(2) If there is a conflict between the provisions of 5368
sections 1310.01 to 1310.78 of the Revised Code, other than 5369
section 1310.03, division (C) of section 1310.32, and division 5370
(C) of section 1310.33 of the Revised Code, and any statute 5371
referred to in division (B)(1) of this section, the provisions 5372
of that statute control. 5373

(3) A failure to comply with any applicable statute has 5374
only the effect specified in that statute. 5375

Sec. 1310.05. Waiver or renunciation of claim or right 5376
after default [UCC 2A-107] 5377

Any claim or right arising out of an alleged default or 5378
breach of warranty may be discharged in whole or in part without 5379
consideration by a ~~written~~ waiver or renunciation in a signed 5380
~~and record~~ delivered by the aggrieved party. 5381

Sec. 1310.08. Statute of frauds [UCC 2A-201] 5382

(A) A lease contract is not enforceable by way of action 5383
or defense unless one of the following applies: 5384

(1) The total payments to be made under the lease 5385
contract, excluding payments for options to renew or buy, are 5386
less than one thousand dollars; 5387

(2) There is a ~~writing~~ record, signed by the party against 5388
whom enforcement is sought or by that party's authorized agent, 5389
sufficient to indicate that a lease contract has been made 5390
between the parties and to describe the goods leased and the 5391
lease term. 5392

(B) Any description of leased goods or of the lease term 5393
is sufficient and satisfies division (A)(2) of this section, 5394
whether or not it is specific, if it reasonably identifies what 5395

is described. 5396

(C) A ~~writing~~record is not insufficient because it omits 5397
or incorrectly states a term agreed upon, but the lease contract 5398
is not enforceable under division (A) (2) of this section beyond 5399
the lease term and the quantity of goods shown in the 5400
~~writing~~record. 5401

(D) A lease contract that does not satisfy the 5402
requirements of division (A) of this section but that is valid 5403
in other respects is enforceable as follows: 5404

(1) If the goods are to be specially manufactured or 5405
obtained for the lessee and are not suitable for lease or sale 5406
to others in the ordinary course of the lessor's business, and 5407
the lessor, before notice of repudiation is received and under 5408
circumstances that reasonably indicate that the goods are for 5409
the lessee, has made either a substantial beginning of their 5410
manufacture or commitments for their procurement; 5411

(2) If the party against whom enforcement is sought admits 5412
in that party's pleading, in testimony, or otherwise in court 5413
that a lease contract was made. The lease contract is not 5414
enforceable under division (D) (2) of this section beyond the 5415
quantity of goods admitted. 5416

(3) With respect to goods that have been received and 5417
accepted by the lessee. 5418

(E) The lease term under a lease contract referred to in 5419
division (D) of this section is one of the following: 5420

(1) If there is a ~~writing~~record signed by the party 5421
against whom enforcement is sought or by that party's authorized 5422
agent specifying the lease term, the term so specified; 5423

(2) If the party against whom enforcement is sought admits 5424
in that party's pleading, in testimony, or otherwise in court a 5425
lease term, the term so admitted; 5426

(3) A reasonable lease term. 5427

Sec. 1310.09. Final expression: parol or extrinsic 5428
evidence [UCC 2A-202] 5429

Terms with respect to which the confirmatory memoranda of 5430
the parties agree or that otherwise are set forth in a ~~writing-~~ 5431
record intended by the parties as a final expression of their 5432
agreement with respect to the terms that are included in their 5433
agreement may not be contradicted by evidence of any prior 5434
agreement or of a contemporaneous oral agreement but may be 5435
explained or supplemented by both of the following: 5436

(A) Course of dealing, usage of trade, or course of 5437
performance; 5438

(B) Evidence of consistent additional terms, unless the 5439
court finds the ~~writing-~~record to have been intended also as a 5440
complete and exclusive statement of the terms of the agreement. 5441

Sec. 1310.10. Seals inoperative [UCC 2A-203] 5442

The affixing of a seal to a ~~writing-~~record evidencing a 5443
lease contract or an offer to enter into a lease contract does 5444
not render the ~~writing-~~record a sealed instrument, and the law 5445
with respect to sealed instruments does not apply to a lease 5446
contract or offer to which a seal has been affixed. 5447

