

AN ACT

To amend sections 111.18, 317.12, 317.32, 317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 4505.10, 4505.13, and 4519.68; to amend, for the purpose of adopting new section numbers as indicated in parentheses, sections 1309.08 (1309.108), 1309.11 (1309.110), 1309.13 (1309.202), 1309.15 (1309.204), 1309.16 (1309.205), 1309.18 (1309.207), 1309.20 (1309.317), 1309.23 (1309.312), 1309.25 (1309.315), 1309.28 (1309.331), 1309.30 (1309.401), 1309.32 (1309.334), 1309.35 (1309.339), 1309.36 (1309.402), 1309.401 (1309.528), and 1309.431 (1309.505); to enact sections 1109.75, 1305.18, 1309.101, 1309.102, 1309.103, 1309.104, 1309.105, 1309.106, 1309.107, 1309.109, 1309.201, 1309.203, 1309.206, 1309.208, 1309.209, 1309.210, 1309.301, 1309.302, 1309.303, 1309.304, 1309.305, 1309.306, 1309.307, 1309.308, 1309.309, 1309.310, 1309.311, 1309.313, 1309.314, 1309.316, 1309.318, 1309.319, 1309.320, 1309.321, 1309.322, 1309.323, 1309.324, 1309.325, 1309.326, 1309.327, 1309.328, 1309.329, 1309.330, 1309.332,

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Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 111.18, 317.12, 317.32, 317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 4505.10, 4505.13, and 4519.68 be amended; sections 1309.08 (1309.108), 1309.11 (1309.110), 1309.13 (1309.202), 1309.15 (1309.204), 1309.16 (1309.205), 1309.18 (1309.207), 1309.20 (1309.317), 1309.23 (1309.312), 1309.25 (1309.315), 1309.28 (1309.331), 1309.30 (1309.401), 1309.32 (1309.334), 1309.35 (1309.339), 1309.36 (1309.402), 1309.401 (1309.528), and 1309.431 (1309.505) be amended for the purpose of adopting new section numbers as indicated in parentheses; and sections 1109.75, 1305.18, 1309.101, 1309.102, 1309.103, 1309.104, 1309.105, 1309.106, 1309.107, 1309.109, 1309.201, 1309.203, 1309.206, 1309.208, 1309.209, 1309.210, 1309.301, 1309.302, 1309.303, 1309.304, 1309.305, 1309.306, 1309.307, 1309.308, 1309.309, 1309.310, 1309.311, 1309.313, 1309.314, 1309.316, 1309.318, 1309.319, 1309.320, 1309.321, 1309.322, 1309.323, 1309.324, 1309.325, 1309.326, 1309.327, 1309.328, 1309.329, 1309.330, 1309.332, 1309.333, 1309.335, 1309.336, 1309.337, 1309.338, 1309.340, 1309.341, 1309.342, 1309.403, 1309.404, 1309.405, 1309.406, 1309.407, 1309.408, 1309.409, 1309.501, 1309.502, 1309.503, 1309.504, 1309.506, 1309.507, 1309.508, 1309.509, 1309.510, 1309.511, 1309.512, 1309.513, 1309.514, 1309.515, 1309.516, 1309.517, 1309.518, 1309.519, 1309.520, 1309.521, 1309.522, 1309.523, 1309.524, 1309.525, 1309.526, 1309.527, 1309.529, 1309.601, 1309.602, 1309.603, 1309.604, 1309.605, 1309.606, 1309.607, 1309.608, 1309.609, 1309.610, 1309.611, 1309.612, 1309.613, 1309.614, 1309.615, 1309.616, 1309.617, 1309.618, 1309.619, 1309.620, 1309.621, 1309.622, 1309.623, 1309.624, 1309.625, 1309.626, 1309.627, 1309.628, 1309.702, 1309.703, 1309.704, 1309.705, 1309.706, 1309.707, 1309.708, and 1309.709 of the Revised Code be enacted to read as follows:

Sec. 111.18. (A) The secretary of state shall keep a record of all fees collected by the secretary of state and, except as otherwise provided in this section and in sections ~~1309.401~~ 1309.528 and 1329.68 and division (C)(2) of section 3506.05 of the Revised Code, shall pay, through June 30, 2001, fifty per cent of them into the state treasury to the credit of the general revenue fund and fifty per cent of them into the state treasury to the credit of

the corporate and uniform commercial code filing fund created under section ~~1309.401~~ 1309.528 of the Revised Code and shall pay, on and after July 1, 2001, all of them into the state treasury to the credit of the general revenue fund. Through June 30, 2001, all of the fees collected under divisions (I)(2) and (N) of section 111.16 of the Revised Code shall be paid into the state treasury to the credit of that corporate and uniform commercial code filing fund. On and after July 1, 2001, the following fees shall be paid into the state treasury to the credit of that corporate and uniform commercial code filing fund:

- (1) Twenty-five dollars of each fee collected under divisions (A)(2), (F), (G)(2), and (I)(1) of section 111.16 of the Revised Code;
- (2) Twenty-five dollars of each fee collected under division (C) of section 1703.031 of the Revised Code;
- (3) All fees collected under divisions (I)(2) and (N) of section 111.16 of the Revised Code;
- (4) All fees collected under section 1703.08 of the Revised Code;
- (5) Each fifty-dollar fee for amendments filed by foreign nonprofit corporations under section 1703.27 of the Revised Code.

(B) The secretary of state may implement a credit card payment program permitting payment of any fee charged by the secretary of state by means of a credit card. The secretary of state may open an account outside the state treasury in a financial institution for the purpose of depositing credit card receipts. Within forty-eight hours following the deposit of the receipts, the financial institution shall make available to the secretary of state funds in the amount of the receipts. The secretary of state shall then pay these funds into the state treasury to the credit of the general revenue fund, except as otherwise provided by the Revised Code.

The secretary of state may pay the cost of any service charge required by a financial institution or credit card company in connection with a credit card payment program.

The secretary of state shall adopt rules as necessary to carry out the purposes of this division. The rules shall include standards for determining eligible financial institutions and the manner in which funds shall be made available and shall be consistent with the standards contained in sections 135.03, 135.18, and 135.181 of the Revised Code.

Sec. 317.12. Upon the presentation of a deed or other instrument of writing for record, the county recorder shall indorse thereon the date, the precise time of its presentation, and a file number. Such file numbering shall be consecutive and in the order in which the instrument of writing is received for record, except financing statements, which shall have a separate

series of file numbers and be filed separately, as provided by sections ~~1309.38~~ 1309.501 to ~~1309.40, inclusive,~~ 1309.527 of the Revised Code. Until recorded, each instrument shall be kept on file in the same numerical order, for easy reference. If required, the recorder shall, without fee, give to the person presenting such instrument a receipt naming the parties thereto, the date thereof, and a brief description of the premises. When a deed or other instrument is recorded, the recorder shall indorse on it the time when recorded, and the number or letter and page of the book in which it is recorded.

Sec. 317.32. The county recorder shall charge and collect the following fees for the recorder's services:

(A) For recording and indexing an instrument when the photocopy or any similar process is employed, fourteen dollars for the first two pages and four dollars for each subsequent page, size eight and one-half inches by fourteen inches, or fraction of a page, including the caption page, of such instrument;

(B) For certifying a photocopy from the record previously recorded, one dollar per page, size eight and one-half inches by fourteen inches, or fraction of a page; for each certification where the recorder's seal is required, except as to instruments issued by the armed forces of the United States, fifty cents;

(C) For manual or typewritten recording of assignment or satisfaction of mortgage or lease or any other marginal entry, four dollars;

(D) For entering any marginal reference by separate recorded instrument, two dollars for each marginal reference set out in that instrument, in addition to the recording fee set forth in division (A) of this section;

(E) For indexing in the real estate mortgage records, pursuant to ~~division (D) of section 1309.40~~ 1309.519 of the Revised Code, financing statements covering crops growing or to be grown, timber to be cut, minerals or the like, including oil and gas, accounts subject to ~~division (E) of section 1309.03~~ 1309.301 of the Revised Code, or fixture filings made pursuant to section ~~1309.32~~ 1309.334 of the Revised Code, two dollars for each name indexed;

(F) For recording manually any plat not exceeding six lines, two dollars, and for each additional line, ten cents;

(G) For filing zoning resolutions, including text and maps, in the office of the recorder as required under sections 303.11 and 519.11 of the Revised Code, fifty dollars, regardless of the size or length of the resolutions;

(H) For filing zoning amendments, including text and maps, in the office of the recorder as required under sections 303.12 and 519.12 of the

Revised Code, ten dollars for the first page and four dollars for each additional page;

(I) For photocopying a document, other than at the time of recording and indexing as provided for in division (A) of this section, one dollar per page, size eight and one-half inches by fourteen inches, or fraction thereof;

(J) For local facsimile transmission of a document, one dollar per page, size eight and one-half inches by fourteen inches, or fraction thereof; for long distance facsimile transmission of a document, two dollars per page, size eight and one-half inches by fourteen inches, or fraction thereof;

(K) For recording a declaration executed pursuant to section 2133.02 of the Revised Code or a durable power of attorney for health care executed pursuant to section 1337.12 of the Revised Code, or both a declaration and a durable power of attorney for health care, at least fourteen dollars but not more than twenty dollars.