Sec. 1310.12. Firm offers [UCC 2A-205] 5448

An offer by a merchant to lease goods to or from another 5449
person in a signed ~~writing-~~record that by its terms gives 5450
assurance it will be held open is not revocable, for lack of 5451

consideration, during the time stated or, if no time is stated, 5452
for a reasonable time, but in no event may the period of 5453
irrevocability exceed three months. Any such term of assurance 5454
on a form supplied by the offeree shall be separately signed by 5455
the offeror. 5456

Sec. 1310.15. Modification, rescission, and waiver [UCC 5457
2A-208] 5458

(A) An agreement modifying a lease contract needs no 5459
consideration to be binding. 5460

(B) A signed lease agreement that excludes modification or 5461
rescission except by a signed ~~writing~~-record may not be 5462
otherwise modified or rescinded, but, except as between 5463
merchants, a provision that excludes modification or rescission 5464
except by a signed ~~writing~~-record and that is on a form supplied 5465
by a merchant shall be separately signed by the other party. 5466

(C) Although an attempt at modification or rescission does 5467
not satisfy the requirements of division (B) of this section, it 5468
may operate as a waiver. 5469

(D) A party who has made a waiver affecting an executory 5470
portion of a lease contract may retract the waiver by reasonable 5471
notification received by the other party that strict performance 5472
will be required of any term waived, unless the retraction would 5473
be unjust in view of a material change of position in reliance 5474
on the waiver. 5475

Sec. 1311.55. (A) As used in this section: 5476

(1) "Agricultural product" means all fruit and vegetable 5477
crops, meat and meat products, milk and dairy products, poultry 5478
and poultry products, wool, and all seeds harvested by a 5479
producer for sale, except that it does not include any grain 5480

crop that is subject to the fee that the director of agriculture 5481
may require to be remitted under section 926.16 of the Revised 5482
Code. "Agricultural product" also includes an agricultural 5483
product as defined in section 901.511 of the Revised Code. 5484

(2) "Agricultural product handling" means engaging in or 5485
participating in the business of buying, selling, exchanging, or 5486
negotiating or soliciting a purchase, sale, resale, exchange, or 5487
transfer of an agricultural product. 5488

(3) "Agricultural product handler" or "handler" means any 5489
person who is engaged in the business of agricultural product 5490
handling, except that a person who sells only those agricultural 5491
products that the person has produced, or buys agricultural 5492
products for the person's own use, is not an agricultural 5493
product handler. 5494

(4) "Agricultural producer" or "producer" means any person 5495
who grows, raises, or produces an agricultural product on land 5496
that the person owns or leases. 5497

(5) "Proceeds" has the same meaning as in ~~division (A) (64)~~ 5498
~~of~~ section 1309.102 of the Revised Code. 5499

(B) An agricultural producer who delivers an agricultural 5500
product under an express or implied contract to an agricultural 5501
product handler, or an agricultural product handler who delivers 5502
an agricultural product under an express or implied contract to 5503
another agricultural product handler, has a lien to secure the 5504
payment for all of the agricultural product delivered under that 5505
contract. The lien attaches to the product, whether in a raw or 5506
processed condition, while in the possession of the agricultural 5507
product handler, and to the proceeds of the sale of the 5508
agricultural product. The lien attaches from the date of 5509

delivery of the agricultural product to the handler, or if there 5510
is a series of deliveries under the contract, from the date of 5511
the first delivery. The lien is contingent until the producer or 5512
handler complies with section 1311.56 of the Revised Code. 5513

(C) The lien on an agricultural product covers the 5514
contract price agreed upon, or when there is no agreed price at 5515
the time of delivery, the value of the agricultural product as 5516
determined by the "market news service" of the Ohio department 5517
of agriculture on the date the agricultural producer or handler 5518
files the affidavit permitted under section 1311.56 of the 5519
Revised Code. 5520

(D) Any waiver by a producer or handler of the producer's 5521
or handler's right to an agricultural product lien is void as 5522
being contrary to public policy. 5523

Sec. 1314.101. Title [UCC 12-101] 5524

This chapter may be cited as "Uniform Commercial Code, 5525
controllable electronic records." 5526

Sec. 1314.102. Definitions [UCC 12-102] 5527

As used in this chapter: 5528

(A) "Controllable electronic record" means a record stored 5529
in an electronic medium that can be subjected to control under 5530
section 1314.105 of the Revised Code. "Controllable electronic 5531
record" does not include a controllable account, a controllable 5532
payment intangible, a deposit account, an electronic copy of a 5533
record evidencing chattel paper, an electronic document of 5534
title, electronic money, investment property, or a transferable 5535
record. 5536

(B) "Qualifying purchaser" means a purchaser of a 5537

controllable electronic record or an interest in a controllable 5538
electronic record that obtains control of the controllable 5539
electronic record for value, in good faith, and without notice 5540
of a claim of a property right in the controllable electronic 5541
record. 5542

(C) "Transferable record" means both of the following: 5543

(1) A "transferable record," as defined in section 1306.15 5544
of the Revised Code; 5545

(2) A "transferable record," as defined in the "Electronic 5546
Signatures in Global and National Commerce Act," 15 U.S.C 5547
7021(a) (1). 5548

(D) "Value" has the same meaning as in section 1303.33 of 5549
the Revised Code, as if references in that section to an 5550
"instrument" were references to a controllable account, 5551
controllable electronic record, or controllable payment 5552
intangible. 5553

(E) "Account debtor," "controllable account," 5554
"controllable payment intangible," "chattel paper," "deposit 5555
account," "electronic money," and "investment property" have the 5556
same meanings as in section 1309.102 of the Revised Code. 5557

Sec. 1314.103. Relation to Chapter 1309. of the Revised 5558
Code and consumer laws [UCC 12-103] 5559

(A) If there is a conflict between this chapter and 5560
Chapter 1309. of the Revised Code, Chapter 1309. of the Revised 5561
Code governs. 5562

(B) A transaction subject to this chapter is subject to 5563
any applicable rule of law that establishes a different rule for 5564
consumers. 5565

<u>Sec. 1314.104. Rights in controllable account,</u>	5566
<u>controllable electronic record, and controllable payment</u>	5567
<u>intangible [UCC 12-104]</u>	5568
<u>(A) This section applies to the acquisition and purchase</u>	5569
<u>of rights in a controllable account or a controllable payment</u>	5570
<u>intangible, including the rights and benefits under divisions</u>	5571
<u>(C), (D), (E), (G), and (H) of this section of a purchaser and</u>	5572
<u>qualifying purchaser, in the same manner this section applies to</u>	5573
<u>a controllable electronic record.</u>	5574
<u>(B) To determine whether the purchaser of a controllable</u>	5575
<u>account or a controllable payment intangible is a qualifying</u>	5576
<u>purchaser, the purchaser obtains control of the account or</u>	5577
<u>payment intangible if it obtains control of the controllable</u>	5578
<u>electronic record that evidences the account or payment</u>	5579
<u>intangible.</u>	5580
<u>(C) Except as provided in this section, law other than</u>	5581
<u>this chapter determines whether a person acquires a right in a</u>	5582
<u>controllable electronic record and the right the person</u>	5583
<u>acquires.</u>	5584
<u>(D) A purchaser of a controllable electronic record</u>	5585
<u>acquires all rights in the controllable electronic record that</u>	5586
<u>the transferor had or had power to transfer, except that a</u>	5587
<u>purchaser of a limited interest in a controllable electronic</u>	5588
<u>record acquires rights only to the extent of the interest</u>	5589
<u>purchased.</u>	5590
<u>(E) A qualifying purchaser acquires its rights in the</u>	5591
<u>controllable electronic record free of a claim of a property</u>	5592
<u>right in the controllable electronic record.</u>	5593
<u>(F) Except as otherwise provided in divisions (A) and (E)</u>	5594

of this section for a controllable account and a controllable 5595
payment intangible, or law other than this chapter, a qualifying 5596
purchaser takes a right to payment, right to performance, or 5597
other interest in property evidenced by the controllable 5598
electronic record subject to a claim of a property right in the 5599
right of payment, right to performance, or other interest in the 5600
property. 5601

(G) An action shall not be asserted against a qualifying 5602
purchaser based on both a purchase by the qualifying purchaser 5603
of a controllable electronic record and a claim of a property 5604
right in another controllable electronic record, whether the 5605
action is framed in conversion, replevin, constructive trust, 5606
equitable lien, or other theory. 5607

(H) Filing of a financing statement under Chapter 1309. of 5608
the Revised Code is not notice of a claim of a property right in 5609
a controllable electronic record. 5610

Sec. 1314.105. Control of controllable electronic record 5611
[UCC 12-105] 5612

(A) A person has control of a controllable electronic 5613
record if the electronic record, a record attached to or 5614
logically associated with the electronic record, or a system in 5615
which the electronic record is recorded: 5616