In any county in which the recorder employs the photostatic or any similar process for recording maps, plats, or prints the recorder shall determine, charge, and collect for the recording or rerecording of any map, plat, or print, a fee of five cents per square inch, for each square inch of the map, plat, or print filed for that recording or rerecording, with a minimum fee of twenty dollars; for certifying a copy from the record, a fee of two cents per square inch of the record, with a minimum fee of two dollars.

The fees provided in this section shall be paid upon the presentation of the instruments for record or upon the application for any certified copy of the record, except that the payment of fees associated with the filing and recording of, or the copying of, notices of internal revenue tax liens and notices of other liens in favor of the United States as described in division (A) of section 317.09 of the Revised Code and certificates of discharge or release of those liens, shall be governed by section 317.09 of the Revised Code, and the payment of fees for providing copies of instruments conveying or extinguishing agricultural easements to the office of farmland preservation under division (G) of section 5301.691 of the Revised Code shall be governed by that division.

Sec. 317.321. (A) Not later than the first day of October of any year, the county recorder may submit to the board of county commissioners a proposal for the acquisition or maintenance of micrographic or other equipment or for contract services. The proposal shall be in writing and shall include at least the following:

(1) A request that an amount not to exceed four dollars of the fee collected for filing or recording a document for which a fee is charged as required by division (A) of section 317.32 of the Revised Code or by section

~~1309.40, 1309.42, 1309.43,~~ 1309.525 or 5310.15 of the Revised Code be placed in the county treasury and designated as "general fund moneys to supplement the equipment needs of the county recorder";

(2) The number of years, not to exceed five, for which the county recorder requests that the amount requested under division (A)(1) of this section be given the designation specified in that division;

(3) An estimate of the total amount of fees that will be generated for filing or recording a document for which a fee is charged as required by division (A) of section 317.32 of the Revised Code or by section ~~1309.40, 1309.42, 1309.43,~~ 1309.525 or 5310.15 of the Revised Code;

(4) An estimate of the total amount of fees for filing or recording a document for which a fee is charged as required by division (A) of section 317.32 of the Revised Code or by section ~~1309.40, 1309.42, 1309.43,~~ 1309.525 or 5310.15 of the Revised Code that will be designated as "general fund moneys to supplement the equipment needs of the county recorder" if the request submitted under division (A)(1) of this section is approved by the board of county commissioners.

The proposal may include a description or summary of the micrographic or other equipment, or maintenance thereof, that the county recorder proposes to acquire, or the nature of contract services that the county recorder proposes to utilize. If the county recorder has no immediate plans for the acquisition of equipment or services, the proposal shall explain the general needs of the office for equipment and shall state that the intent of the proposal is to reserve funds for the office's future equipment needs.

(B) The board of county commissioners shall receive the proposal and the clerk shall enter it on the journal. At the same time, the board shall establish a date, not sooner than fifteen nor later than thirty days after the board's receipt of the proposal, on which to meet with the recorder to review the proposal.

(C) Not later than the fifteenth day of December of any year in which a proposal is submitted under division (A) of this section, the board of county commissioners shall approve, reject, or modify the proposal and notify the county recorder of its action on the proposal. If the board rejects or modifies the proposal, it shall make a written finding that the request is for a purpose other than for acquiring, leasing, or otherwise obtaining micrographic or other equipment or contracts for use by the county recorder or that the amount requested is excessive as determined by the board. If the board approves the proposal, it shall request the establishment of a special fund under section 5705.12 of the Revised Code for any fees designated as "general fund moneys to supplement the equipment needs of the county

ecorder."

(D) The acquisition or maintenance of micrographic or other equipment and the acquisition of contract services shall be specifically governed by sections 307.80 to 307.806, 307.84 to 307.846, 307.86 to 307.92, and 5705.38, and by division (D) of section 5705.41 of the Revised Code.

Sec. 1109.75. (A) Notwithstanding any other provision of law, to the extent set forth in the transaction documents relating to a securitization:

(1) Any property, assets, or rights purported to be transferred, in whole or in part, in a securitization shall be deemed to no longer be the property, assets, or rights of the transferor.

(2) A transferor in a securitization, the transferor's creditors, or a bankruptcy trustee, receiver, or similar person in an insolvency proceeding involving the transferor shall have no rights whatsoever to reacquire, reclaim, recover, redeem, or recharacterize as property of the transferor any property, assets, or rights purported to be transferred, in whole or in part, by the transferor.

(3) In the event of the transferor's bankruptcy, receivership, or other insolvency proceedings, the property, assets, or rights purported to have been transferred by the transferor, in whole or in part, in a securitization shall not be deemed to be part of the transferor's property, assets, rights, or estate.

(B) Nothing contained in this section shall be deemed to require any securitization transaction to be treated as a sale for federal or state tax purposes or to preclude the treatment of any securitization transaction as a debt for federal or state tax purposes.

(C) As used in this section, "securitization" means a transfer of financial assets by a financial institution insured by the federal deposit insurance corporation (FDIC) to a special purpose entity established to issue securities supported by the financial assets to investors.

Sec. 1301.01. As used in Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code, unless the context otherwise requires, and subject to additional definitions contained in those chapters:

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

(B) "Aggrieved party" means a party entitled to resort to a remedy.

(C) "Agreement" means the bargain of the parties 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

1301.11 and 1302.11 of the Revised Code. Whether an agreement has legal consequences is determined by Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code, if applicable; otherwise by the law of contracts.

(D) "Bank" means any person engaged in the business of banking.

(E) "Bearer" means the person in possession of an instrument, document of title, or certificated security payable to bearer or endorsed in blank.

(F) "Bill of lading" means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods, and includes an airbill. "Airbill" means a document serving for air transportation as a bill of lading does for marine or rail transportation, and includes an air consignment note or air waybill.

(G) "Branch" includes a separately incorporated foreign branch of a bank.

(H) "Burden of establishing" a fact means the burden of persuading the triers of fact that the existence of the fact is more probable than its nonexistence.

(I) "Buyer in ordinary course of business" means a person who, buys goods in good faith and, without knowledge that the sale to the person is in violation of, violates the ownership rights or security interest of a third party another person in the goods, buys and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind but does not include a pawnbroker. All persons A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person who sell sells oil, gas, or other minerals or the like, including oil or gas, at the wellhead or minehead shall be deemed to be persons is a person in the business of selling goods of that kind. Buying A buyer in the ordinary course of business may be buy for cash, by exchange of other property, or on secured or unsecured credit and includes receiving may acquire goods or documents of title under a preexisting contract for sale but does not include. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Chapter 1302. of the Revised Code may be a buyer in ordinary course of business. A person who acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt is not a buyer in the ordinary course of business.

(J) A term or clause is "conspicuous" when it is so written that a reasonable person against whom it is to operate ought to have noticed it. A printed heading in capitals (as: NONNEGOTIABLE BILL OF LADING) is

"conspicuous." Language in the body of a form is "conspicuous" if it is in larger or other contrasting type or color. In a telegram, any stated term is "conspicuous." Whether a term or clause is "conspicuous" is for decision by the court.

(K) "Contract" means the total legal obligation that results from the parties' agreement as affected by Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code, and any other applicable rules of law.

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

(M) "Defendant" includes a person in the position of defendant in cross-action or counterclaim.

(N) "Delivery" with respect to instruments, documents of title, chattel paper, or certificated securities means voluntary transfer of possession.

(O) "Document of title" includes a bill of lading, dock warrant, dock receipt, warehouse receipt, or order for the delivery of goods, and any other document that in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold, and dispose of the document and the goods it covers. To be a document of title, a document must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession that are either identified or are fungible portions of an identified mass.