(1) Gives the person both of the following: 5617

(a) Power to avail itself of substantially all the 5618
benefits from the electronic record; 5619

(b) Exclusive power, subject to division (B) of this 5620
section, to do both of the following: 5621

(i) Prevent others from availing themselves of 5622

<u>substantially all the benefits from the electronic record;</u>	5623
<u>(ii) Transfer control of the electronic record to another</u>	5624
<u>person or cause another person to obtain control of another</u>	5625
<u>controllable electronic record as a result of the transfer of</u>	5626
<u>the electronic record.</u>	5627
<u>(2) Enables the person to readily identify itself in any</u>	5628
<u>way, including by name, identifying number, cryptographic key,</u>	5629
<u>office, or account number, as having the powers specified in</u>	5630
<u>division (A) (1) of this section.</u>	5631
<u>(B) Subject to division (C) of this section, a power is</u>	5632
<u>exclusive under divisions (A) (1) (b) (i) and (ii) of the Revised</u>	5633
<u>Code even if either or both of the following apply:</u>	5634
<u>(1) The controllable electronic record, a record attached</u>	5635
<u>to or logically associated with the electronic record, or a</u>	5636
<u>system in which the electronic record is recorded limits the use</u>	5637
<u>of the electronic record or has a protocol programmed to cause a</u>	5638
<u>change, including a transfer or loss of control or a</u>	5639
<u>modification of benefits afforded by the electronic record;</u>	5640
<u>(2) The power is shared with another person.</u>	5641
<u>(C) A power of a person is not shared with another person</u>	5642
<u>under division (B) (2) of this section and the person's power is</u>	5643
<u>not exclusive if both of the following apply:</u>	5644
<u>(1) The person can exercise the power only if the power is</u>	5645
<u>also exercised by the same person;</u>	5646
<u>(2) The other person either:</u>	5647
<u>(a) Can exercise the power without exercise of the power</u>	5648
<u>by the person;</u>	5649

(b) Is the transferor to the person of an interest in the 5650
controllable electronic record or a controllable account or 5651
controllable payment intangible evidenced by the controllable 5652
electronic record. 5653

(D) If a person has the powers specified in divisions (A) 5654
(1) (b) (i) and (ii) of this section, the powers are presumed to 5655
be exclusive. 5656

(E) A person has control of a controllable electronic 5657
record if another person, other than the transferor to the 5658
person of an interest in the controllable electronic record or a 5659
controllable account or controllable payment intangible 5660
evidenced by the controllable electronic record either: 5661

(1) Has control of the electronic record and acknowledges 5662
that it has control on behalf of the person; 5663

(2) Obtains control of the electronic record after having 5664
acknowledged that it will obtain control of the electronic 5665
record on behalf of the person. 5666

(F) A person that has control under this section is not 5667
required to acknowledge that it has control on behalf of another 5668
person. 5669

(G) If a person acknowledges that it has or will obtain 5670
control on behalf of another person, unless the person otherwise 5671
agrees or law other than this chapter or Chapter 1309. of the 5672
Revised Code provides otherwise, the person does not owe any 5673
duty to the other person and is not required to confirm the 5674
acknowledgment to any other person. 5675

Sec. 1314.106. Discharge of account debtor on controllable 5676
account or controllable payment intangible [UCC 12-106] 5677

(A) An account debtor on a controllable account or 5678
controllable payment intangible may discharge its obligation by 5679
paying either: 5680

(1) The person having control of the controllable 5681
electronic record that evidences the controllable account or 5682
controllable payment intangible; 5683

(2) Except as provided in division (B) of this section, a 5684
person that formerly had control of the controllable electronic 5685
record. 5686

(B) Subject to division (D) of this section, the account 5687
debtor may not discharge its obligation by paying a person that 5688
formerly had control of the controllable electronic record if 5689
the account debtor receives a notification that complies with 5690
all of the following: 5691

(1) Is signed by a person that formerly had control or the 5692
person to which control was transferred; 5693

(2) Reasonably identifies the controllable account or 5694
controllable payment intangible; 5695

(3) Notifies the account debtor that control of the 5696
controllable electronic record that evidences the controllable 5697
account or controllable payment intangible was transferred; 5698

(4) Identifies the transferee in any reasonably way, 5699
including by name, identifying number, cryptographic key, 5700
office, or account number; 5701

(5) Provides a commercially reasonable method by which the 5702
account debtor is to pay the transferee. 5703

(C) After receipt of a notification that complies with 5704
division (B) of this section, the account debtor may discharge 5705

its obligation by paying in accordance with the notification and 5706
may not discharge the obligation by paying a person that 5707
formerly had control. 5708

(D) Subject to division (H) of this section, notification 5709
is ineffective under division (B) of this section if any of the 5710
following apply: 5711

(1) Unless, before the notification is sent, the account 5712
debtor and the person that, at that time, had control of the 5713
controllable electronic record that evidences the controllable 5714
account or controllable payment intangible agree in a signed 5715
record to a commercially reasonable method by which a person may 5716
furnish reasonable proof that control has been transferred; 5717

(2) To the extent an agreement between the account debtor 5718
and seller of a payment intangible limits the account debtor's 5719
duty to pay a person other than the seller and the limitation is 5720
effective under law other than this chapter; 5721

(3) At the option of the account debtor, if the 5722
notification notifies the account debtor to do any of the 5723
following: 5724

(a) Divide a payment; 5725

(b) Make less than the full amount of an installment or 5726
other periodic payment; 5727

(c) Pay any part of a payment by more than one method or 5728
to more than one person. 5729

(E) Subject to division (H) of this section, if requested 5730
by the account debtor, the person giving the notification under 5731
division (B) of this section seasonably shall furnish reasonable 5732
proof, using the method in the agreement referred to in division 5733

(D) (1) of this section, that control of the controllable 5734
electronic record has been transferred. Unless the person 5735
complies with the request, the account debtor may discharge its 5736
obligations by paying a person that formerly had control, even 5737
if the account debtor has received a notification under division 5738
(B) of this section. 5739

(F) A person furnishes reasonable proof under division (E) 5740
of this section that control has been transferred if the person 5741
demonstrates, using the method in the agreement referred to in 5742
division (D) (1) of this section, that the transferee has the 5743
power to do all of the following: 5744

(1) Avail itself of substantially all the benefit from the 5745
controllable electronic record; 5746

(2) Prevent others from availing themselves of 5747
substantially all the benefit from the controllable electronic 5748
record; 5749

(3) Transfer the powers specified in divisions (F) (1) and 5750
(2) of this section to another person. 5751

(G) Subject to division (H) of this section, an account 5752
debtor may not waive or vary its rights under divisions (D) (1) 5753
and (E) of this section, or its option under division (D) (3) of 5754
this section. 5755

(H) This section is subject to law other than this chapter 5756
which establishes a different rule for an account debtor who is 5757
an individual and who incurred the obligation primarily for 5758
personal, family, or household purposes. 5759

Sec. 1314.107. Governing law [UCC 12-107] 5760

(A) Except as otherwise provided in division (B) of this 5761

section, the local law of a controllable electronic record's 5762
jurisdiction governs a matter covered by this chapter. 5763

(B) For a controllable electronic record that evidences a 5764
controllable account or controllable payment intangible, the 5765
local law of the controllable electronic record's jurisdiction 5766
governs a matter covered by section 1314.106 of the Revised Code 5767
unless an effective agreement determines that the local law of 5768
another jurisdiction governs. 5769

(C) The following rules determine a controllable 5770
electronic record's jurisdiction under this section: 5771

(1) If the controllable electronic record, or a record 5772
attached to or logically associated with the controllable 5773
electronic record and readily available for review, expressly 5774
provides that a particular jurisdiction is the controllable 5775
electronic record's jurisdiction for purposes of this chapter or 5776
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 5777
or 1310. of the Revised Code, that jurisdiction is the 5778
controllable electronic record's jurisdiction. 5779

(2) If division (C) (1) of this section does not apply and 5780
the rules of the system in which the controllable electronic 5781
record is recorded are readily available for review and 5782
expressly provide that a particular jurisdiction is the 5783
controllable electronic record's jurisdiction for purposes of 5784
this chapter or Chapters 1301., 1302., 1303., 1304., 1305., 5785
1307., 1308., 1309., or 1310. of the Revised Code, that 5786
jurisdiction is the controllable electronic record's 5787
jurisdiction. 5788

(3) If divisions (C) (1) and (2) of this section do not 5789
apply and the controllable electronic record, or a record 5790

attached to or logically associated with the controllable 5791
electronic record and readily available for review, expressly 5792
provides that the controllable electronic record is governed by 5793
the law of a particular jurisdiction, that jurisdiction is the 5794
controllable electronic record's jurisdiction. 5795