(P) "Fault" means wrongful act, omission, or breach.

(Q) "Fungible" with respect to goods or securities means goods or securities of which any unit is, by nature or usage of trade, the equivalent of any other like unit. Goods that are not fungible are fungible for the purposes of Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code to the extent that under a particular agreement or document unlike units are treated as equivalents.

(R) "Genuine" means free of forgery or counterfeiting.

(S) "Good faith" means honesty in fact in the conduct or transaction concerned.

(T)(1) "Holder" with respect to a negotiable instrument means either of the following:

(a) If the instrument is payable to bearer, a person who is in possession of the instrument;

(b) If the instrument is payable to an identified person, the identified person when in possession of the instrument.

(2) "Holder" with respect to a document of title means the person in possession if the goods are deliverable to bearer or to the order of the person in possession.

(U) To "honor" is to pay or to accept and pay, or where a creditor so engages to purchase or discount a draft complying with the terms of the credit.

(V) "Insolvency proceedings" include any assignment for the benefit of the creditors or other proceedings intended to liquidate or rehabilitate the estate of the person involved.

(W) A person is "insolvent" who either has ceased to pay the person's debts in the ordinary course of business or cannot pay the person's debts as they become due or is insolvent within the meaning of the federal bankruptcy law.

(X) "Money" means a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations.

(Y) A person has "notice" of a fact when any of the following applies:

(1) The person has actual knowledge of it.

(2) The person has received a notice or notification of it.

(3) From all the facts and circumstances known to the person at the time in question, the person has reason to know that it exists.

A person "knows" or has "knowledge" of the fact when the person has actual knowledge of it. "Discover" or "learn" or a word or phrase of similar import refers to knowledge rather than to reason to know. The time and circumstances under which a notice or notification may cease to be effective are not determined by this section.

(Z) A person "notifies" or "gives" a notice or notification to another person by taking the steps that may be reasonably required to inform the other person in ordinary course, whether or not the other person actually comes to know of it. A person "receives" a notice or notification when either of the following applies:

(1) It comes to the person's attention.

(2) It is duly delivered at the place of business through which the contract was made or at any other place held out by the person as the place for receipt of such communications.

(AA) Notice, knowledge, or a notice or notification received by an organization is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction, and in any event from the time when it would have been brought to the individual's

attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routine. Due diligence does not require an individual acting for the organization to communicate information unless that communication is part of the individual's regular duties or unless the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(BB) "Organization" includes a corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(CC) "Party," as distinct from "third party," means a person who has engaged in a transaction or made an agreement within Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code.

(DD) "Person" includes an individual or an organization.

(EE) "Presumption" or "presumed" means that the trier of fact must find the existence of the fact presumed unless and until evidence is introduced that would support a finding of its nonexistence.

(FF) "Purchase" includes taking by sale, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

(GG) "Purchaser" means a person who takes by purchase.

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

(II) "Representative" includes an agent, an officer of a corporation or association, a trustee, executor, or administrator of an estate, or any other person empowered to act for another.

(JJ) "Rights" includes remedies.

(KK)(1) "Security interest" means an interest in personal property or fixtures that secures payment or performance of an obligation. ~~The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer, as provided in section 1302.42 of the Revised Code, is limited in effect to a reservation of a security interest.~~ "Security interest" also includes any interest of a consignor and a buyer of accounts or, chattel paper, which a payment intangible, or a promissory note in a transaction that is subject to sections 1309.01 to 1309.50 Chapter 1309. of the Revised Code. The special property interest of a buyer of goods on identification of

those goods to a contract for sale under section 1302.42 of the Revised Code is not a security interest, but a buyer also may acquire a security interest by complying with ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code. ~~Unless a consignment is intended as security, reservation of title under the consignment is not a security interest, but a consignment in any event is subject to the provisions on consignment sales under section 1302.39 of the Revised Code~~ Except as otherwise provided in section 1302.49 of the Revised Code, the right of a seller or lessor of goods under Chapter 1302. or 1310. of the Revised Code is not a security interest, but a seller or lessor also may 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 to a reservation of a security interest. A lease-purchase agreement as defined in division (F) of section 1351.01 of the Revised Code shall never be intended as security.

(2) Whether a transaction, other than a lease-purchase agreement as defined in division (F) of section 1351.01 of the Revised Code, creates a lease or security interest is determined by the facts of each case; however, a transaction creates a security interest if the consideration the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease not subject to termination by the lessee and if any of the following applies:

(a) The original term of the lease is equal to or greater than the remaining economic life of the goods.

(b) The lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods.

(c) The lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or nominal additional consideration upon compliance with the lease agreement.

(d) ~~The~~ lessee has an option to become the owner of the goods for no additional consideration or nominal additional consideration upon compliance with the lease agreement.

(3) A transaction does not create a security interest merely because it provides any of the following:

(a) That the present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into;

(b) That the lessee assumes risk of loss of the goods or agrees to pay taxes, insurance, filing, recording, or registration fees, or service or

maintenance costs with respect to the goods;

(c) That the lessee has an option to renew the lease or to become the owner of the goods;

(d) That the lessee has an option to renew the lease for a fixed rent that is equal to or greater than the reasonably predictable fair market rent for the use of the goods for the term of the renewal at the time the option is to be performed;

(e) That the lessee has an option to become the owner of the goods for a fixed price that is equal to or greater than the reasonably predictable fair market value of the goods at the time the option is to be performed.

(4) For purposes of division (KK) of this section, all of the following apply:

(a) Additional consideration is not nominal if, when the option to renew the lease is granted to the lessee, the rent is stated to be the fair market rent for the use of the goods for the term of the renewal determined at the time the option is to be performed or, when the option to become the owner of the goods is granted to the lessee, the price is stated to be the fair market value of the goods determined at the time the option is to be performed. Additional consideration is nominal if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised.

(b) "Reasonably predictable" and "remaining economic life of the goods" are to be determined with reference to the facts and circumstances at the time the parties entered into the transaction.

(c) "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 is not manifestly unreasonable at the time the parties entered into the transaction. Otherwise, the discount 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.

(LL) "Send" in connection with any writing or notice means to deposit in the mail or deliver for transmission 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 on it or otherwise agreed, or if there be none to any address reasonable under the circumstances. The receipt of any writing or notice within the time at which it would have arrived if properly sent has the effect of a proper sending.

(MM) "Signed" includes any symbol executed or adopted by a party

with present intention to authenticate a writing.

(NN) "Surety" includes guarantor.

(OO) "Telegram" includes a message transmitted by radio, teletype, cable, any mechanical method of transmission, or the like.

(PP) "Term" means that portion of an agreement which relates to a particular matter.

(QQ) "Unauthorized" signature means one made without actual, implied, or apparent authority and includes a forgery.

(RR) Except as otherwise provided with respect to negotiable instruments and bank collections under sections 1303.32, 1304.20, and 1304.21 of the Revised Code, a person gives "value" for rights if the person acquires them in any of the following manners:

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

(2) As security for or in total or partial satisfaction of a ~~pre-existing~~ preexisting claim;

(3) By accepting delivery pursuant to a ~~pre-existing~~ preexisting contract for purchase;

(4) Generally, in return for any consideration sufficient to support a simple contract.

(SS) "Warehouse receipt" means a written or electronic receipt issued by a person engaged in the business of storing goods for hire.

(TT) "Written" or "writing" includes printing, typewriting, or any other intentional reduction to tangible form.

Sec. 1301.05. (A) Except as otherwise provided in this section, when a transaction bears a reasonable relation to this state and also to another state or nation, the parties may agree that the law either of this state or of the other state or nation shall govern their rights and duties. ~~Failing such~~ In the absence of an agreement of that nature, Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code apply to transactions bearing an appropriate relation to this state.

(B) Where one of the following provisions of Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. 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, including the conflict of laws rules, so specified:

(1) Rights of creditors against sold goods, as provided in section 1302.43 of the Revised Code;

(2) Applicability of sections 1304.01 to 1304.40 of the Revised Code, as provided in section 1304.02 of the Revised Code;

(3) Fund transfers under sections 1304.51 to 1304.85 of the Revised Code, as provided in section 1304.85 of the Revised Code;

(4) Choice of law as to letters of credit under section 1305.15 of the Revised Code;

(5) Applicability of Chapter 1308. of the Revised Code, as provided in section 1308.05 of the Revised Code;

(6) Perfection provisions, including the effect of perfection or nonperfection, and the priority of security interests and agricultural liens of section 1309.03 sections 1309.301 to 1309.307 of the Revised Code;

(7) Applicability of sections 1310.01 to 1310.78 of the Revised Code, as provided in sections 1310.03 and 1310.04 of the Revised Code.

Sec. 1301.12. (A) Except in the cases described in division (B) of this section a contract for the sale of personal property is not enforceable by way of action or defense beyond five thousand dollars in amount or value of remedy unless there is some writing which indicates that a contract for sale has been made between the parties at a defined or stated price, reasonably identifies the subject matter, and is signed by the party against whom enforcement is sought or by that party's authorized agent.

(B) Division (A) of this section does not apply to contracts for the sale of goods, section 1302.04 of the Revised Code, nor of securities, section 1308.07 of the Revised Code, nor to security agreements, ~~section 1309.14~~ sections 1309.201 and 1309.203 of the Revised Code.

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

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

(2) "Good faith" in the case of a merchant means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

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

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

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

(6) "Financing agency" means a bank, finance company, or other person who in the ordinary course of business make advances against goods or

documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods.

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

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

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

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

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

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

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

(11) "Contract" and "agreement" are limited to those relating to the present or future sale of goods. "Contract for sale" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price. A "present

" means a sale which is accomplished by the making of the contract.

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

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

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

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

- (1) "Acceptance", as defined in section 1302.64 of the Revised Code;
- (2) "Banker's credit", as defined in section 1302.38 of the Revised Code;
- (3) "Confirmed credit", as defined in section 1302.38 of the Revised Code;

Code;

- (4) "Cover", as defined in section 1302.86 of the Revised Code;
- (5) "Entrusting", as defined in section 1302.44 of the Revised Code;
- (6) "Identification", as defined in section 1302.45 of the Revised Code;
- (7) "Installment contract", as defined in section 1302.70 of the Revised Code;

Code;

- (8) "Letter of credit", as defined in section 1302.38 of the Revised Code;
- (9) "Overseas", as defined in section 1302.36 of the Revised Code;
- (10) "Person in position of a seller", as defined in section 1302.81 of the Revised Code;

Revised Code;

(11) "Sale on approval", as defined in section 1302.39 of the Revised Code;

- (12) "Sale or return", as defined in section 1302.39 of the Revised Code.

(C) As used in sections 1302.01 to 1302.98, ~~inclusive~~, 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 1307.01 of the Revised Code, "consumer goods" has the meaning set forth in section ~~1309.07~~ 1309.102 of the Revised Code, and "dishonor" has the meaning set forth in section 1303.62 of the Revised Code.

(D) The terms and principles of construction and interpretation set forth in sections 1301.01 to 1301.14, ~~inclusive~~, of the Revised Code, are applicable to sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code.

Sec. 1302.13. (A) A party may perform ~~his~~ the party's duty through a delegate unless otherwise agreed or unless the other party has a substantial interest in having ~~his~~ the original promisor perform or control the acts required by the contract. No delegation of performance relieves the party delegating of any duty to perform or any liability for breach.

(B) ~~Unless~~ (1) Except as otherwise provided in section 1309.406 of the Revised Code, unless otherwise agreed all rights of either seller or buyer can be assigned except where the assignment would materially change the duty of the other party, or increase materially the burden or risk imposed on ~~him~~ the other party by ~~his~~ the contract, or impair materially ~~his~~ the other party's chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the assignor's due performance of ~~his~~ the assignor's entire obligation can be assigned despite agreement otherwise.

(2) The creation, attachment, perfection, or enforcement of a security interest in the seller's interest under a contract is not a transfer that materially changes the duty of or increases materially the burden or risk imposed on the buyer or impairs materially the buyer's chance of obtaining return performance under division (B)(1) of this section unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the seller. In any case, the creation, attachment, perfection, and enforcement of the security interest remain effective, but the seller is liable to the buyer for damages caused by the delegation to the extent that the damages could not reasonably be prevented by the buyer, and a court having jurisdiction may grant other appropriate relief, including cancellation of the contract for sale or an injunction against enforcement of the security interest or consummation of the enforcement.

(C) Unless the circumstances indicate the contrary a prohibition of assignment of "the contract" is to be construed as barring only the delegation to the assignee of the assignor's performance.

(D) An assignment of "the contract" or of "all my rights under the contract" or an assignment in similar general terms is an assignment of rights and unless the language or the circumstances (as in an assignment for security) indicate the contrary, it is a delegation of performance of the duties of the assignor and its acceptance by the assignee constitutes a promise by ~~him~~ the assignee to perform those duties. This promise is enforceable by either the assignor or the other party to the original contract.

(E) The other party may treat any assignment which delegates performance as creating reasonable grounds for insecurity and may without prejudice to ~~his~~ the other party's rights against the assignor demand

assurances from the assignee as provided in section 1302.67 of the Revised Code.

Sec. 1302.39. (A) Unless otherwise agreed, if delivered goods may be returned by the buyer even though they conform to the contract, the transaction is:

- (1) a "sale on approval" if the goods are delivered primarily for use, and
- (2) a "sale or return" if the goods are delivered primarily for resale.

(B) ~~Except as provided in division (C) of this section, goods~~ Goods held on approval are not subject to the claims of the buyer's creditors until acceptance; ~~goods.~~ Goods held on sale or return are subject to ~~such~~ the claims ~~of the buyer's creditor's~~ while in the buyer's possession.

~~(C) Where goods are delivered to a person for sale and such person maintains a place of business at which he deals in goods of the kind involved, under a name other than the name of the person making delivery, then with respect to claims of creditors of the person conducting the business, the goods are deemed to be on sale or return. The provisions of this division are applicable even though an agreement purports to reserve title to the person making delivery until payment or resale or uses such words as "on consignment" or "on memorandum". However, this division is not applicable if the person making delivery:~~

~~(1) complies with an applicable law providing for a consignor's interest or the like to be evidenced by a sign, or~~

~~(2) establishes that the person conducting the business is generally known by his creditors to be substantially engaged in selling the goods of others, or~~

~~(3) complies with the filing provisions of sections 1309.01 to 1309.50, inclusive, of the Revised Code.~~

~~(D)~~ Any "or return" term of a contract for sale is to be treated as a separate contract for sale within section 1302.04 of the Revised Code and as contradicting the sale aspect of the contract within the provisions of section 1302.05 of the Revised Code.

Sec. 1302.42. Each provision of sections 1302.01 to 1302.98 of the Revised Code with regard to the rights, obligations, and remedies of the seller, the buyer, purchasers, or other third parties applies irrespective of title to the goods except where the provision refers to that title. Insofar as situations are not covered by the other provisions of sections 1302.01 to 1302.98 of the Revised Code and matters concerning title become material, the following rules apply:

(A) Title to goods cannot pass under a contract for sale prior to their identification to the contract pursuant to section 1302.45 of the Revised

Code, and unless otherwise explicitly agreed the buyer acquires by their identification a special property as limited by Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code. Any retention or reservation by the seller of the title (property) in goods shipped or delivered to the buyer is limited in effect to a reservation of a security interest. Subject to these provisions and to the provisions of ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code, title to goods passes from the seller to the buyer in any manner and on any conditions explicitly agreed on by the parties.

(B) Unless otherwise explicitly agreed, title passes to the buyer at the time and place at which the seller completes performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title is to be delivered at a different time or place; and in particular and despite any reservation of a security interest by the bill of lading:

(1) If the contract requires or authorized the seller to send the goods to the buyer but does not require the seller to deliver them at destination, title passes to the buyer at the time and place of shipment; but

(2) If the contract requires delivery at destination, title passes on tender there.

(C) Unless otherwise explicitly agreed where delivery is to be made without moving the goods:

(1) If the seller is to deliver a document of title, title passes at the time when and the place where the seller delivers the documents.

(2) If the goods are at the time of contracting already identified and no documents are to be delivered, title passes at the time and place of contracting.

(D) A rejection or other refusal by the buyer to receive or retain the goods, whether or not justified, or a justified revocation of acceptance reverts title to the goods in the seller. The reversion occurs by operation of law and is not a "sale."

Sec. 1302.43. (A) Except as provided in divisions (B) and (C) of this section, rights of unsecured creditors of the seller with respect to goods which have been identified to a contract for sale are subject to the buyer's rights to recover the goods pursuant to sections 1302.46 and 1302.90 of the Revised Code.