(4) If divisions (C) (1), (2), and (3) of this section do 5796
not apply and the rules of the system in which the controllable 5797
electronic record is recorded are readily accessible for review 5798
and expressly provide that the controllable electronic record or 5799
the system is governed by the law of a particular jurisdiction, 5800
that jurisdiction is the controllable electronic record's 5801
jurisdiction. 5802

(5) If divisions (C) (1), (2), (3), and (4) of this section 5803
do not apply, the controllable electronic record's jurisdiction 5804
is the District of Columbia. 5805

(D) If division (C) (5) of this section applies and article 5806
twelve is not in effect in the District of Columbia without 5807
material modification, the governing law for a matter covered by 5808
this chapter is the law of the District of Columbia as though 5809
article twelve were in effect in the District of Columbia 5810
without material modification. In this division, "article 5811
twelve" means article twelve of the uniform commercial code. 5812

(E) To the extent divisions (A) and (B) of this section 5813
provide that the local law of the controllable electronic 5814
record's jurisdiction governs a matter covered by this chapter, 5815
that law governs even if the matter or transaction to which the 5816
matter relates does not bear any relation to the controllable 5817
electronic record's jurisdiction. 5818

(F) The rights acquired under section 1314.104 of the 5819

<u>Revised Code by a purchaser or qualifying purchaser are governed</u>	5820
<u>by the law applicable under this section at the time of</u>	5821
<u>purchase.</u>	5822
<u>Sec. 1316.101. Title [UCC A-101]</u>	5823
<u>This chapter may be cited as "transitional provisions for</u>	5824
<u>Uniform Commercial Code amendments (2022)."</u>	5825
<u>Sec. 1316.102. Definitions [A-102]</u>	5826
<u>(A) As used in this chapter:</u>	5827
<u>(1) "Adjustment date" means July 1, 2025, or the date that</u>	5828
<u>is one year after the effective date of this section, whichever</u>	5829
<u>is later.</u>	5830
<u>(2) "Article 12" means Chapter 1314. of the Revised Code.</u>	5831
<u>(3) "Article 12 property" means a controllable account,</u>	5832
<u>controllable electronic record, or controllable payment</u>	5833
<u>intangible.</u>	5834
<u>(4) "Uniform Commercial Code" means Chapters 1301., 1302.,</u>	5835
<u>1303., 1304., 1305., 1307., 1308., 1309., 1310., and 1314. of</u>	5836
<u>the Revised Code.</u>	5837
<u>(B) The following definitions in other chapters of the</u>	5838
<u>Revised Code apply to this chapter:</u>	5839
<u>(1) "Controllable account," has the same meaning as in</u>	5840
<u>section 1309.102 of the Revised Code;</u>	5841
<u>(2) "Controllable electronic record," has the same meaning</u>	5842
<u>as in section 1314.102 of the Revised Code;</u>	5843
<u>(3) "Controllable payment intangible" has the same meaning</u>	5844
<u>as in section 1309.102 of the Revised Code;</u>	5845

<u>(4) "Electronic money" has the same meaning as in section</u>	5846
<u>1309.102 of the Revised Code;</u>	5847
<u>(5) "Financing statement" has the same meaning as in</u>	5848
<u>section 1309.102 of the Revised Code.</u>	5849
<u>(C) Chapter 1301. of the Revised Code contains general</u>	5850
<u>definitions and principles of construction and interpretation</u>	5851
<u>applicable throughout this chapter.</u>	5852
<u>Sec. 1316.201. Except as provided in sections 1316.301 to</u>	5853
<u>1316.306 of the Revised Code, a transaction validly entered into</u>	5854
<u>before the effective date of this section and the rights,</u>	5855
<u>duties, and interests following from the transaction remain</u>	5856
<u>valid thereafter and may be terminated, completed, consummated,</u>	5857
<u>or enforced as required or permitted by law other than the</u>	5858
<u>Uniform Commercial Code or, if applicable, the Uniform</u>	5859
<u>Commercial Code as it existed before the effective date of this</u>	5860
<u>section.</u>	5861
<u>Sec. 1316.301. Saving clause [UCC A-301]</u>	5862
<u>(A) Except as provided in sections 1316.301 to 1316.306 of</u>	5863
<u>the Revised Code, the version of Chapter 1309. of the Revised</u>	5864
<u>Code that applies on the effective date of this section, and</u>	5865
<u>Article 12 apply to a transaction, lien, or other interest in</u>	5866
<u>property, even if the transaction lien, or interest was entered</u>	5867
<u>into, created, or acquired before the effective date of this</u>	5868
<u>section.</u>	5869
<u>(B) Except as provided in division (C) of this section and</u>	5870
<u>sections 1316.302 to 1316.306 of the Revised Code:</u>	5871
<u>(1) A transaction, lien, or interest in property that was</u>	5872
<u>validly entered into, created, or transferred before the</u>	5873
<u>effective date of this section and was not governed by the</u>	5874