(B) A creditor of the seller may treat a sale or an identification of goods to a contract for sale as void if as against ~~him~~ the seller a retention of possession by the seller is fraudulent under any rule of law of the state where the goods are situated, except that retention of possession in good

faith and current course of trade by a merchant-seller for a commercially reasonable time after a sale or identification is not fraudulent.

(C) Nothing in sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code shall be deemed to impair the rights of creditors of the seller:

(1) under the provisions of ~~sections 1309.01 to 1309.50, inclusive~~ Chapter 1309, of the Revised Code; or

(2) where identification to the contract or delivery is made not in current course of trade but in satisfaction of or as security for a ~~pre-existing~~ preexisting claim for money, security, or the like and is made under circumstances which under any rule of law of the state where the goods are situated would apart from sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code constitute the transaction a fraudulent transfer or voidable preference.

Sec. 1302.44. (A) A purchaser of goods acquires all title which the transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase, the purchaser has such power even though:

(1) The transferor was deceived as to the identity of the purchaser, or

(2) The delivery was in exchange for a check which is later dishonored, or

(3) It was agreed that the transaction was to be a "cash sale", or

(4) The delivery was procured through fraud punishable as larcenous under the criminal law.

(B) Any entrusting of possession of goods to a merchant who deals in goods of that kind gives the merchant power to transfer all rights of the entruster to a buyer in ordinary course of business.

(C) "Entrusting" includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor's disposition of the goods have been such as to be larcenous under the criminal law.

(D) The rights of other purchasers of goods and of lien creditors are governed by the provisions of ~~sections 1309.01 to 1309.50, Chapter 1309,~~ and sections 1307.01 to 1307.40 of the Revised Code.

Sec. 1302.46. (A) Subject to ~~division~~ divisions (B) and (C) of this section and even though the goods have not been shipped, a buyer who has paid a part or all of the price of goods in which ~~he~~ the buyer has a special property under ~~the provisions of~~ section 1302.45 of the Revised Code, may

on making and keeping good a tender of any unpaid portion of their price recover them from the seller if:

(1) In the case of goods bought for personal, family, or household purposes, the seller repudiates or fails to deliver as required by the contract; or

(2) In all cases, the seller becomes insolvent within ten days after receipt of the first installment on their price.

(B) The buyer's right to recover the goods under division (A)(1) of this section vests upon acquisition of a special property, even if the seller had not then repudiated or failed to deliver.

(C) If the identification creating his the buyer's special property has been made by the buyer he, the buyer acquires the right to recover the goods only if they conform to the contract for sale.

Sec. 1302.90. (A) Specific performance may be decreed where the goods are unique or in other proper circumstances.

(B) The decree for specific performance may include such terms and conditions as to payment of the price, damages, or other relief as the court may deem just.

(C) The buyer has a right of replevin for goods identified to the contract if after reasonable effort ~~he~~ the buyer is unable to effect cover for such goods or the circumstances reasonably indicate that such effort will be unavailing or if the goods have been shipped under reservation and satisfaction of the security interest in them has been made or tendered. In the case of goods bought for personal, family, or household purposes, the buyer's right of replevin vests upon acquisition of a special property, even if the seller had not then repudiated or failed to deliver.

Sec. 1303.02. (A) This chapter applies to negotiable instruments. It does not apply to money, to payment orders governed by sections 1304.51 to 1304.85 of the Revised Code, or to securities governed by Chapter 1308. of the Revised Code.

(B) If there is a conflict between this chapter and either sections 1304.01 to 1304.40 or ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code, the provisions of sections 1304.01 to 1304.40 or ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code govern.

(C) If any provision of this chapter is inconsistent with any regulation of the board of governors of the federal reserve system or any operating circular of the federal reserve banks, the regulation or the operating circular supersedes the provision of this chapter to the extent of the inconsistency.

Sec. 1304.20. (A) A collecting bank has a security interest in an item and any accompanying documents or the proceeds of the item or documents

in any of the following manners:

(1) In the case of an item deposited in an account, to the extent to which credit given for the item has been withdrawn or applied;

(2) In the case of an item for which it has given credit available for withdrawal as of right, to the extent of the credit given, whether or not the credit is drawn upon or there is a right of charge-back;

(3) If it makes an advance on or against the item.

(B) If credit given for several items received at one time or pursuant to a single agreement is withdrawn or applied in part, the security interest remains upon all the items, any accompanying documents, or the proceeds of either. For the purpose of this section, credits first given are first withdrawn.

(C) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code, except for all of the following:

(1) No security agreement is necessary to make the security interest enforceable under division (B)(3)(a) of section 1309.203 of the Revised Code.

(2) No filing is required to perfect the security interest.

(3) The security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

Sec. 1305.18. (A) An issuer or nominated person has a security interest in a document presented under a letter of credit to the extent that the issuer or nominated person honors or gives value for the presentation.

(B) So long as and to the extent that an issuer or nominated person has not been reimbursed or has not otherwise recovered the value given with respect to a security interest in a document under division (A) of this section, the security interest continues and is subject to Chapter 1309. of the Revised Code, but:

(1) A security agreement is not necessary to make the security interest enforceable under division (B)(3) of section 1309.203 of the Revised Code;

(2) If the document is presented in a medium other than a written or other tangible medium, the security interest is perfected; and

(3) If the document is presented in a written or other tangible medium and is not a certificated security, chattel paper, a document of title, an instrument, or a letter of credit, the security interest is perfected and has

priority over a conflicting security interest in the document so long as the debtor does not have possession of the document.

Sec. 1307.14. (A) A ~~warehouseman~~ warehouse has a lien against the bailor on the goods covered by a warehouse receipt or on the proceeds thereof in ~~his~~ the warehouse's possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or charges present or future in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for like charges or expenses in relation to other goods whenever deposited and it is stated in the receipt that a lien is claimed for charges and expenses in relation to other goods, the ~~warehouseman~~ warehouse also has a lien against ~~him~~ the person for such charges and expenses whether or not the other goods have been delivered by the ~~warehouseman~~ warehouse. But against a person to whom a negotiable warehouse receipt is duly negotiated a ~~warehouseman's~~ warehouse's lien is limited to charges in an amount or at a rate specified on the receipt or if no charges are so specified then to a reasonable charge for storage of the goods covered by the receipt subsequent to the date of the receipt.

(B) The ~~warehouseman~~ warehouse may also reserve a security interest against the bailor for a maximum amount specified on the receipt for charges other than those specified in division (A) of this section, such as for money advanced and interest. Such a security interest is governed by ~~sections 1309.01 to 1309.50, inclusive, Chapter 1309.~~ of the Revised Code.

(C) A ~~warehouseman's~~ warehouse's lien for charges and expenses under division (A) of this section, or a security interest under division (B) of this section is also effective against any person who so entrusted the bailor with possession of the goods that a pledge of them by ~~him~~ the bailor to a good faith purchaser for value would have been valid but is not effective against a person as to whom the document confers no right in the goods covered by it under section 1307.31 of the Revised Code.

(D) A ~~warehouseman~~ warehouse loses ~~his~~ the warehouse's lien on any goods which ~~he~~ the warehouse voluntarily delivers or which ~~he~~ the warehouse unjustifiably refuses to deliver.

Sec. 1307.31. (A) A document of title confers no right in goods against a person who before issuance of the document had a legal interest or a perfected security interest in them and who neither:

(1) delivered or entrusted them or any document of title covering them to the bailor or ~~his~~ the bailor's nominee with actual or apparent authority to ship, store, or sell or with power to obtain delivery under section 1307.27 of

the Revised Code or with power of disposition under sections 1302.44 and ~~1309.26~~ 1309.320 of the Revised Code, or other statute or rule of law; nor

(2) acquiesced in the procurement by the bailor or ~~his~~ the bailor's nominee of any document of title.

(B) Title to goods based upon an unaccepted delivery order is subject to the rights of anyone to whom a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. Such a title may be defeated under section 1307.32 of the Revised Code to the same extent as the rights of the issuer or a transferee from the issuer.

(C) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of anyone to whom a bill issued by the freight forwarder is duly negotiated; but delivery by the carrier in accordance with sections 1307.25 to 1307.28, ~~inclusive~~, of the Revised Code, pursuant to its own bill of lading discharges the carrier's obligation to deliver.

Sec. 1308.02. (A) A share or similar equity interest issued by a corporation, business trust, joint stock company, or similar entity is a security.