Uniform Commercial Code, but would be subject to Chapter 1309. 5875
of the Revised Code or Article 12 if it had been entered into, 5876
created, or transferred on or after the effective date of this 5877
section, including the rights, duties, and interests flowing 5878
from the transaction, lien, or interest, remains valid on and 5879
after the effective date of this section; and 5880

(2) The transaction, lien, or interest may be terminated, 5881
completed, consummated, and enforced as required or permitted by 5882
the Uniform Commercial Code, as it exists on the effective date 5883
of this section, or by the law that applied before that date. 5884

(C) The amendments to the Uniform Commercial Code that 5885
apply on the effective date of this section do not affect an 5886
action, case, or other proceeding commenced before the effective 5887
date of this section. 5888

Sec. 1316.302. Security interest perfected before 5889
effective date [UCC A-302] 5890

(A) A security interest that is enforceable and perfected 5891
immediately before the effective date of this section is a 5892
perfected security interest under the Uniform Commercial Code, 5893
as it exists on the effective date of this section, if the 5894
requirements for enforceability and perfection under the Uniform 5895
Commercial Code, as it exists on the effective date of this 5896
section, are satisfied without further action. 5897

(B) If a security interest is enforceable and perfected 5898
immediately before the effective date of this section, but the 5899
requirements for enforceability or perfection under the Uniform 5900
Commercial Code, as it exists on the effective date of this 5901
section, are not satisfied on the effective date of this 5902
section, the security interest: 5903

(1) Is a perfected security interest until the earlier of 5904
the time perfection would have ceased under the law in effect 5905
immediately before the effective date of this section or the 5906
adjustment date; 5907

(2) Remains enforceable thereafter only if the security 5908
interest satisfies the requirements for enforceability under 5909
section 1309.203 of the Revised Code, as it exists on the 5910
effective date of this section, before the adjustment date; and 5911

(3) Remains perfected thereafter only if the requirements 5912
for perfection under the Uniform Commercial Code, as it exists 5913
on the effective date of this section, are satisfied before the 5914
time specified in division (B) (1) of this section. 5915

Sec. 1316.303. Security interest unperfected before 5916
effective date [UCC A-303] 5917

A security interest that is enforceable immediately before 5918
the effective date of this section but is unperfected at that 5919
time: 5920

(A) Remains an enforceable security interest until the 5921
adjustment date; 5922

(B) Remains enforceable thereafter if the security 5923
interest becomes enforceable under section 1309.203 of the 5924
Revised Code, as amended by this act, on the effective date of 5925
this section or before the adjustment date; and 5926

(C) Becomes perfected: 5927

(1) Without further action, on the effective date of this 5928
section if the requirements for perfection the Uniform 5929
Commercial Code, as it exists on the effective date of this 5930
section, are satisfied before or at that time; or 5931

(2) When the requirements for perfection are satisfied if 5932
the requirements are satisfied after that time. 5933

Sec. 1316.304. Effectiveness of actions taken before 5934
effective date [UCC A-304] 5935

(A) If action, other than the filing of a financing 5936
statement, is taken before the effective date of this section 5937
and the action would have resulted in perfection of the security 5938
interest had the security interest become enforceable before the 5939
effective date of this section, the action is effective to 5940
perfect a security interest that attaches under the Uniform 5941
Commercial Code, as it exists on the effective date of this 5942
section, before the adjustment date. An attached security 5943
interest becomes unperfected on the adjustment date unless the 5944
security interest becomes a perfected security interest under 5945
the Uniform Commercial Code, as it exists on the effective date 5946
of this section, before the adjustment date. 5947

(B) The filing of a financing statement before the 5948
effective date of this section is effective to perfect a 5949
security interest on the effective date of this section to the 5950
extent that the filing would satisfy the requirements for 5951
perfection under the Uniform Commercial Code, as it exists on 5952
the effective date of this section. 5953