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

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

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

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

(F) A commodity contract, as defined in division (A)(15) of section

~~1309.112~~ 1309.102 of the Revised Code, is not a security or a financial asset.

Sec. 1308.05. (A) The local law of the issuer's jurisdiction, as specified in division (D) of this section, governs:

- (1) The validity of a security;
- (2) The rights and duties of the issuer with respect to registration of transfer;
- (3) The effectiveness of registration of transfer by the issuer;
- (4) Whether the issuer owes any duties to an adverse claimant to a security; and
- (5) Whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.

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

- (1) Acquisition of a security entitlement from the securities intermediary;
- (2) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;
- (3) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and
- (4) Whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a security entitlement or interest therein from an entitlement holder.

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

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

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

- (1) If an agreement between the securities intermediary and its entitlement holder ~~specifies that it is governed by the law of~~ governing the securities account expressly provides that a particular jurisdiction is the securities intermediary's jurisdiction for purposes of Chapter 1308, or 1309, of the Revised Code, that jurisdiction is the securities intermediary's

jurisdiction.

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

~~(3) If divisions (E)(1) and (2) of this section do not apply and an agreement between the securities intermediary and its entitlement holder does not specify the governing law as provided in division (E)(1) of this section, but the securities account expressly specifies provides that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.~~

~~(3)(4) If an agreement between the securities intermediary and its entitlement holder does not specify a jurisdiction as provided in division divisions (E)(1) or (2), and (3) of this section do not apply, the securities intermediary's jurisdiction is the jurisdiction in which is located the office identified in an account statement as the office serving the entitlement holder's account is located.~~

~~(4)(5) If an agreement between the securities intermediary and its entitlement holder does not specify a jurisdiction as provided in division divisions (E)(1) or (2) of this section and an account statement does not identify an office serving the entitlement holder's account as provided in division (E), (3), and (4) of this section do not apply, the securities intermediary's jurisdiction is the jurisdiction in which is located the chief executive office of the securities intermediary is located.~~

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

Sec. 1308.16. (A) Except as otherwise provided in divisions (B) and (C) of this section, ~~upon delivery a purchaser~~ of a certificated or uncertificated security ~~to a purchaser, the purchaser~~ acquires all rights in the security that the transferor had or had power to transfer.

(B) A purchaser of a limited interest acquires rights only to the extent of the interest purchased.

(C) A purchaser of a certificated security who as a previous holder had notice of an adverse claim does not improve its position by taking from a protected purchaser.

Sec. 1308.24. (A) A purchaser has "control" of a certificated security in bearer form if the certificated security is delivered to the purchaser.

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

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

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

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

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

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

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

(1) The purchaser becomes the entitlement holder; or

(2) The securities intermediary has agreed that it will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; or

(3) Another person has control of the security entitlement on behalf of the purchaser or, having previously acquired control of the security entitlement, acknowledges having control on behalf of the purchaser.

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

(F) A purchaser who has satisfied the requirements of division (C)~~(2)~~ or (D)~~(2)~~ of this section has control even if the registered owner in the case of division (C)~~(2)~~ of this section or the entitlement holder in the case of division (D)~~(2)~~ of this section retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

(G) An issuer or a securities intermediary may not enter into an agreement of the kind described in division (C)(2) or (D)(2) of this section without the consent of the registered owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

Sec. 1308.27. (A) Delivery of a certificated security to a purchaser occurs when:

(1) The purchaser acquires possession of the security certificate;
(2) Another person, other than a securities intermediary, either acquires possession of the security certificate on behalf of the purchaser or, having previously acquired possession of the certificate, acknowledges that it holds for the purchaser; or

(3) A securities intermediary acting on behalf of the purchaser acquires possession of the security certificate, only if the certificate is in registered form and ~~has been~~ is (a) registered in the name of the purchaser, (b) payable to the order of the purchaser, or (c) specially indorsed to the purchaser by an effective indorsement and has not been indorsed to the securities intermediary or in blank.

(B) Delivery of an uncertificated security to a purchaser occurs when:

(1) The issuer registers the purchaser as the registered owner, upon original issue or registration of transfer; or

(2) Another person, other than a securities intermediary, either becomes the registered owner of the uncertificated security on behalf of the purchaser or, having previously become the registered owner, acknowledges that it holds for the purchaser.

Sec. 1308.60. (A) ~~An~~ In a case not covered by the priority rules in Chapter 1309. of the Revised Code or the rules stated in division (C) of this section, an action based on an adverse claim to a financial asset or security entitlement, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a person who purchases a security entitlement, or an interest ~~therein~~ in a security entitlement, from an entitlement holder if the purchaser gives value, does not have notice of the adverse claim, and obtains control.

(B) If an adverse claim could not have been asserted against an entitlement holder under section 1308.52 of the Revised Code, the adverse claim cannot be asserted against a person who purchases a security entitlement, or an interest ~~therein~~ in a security entitlement, from the entitlement holder.

(C) In a case not covered by the priority rules in Chapter 1309. of the Revised Code, a purchaser for value of a security entitlement, or an interest ~~therein~~ in a security entitlement, who obtains control has priority over a purchaser of a security entitlement, or an interest ~~therein~~ in a security entitlement, who does not obtain control. ~~Purchasers~~ Except as otherwise provided in division (D) of this section, purchasers who have control rank ~~equally, except that a~~ according to priority in time of:

(1) The purchaser's becoming the person for whom the securities account, in which the security entitlement is carried, is maintained, if the

purchaser obtained control under division (D)(1) of section 1308.24 of the Revised Code;

(2) The securities intermediary's agreement to comply with the purchaser's entitlement orders with respect to security entitlements carried or to be carried in the securities account in which the security entitlement is carried, if the purchaser obtained control under division (D)(2) of section 1308.24 of the Revised Code; or

(3) If the purchaser obtained control through another person under division (D)(3) of section 1308.24 of the Revised Code, the time on which priority would be based under division (C) of this section if the other person were the secured party.

(D) A securities intermediary as purchaser has priority over a conflicting purchaser who has control unless otherwise agreed by the securities intermediary.

Sec. 1309.101. (A) This chapter may be cited as "Uniform Commercial Code, secured transactions."

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

Sec. 1309.102. (A) As used in this chapter, unless the context requires otherwise:

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

(2)(a) "Account," except as used in "account for," means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state.

(b) "Account" includes health-care insurance receivables.

(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.

(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 instrument constitutes part of chattel paper.

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

(a) Authenticated by a secured party;

(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

(c) Identifying the components of the obligations in reasonable detail.

(5) "Agricultural lien" means an interest, other than a security interest, in farm products:

(a) That secures payment or performance of an obligation for:

(i) Goods or services furnished in connection with a debtor's farming operation; or

(ii) Rent on real property leased by a debtor in connection with its farming operation.

(b) That is created by statute in favor of a person who:

(i) In the ordinary course of business, furnished goods or services to a debtor in connection with the debtor's farming operation; or

(ii) Leased real property to a debtor in connection with the debtor's farming operation; and

(c) Whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(a) Oil, gas, or other minerals that are subject to a security interest that:

(i) Is created by a debtor having an interest in the minerals before extraction; and

(ii) Attaches to the minerals as extracted; or

(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.

(7) "Authenticate" means:

(a) To sign; or

(b) To execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record.

(8) "Bank" means an organization that is engaged in the business of

banking. "Bank" includes savings banks, savings and loan associations, credit unions, and trust companies.

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

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

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

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

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

(c) "Chattel paper" does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

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

(a) Proceeds to which a security interest attaches;

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

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

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

(a) The claimant is an organization; or

(b) The claimant is an individual, and the claim:

(i) Arose in the course of the claimant's business or profession; and

(ii) Does not include damages arising out of personal injury to or the death of an individual.

(14) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

(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.

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

(a) The merchant:

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

(ii) Is not an auctioneer; and

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

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

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

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

(21) "Consignor" means a person that delivers goods to a consignee in a consignment.

(22) "Consumer debtor" means a debtor in a consumer transaction.

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

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

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

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

(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.

(26) "Consumer transaction" means a transaction in which: (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.

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

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

(b) Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(28) "Debtor" means:

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

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

(c) A consignee.

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

(30) "Document" means a document of title or a receipt of the type described in division (B) of section 1307.06 of the Revised Code.

(31) "Electronic chattel paper" means chattel paper evidenced by a record consisting of information stored in an electronic medium.

(32) "Encumbrance" means a right, other than an ownership interest, in real property. "Encumbrance" includes mortgages and other liens on real property.

(33) "Equipment" means goods other than inventory, farm products, or consumer goods.

(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and that are:

(a) Crops grown, growing, or to be grown, including:

(i) Crops produced on trees, vines, and bushes; and

(ii) Aquatic goods produced in aquacultural operations;

(b) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(c) Supplies used or produced in a farming operation; or

(d) Products of crops or livestock in their unmanufactured states.

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement under division (A) of section 1309.519 of the Revised Code.

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

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

(39) "Financing statement" means a record composed of an initial financing statement and any filed record or records relating to the initial financing statement.

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

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

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

(43) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

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

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

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

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

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

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

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

(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 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 involved by attachment, levy or the like;

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

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

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

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

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

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

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

(55) "Mortgage" means a consensual interest in real property, including fixtures, that secures payment or performance of an obligation.

(56) "New debtor" means a person that becomes bound as debtor under division (D) of section 1309.203 of the Revised Code by a security agreement previously entered into by another person.

(57)(a) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee.

(b) "New value" does not include an obligation substituted for another

obligation.

(58) "Noncash proceeds" means proceeds other than cash proceeds.

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

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

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

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

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

(a) The spouse of the individual;

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

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

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

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

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

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

(c) An officer or director of, or a person performing similar functions with respect to, a person described in division (A)(63)(a) of this section;

(d) The spouse of an individual described in division (A)(63)(a), (b), or (c) of this section; or

(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.

(64) "Proceeds," except as used in division (B) of section 1309.609 of the Revised Code, means the following property:

(a) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(b) Whatever is collected on, or distributed on account of, collateral;

(c) Rights arising out of collateral:

(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

(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.

(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.

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

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

(a) Debt securities are issued;

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

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

(68) "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.

(69) "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.

(70) "Registered organization" means an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized.

(71) "Secondary obligor" means an obligor to the extent that:

(a) The obligor's obligation is secondary; or

(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.

(72) "Secured party" means:

(a) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(b) A person that holds an agricultural lien;

(c) A consignor;

(d) A person to whom accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(e) A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(f) A person who holds a security interest arising under section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54 of the Revised Code.

(73) "Security agreement" means an agreement that creates or provides for a security interest.

(74) "Send," in connection with a record or notification, means:

(a) To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances;
or

(b) To cause the record or notification to be received within the time that it would have been received if properly sent under division (A)(74)(a) of this section.

(75) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. "Software" does not include a computer program that is included in the definition of goods.

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

(77) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

(78) "Tangible chattel paper" means chattel paper evidenced by a record consisting of information that is inscribed on a tangible medium.

(79) "Termination statement" means an amendment of a financing

statement that:

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

(b) Indicates either that it is a termination statement or that the identified financing statement is no longer effective.

(80) "Transmitting utility" means a person primarily engaged in the business of:

(a) Operating a railroad, subway, street railway, or trolley bus;

(b) Transmitting communications electrically, electromagnetically, or by light;

(c) Transmitting goods by pipeline or sewer; or

(d) Transmitting or producing and transmitting electricity, steam, gas, or water.

(B) Other definitions applying to this chapter are:

(1) "Applicant" has the same meaning as in section 1305.01 of the Revised Code.

(2) "Beneficiary" has the same meaning as in section 1305.01 of the Revised Code.

(3) "Broker" has the same meaning as in section 1308.01 of the Revised Code.

(4) "Certificated security" has the same meaning as in section 1308.01 of the Revised Code.

(5) "Check" has the same meaning as in section 1303.03 of the Revised Code.

(6) "Clearing corporation" has the same meaning as in section 1308.01 of the Revised Code.

(7) "Contract for sale" has the same meaning as in section 1302.01 of the Revised Code.

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

(9) "Entitlement holder" has the same meaning as in section 1308.01 of the Revised Code.

(10) "Financial asset" has the same meaning as in section 1308.01 of the Revised Code.

(11) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.

(12) "Issuer," with respect to a letter of credit or letter-of-credit right, has the same meaning as in section 1305.01 of the Revised Code.

(13) "Issuer," with respect to a security, has the same meaning as in section 1308.08 of the Revised Code.

(14) "Lease," "lease agreement," "lease contract," "leasehold interest," "lessee," "lessee in ordinary course of business," "lessor," and "lessor's residual interest" have the same meanings as in section 1310.01 of the Revised Code.

(15) "Letter of credit" has the same meaning as in section 1305.01 of the Revised Code.

(16) "Merchant" has the same meaning as in section 1302.01 of the Revised Code.

(17) "Negotiable instrument" has the same meaning as in section 1303.03 of the Revised Code.

(18) "Nominated person" has the same meaning as in section 1305.01 of the Revised Code.

(19) "Note" has the same meaning as in section 1303.03 of the Revised Code.

(20) "Proceeds of a letter of credit" has the same meaning as in section 1305.13 of the Revised Code.

(21) "Prove" has the same meaning as in section 1303.01 of the Revised Code.

(22) "Sale" has the same meaning as in division (A)(11) of section 1302.01 of the Revised Code.

(23) "Securities account" has the same meaning as in section 1308.51 of the Revised Code.

(24) "Securities intermediary," "security," "security certificate," "security entitlement," and "uncertificated security" have the same meanings as in section 1308.01 of the Revised Code.

(C) The terms and principles of construction and interpretations set forth in sections 1301.01 to 1301.14 of the Revised Code are applicable to this chapter.

Sec. 1309.103. (A) As used in this section:

(1) "Purchase-money collateral" means goods or software that secures a purchase-money obligation incurred with respect to that collateral; and

(2) "Purchase-money obligation" means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.

(B) A security interest in goods is a purchase-money security interest:

(1) To the extent that the goods are purchase-money collateral with respect to that security interest;

(2) If the security interest is in inventory that is or was purchase-money collateral, also to the extent that the security interest secures a

purchase-money obligation incurred with respect to other inventory in which the secured party holds or held a purchase-money security interest; and

(3) To the extent that the security interest secures a purchase-money obligation incurred with respect to software in which the secured party holds or held a purchase-money security interest.

(C) A security interest in software is a purchase-money security interest to the extent that the security interest also secures a purchase-money obligation incurred with respect to goods in which the secured party holds or held a purchase-money security interest if:

(1) The debtor acquired its interest in the software in an integrated transaction in which it acquired an interest in the goods; and

(2) The debtor acquired its interest in the software for the principal purpose of using the software in the goods.

(D) The security interest of a consignor in goods that are the subject of a consignment is a purchase-money security interest in inventory.

(E) In a transaction other than a consumer-goods transaction, if the extent to which a security interest is a purchase-money security interest depends on the application of a payment to a particular obligation, the payment must be applied:

(1) In accordance with any reasonable method of application to which the parties agree;

(2) In the absence of the parties' agreement to a reasonable method, in accordance with any intention of the obligor manifested at or before the time of payment; or

(3) In the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:

(a) To obligations that are not secured;

(b) If more than one obligation is secured, to obligations secured by purchase-money security interests in the order in which those obligations were incurred.

(F) In a transaction other than a consumer-goods transaction, a purchase-money security interest does not lose its status as a purchase-money security interest, even if:

(1) The purchase-money collateral also secures an obligation that is not a purchase-money obligation.

(2) Collateral that is not purchase-money collateral also secures the purchase-money obligation. or

(3) The purchase-money obligation has been renewed, refinanced, consolidated, or restructured.

(G) In a transaction other than a consumer-goods transaction, a secured

party claiming a purchase-money security interest has the burden of establishing the extent to which the security interest is a purchase-money security interest.

(H) The limitation in divisions (E), (F), and (G) of this section to transactions other than consumer-goods transactions is intended to leave to a court the determination of the proper rules in consumer-goods transactions. The court shall not infer from that limitation the nature of the proper rule in consumer-goods transactions and may continue to apply established approaches.

Sec. 1309.104. (A) A secured party has control of a deposit account if:

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

(2) The debtor, secured party, and bank have agreed in an authenticated 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

(3) The secured party becomes the bank's customer with respect to the deposit account.

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

Sec. 1309.105. A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that:

(A) A single authoritative copy of the record or records exists that is unique, identifiable, and, except as otherwise provided in divisions (D), (E), and (F) of this section, unalterable;

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

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

(D) Copies or revisions that add or change an identified assignee of the authoritative copy may be made only with the participation of the secured party;

(E) 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

(F) Any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Sec. 1309.106. (A) A person has control of a certificated security, uncertificated security, or security entitlement as provided in section

1308.24 of the Revised Code.