(C) The taking of an action before the effective date of 5954
this section is sufficient for the enforceability of a security 5955
interest on the effective date of this section if the action 5956
would satisfy the requirements for enforceability under the 5957
Uniform Commercial Code, as it exists on the effective date of 5958
this section. 5959

Sec. 1316.305. Priority [UCC A-305] 5960

(A) Subject to divisions (B) and (C) of this section, the 5961
Uniform Commercial Code, as it exists on the effective date of 5962
this section, determines the priority of conflicting claims to 5963
collateral. 5964

(B) Subject to division (C) of this section, if the 5965
priorities of claims to collateral were established before the 5966
effective date of this section, Chapter 1309. of the Revised 5967
Code, as it existed before the effective date of this section, 5968
determines priority. 5969

(C) On the adjustment date, to the extent the priorities 5970
determined by Chapter 1309. of the Revised Code, as it exists on 5971
the effective date of this section, modify the priorities 5972
established before the effective date of this section, 5973
priorities of claims to Article 12 property and electronic money 5974
established before the effective date of this section cease to 5975
apply. 5976

Sec. 1316.306. Priority of claims when priority rules of 5977
Chapter 1309. of the Revised Code do not apply [UCC A-306] 5978

(A) Subject to divisions (B) and (C) of this section, 5979
Article 12 determines the priorities of conflicting claims to 5980
Article 12 property when priority rules of Chapter 1309. of the 5981
Revised Code, as it exists on the effective date of this 5982
section, do not apply. 5983

(B) Subject to division (C) of this section, when the 5984
priority rules of Chapter 1309. of the Revised Code, as it 5985
exists on the effective date of this section, do not apply and 5986
the priorities of claims to Article 12 property were established 5987
before the effective date of this section, law other than 5988
Article 12 determines priority. 5989

(C) When the priority rules of Chapter 1309. of the 5990
Revised Code, as it exists on the effective date of this 5991
section, do not apply, to the extent priorities determined by 5992
the Uniform Commercial Code, as it exists on the effective date 5993
of this section, modify the priorities established before the 5994
effective date of this section, the priorities of claims to 5995
Article 12 property established before the effective date of 5996
this section cease to apply on the adjustment date. 5997

Section 2. That existing sections 141.16, 1301.101, 5998
1301.102, 1301.103, 1301.104, 1301.105, 1301.106, 1301.201, 5999
1301.204, 1301.205, 1301.206, 1301.301, 1301.302, 1301.304, 6000
1301.305, 1301.306, 1302.01, 1302.02, 1302.04, 1302.05, 1302.06, 6001
1302.08, 1302.12, 1303.01, 1303.03, 1303.41, 1303.69, 1304.51, 6002
1304.56, 1304.57, 1304.58, 1304.62, 1304.63, 1304.65, 1304.66, 6003
1304.72, 1305.03, 1305.15, 1307.102, 1307.106, 1308.01, 1308.02, 6004
1308.05, 1308.17, 1308.24, 1309.102, 1309.104, 1309.105, 6005
1309.203, 1309.204, 1309.207, 1309.208, 1309.209, 1309.210, 6006
1309.301, 1309.304, 1309.305, 1309.310, 1309.312, 1309.313, 6007
1309.314, 1309.316, 1309.317, 1309.323, 1309.324, 1309.330, 6008
1309.331, 1309.332, 1309.334, 1309.341, 1309.404, 1309.406, 6009
1309.408, 1309.509, 1309.513, 1309.601, 1309.605, 1309.608, 6010
1309.611, 1309.613, 1309.614, 1309.615, 1309.616, 1309.619, 6011
1309.620, 1309.621, 1309.624, 1309.628, 1310.01, 1310.02, 6012
1310.05, 1310.08, 1310.09, 1310.10, 1310.12, 1310.15, and 6013
1311.55 of the Revised Code are hereby repealed. 6014

Section 3. Section 1309.102 of the Revised Code is 6015
presented in this act as a composite of the section as amended 6016
by both H.B. 276 and S.B. 208 of the 129th General Assembly. The 6017
General Assembly, applying the principle stated in division (B) 6018
of section 1.52 of the Revised Code that amendments are to be 6019
harmonized if reasonably capable of simultaneous operation, 6020

finds that the composite is the resulting version of the section 6021
in effect prior to the effective date of the section as 6022
presented in this act. 6023