(B) A secured party has control over a commodity contract if:

(1) The secured party is the commodity intermediary with which the commodity contract is carried; or

(2) The commodity customer, secured party, and commodity intermediary have agreed that the commodity intermediary will apply any value distributed on account of the commodity contract as directed by the secured party without further consent by the commodity customer.

(C) A secured party having control of all security entitlements or commodity contracts carried in a securities account or commodity account has control over the securities account or commodity account.

Sec. 1309.107. A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or any nominated person if the issuer or nominated person has consented to an assignment of proceeds of the letter of credit under division (C) of section 1305.13 of the Revised Code or otherwise applicable law or practice.

Sec. ~~1309.08~~ 1309.108. For the purposes of sections ~~1309.01 to 1309.50~~, inclusive, of the Revised Code (A) Except as provided in divisions (C), (D), and (E) of this section, any description of personal or real property or real estate is sufficient whether or not it is specific if it reasonably identifies what is described.

(B) Except as otherwise provided in division (D) of this section, a description of collateral reasonably identifies the collateral if it identifies the collateral by:

(1) Specific listing;

(2) Category;

(3) Except as otherwise provided in division (E) of this section, a type of collateral defined in Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code;

(4) Quantity;

(5) Computational or allocational formula or procedure; or

(6) Except as otherwise provided in division (C) of this section, any other method, if the identity of the collateral is objectively determinable.

(C) A description of collateral as "all the debtor's assets" or "all the debtor's personal property" or using words of similar import does not reasonably identify the collateral.

(D) Except as otherwise provided in division (E) of this section, a description of a security entitlement, securities account, or commodity account is sufficient if it describes:

(1) The collateral by those terms or as investment property; or

(2) The underlying financial asset or commodity contract.

(E) A description only by type of collateral defined in Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code is an insufficient description of:

(1) A commercial tort claim; or

(2) In a consumer transaction, consumer goods, a security entitlement, a securities account, or a commodity account.

Sec. 1309.109. (A) Except as otherwise provided in divisions (C) and (D) of this section, this chapter applies to:

(1) A transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract;

(2) An agricultural lien;

(3) A sale of accounts, chattel paper, payment intangibles, or promissory notes;

(4) A consignment;

(5) A security interest arising under section 1302.42, 1302.49, division (C) of section 1302.85, or division (E) of section 1310.54 of the Revised Code, as provided in section 1309.110 of the Revised Code; and

(6) A security interest arising under section 1304.20 or 1305.18 of the Revised Code.

(B) The application of this chapter to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this chapter does not apply.

(C) This chapter does not apply to the extent that:

(1) A statute, regulation, or treaty of the United States preempts this chapter; or

(2) The rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under section 1305.13 of the Revised Code.

(D) This chapter does not apply to:

(1) A landlord's lien, other than an agricultural lien;

(2)(a) A lien, not enumerated in division (D)(2) of this section and other than an agricultural lien, given by statute or other rule of law for services or materials, including any lien created under any provision of Chapter 926., sections 1311.55 to 1311.57, sections 1311.71 to 1311.80, section 1701.66, or Chapter 4585. of the Revised Code;

(b) Notwithstanding division (D)(2)(a) of this section, section 1309.333 of the Revised Code applies with respect to priority of the lien.

(3) An assignment of a claim for wages, salary, or other compensation of an employee;

(4) A sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

(5) An assignment of accounts, chattel paper, payment intangibles, or promissory notes that is for the purpose of collection only;

(6) An assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

(7) An assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

(8) A transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health-care provider of a health-care-insurance receivable and any subsequent assignment of the right to payment, but sections 1309.315 and 1309.322 of the Revised Code apply with respect to proceeds and priorities in proceeds;

(9) An assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

(10) A right of recoupment or set-off, but:

(a) Section 1309.340 of the Revised Code applies with respect to the effectiveness of rights of recoupment or set-off against deposit accounts; and

(b) Section 1309.404 of the Revised Code applies with respect to defenses or claims of an account debtor.

(11) The creation or transfer of an interest in or lien on real property, including a lease or rents under a lease, except to the extent that provision is made for:

(a) Liens on real property in sections 1309.203 and 1309.308 of the Revised Code;

(b) Fixtures in section 1309.334 of the Revised Code;

(c) Fixture filings in sections 1309.501, 1309.502, 1309.512, 1309.516, and 1309.519 of the Revised Code; and

(d) Security agreements covering personal and real property in section 1309.604 of the Revised Code.

(12) An assignment of a claim arising in tort, other than a commercial tort claim, but sections 1309.315 and 1309.322 of the Revised Code apply with respect to proceeds and priorities in proceeds;

(13) An assignment of a deposit account in a consumer transaction, but sections 1309.315 and 1309.322 of the Revised Code apply with respect to proceeds and priorities in proceeds; or

(14) A transfer by a government, state, or governmental unit.

Sec. 1309.111 1309.110. A security interest arising solely under sections

~~1302.01 to 1302.98 of the Revised Code sections 1302.42 and 1302.49, division (C) of section 1302.85, or sections 1310.01 to 1310.78 division (E) of section 1310.54 of the Revised Code is subject to sections 1309.01 to 1309.50 of the Revised Code except that, to the extent that and so long as this chapter. However, until the debtor does not have or does not lawfully obtain obtains possession of the goods, all of the following apply:~~

~~(A) No security agreement is necessary to make the~~ The security interest is enforceable: even if division (B)(3) of section 1309.203 of the Revised Code has not been satisfied;

~~(B) No filing~~ Filing is not required to perfect the security interest;

~~(C) The rights of the secured party on after default by the debtor are governed by sections 1302.01 to 1309.98 of the Revised Code in the case of a security interest arising solely under those sections or by sections 1310.01 to 1310.78 Chapter 1302. or 1310. of the Revised Code in the case of a security interest arising solely under those sections; and~~

~~(D) The security interest has priority over a conflicting security interest created by the debtor.~~

Sec. 1309.201. (A) Except as otherwise provided in Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

(B) A transaction, although subject to this chapter, is also subject to any applicable law that establishes a different rule for consumers and to Chapter 1317., sections 1321.01 to 1321.33 and divisions (A), (B), and (C) of section 1321.99 of the Revised Code.

(C) In the event of conflict between the provisions of this chapter and the provisions of sections 1317.01 to 1317.99, 1321.01 to 1321.33, and divisions (A), (B), and (C) of section 1321.99 of the Revised Code, the provisions of sections 1317.01 to 1317.99, 1321.01 to 1321.33, and divisions (A), (B), and (C) of section 1321.99 of the Revised Code shall prevail. Failure to comply with those provisions has only the effect provided in those provisions.

(D) This article does not:

(1) Validate any rate, charge, agreement, or practice that violates a rule of law, statute, or regulation described in division (B) of this section; or

(2) Extend the application of the rule of law, statute, or regulation to a transaction not otherwise subject to it.

~~Sec. 1309.13~~ 1309.202. Each provision Except as otherwise provided with respect to consignments or sales of accounts, chattel paper, payment intangibles, or promissory notes, the provisions of sections 1309.01 to

~~1309.50, inclusive, of the Revised Code~~ this chapter with regard to rights, ~~and obligations, and remedies apply~~ apply whether title to collateral is in the secured party or in the debtor.

Sec. 1309.203. (A) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

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

(1) Value has been given;

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

(3) One of the following conditions is met:

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

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

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

(d) The collateral is deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights, and the secured party has control under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code pursuant to the debtor's security agreement.

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

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

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

(2) The person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement.

and acquires or succeeds to all or substantially all of the assets of the other person.

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

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

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

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

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

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

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

~~Sec. 1309.15~~ 1309.204. (A) Except as provided in division (B) of this section, a security agreement may create or provide ~~that any or all obligations covered by the for a security agreement are to be secured by interest in~~ after-acquired collateral.

(B) ~~No~~ A security interest ~~attaches~~ does not attach under a term constituting an after-acquired property clause to ~~consumer~~.

(1) Consumer goods other than accessions, ~~under section 1309.33 of the Revised Code~~, when given as additional security unless the debtor acquires rights in them within ten days after the secured party gives value; or

(2) A commercial tort claim.

~~(C) Obligations covered by a~~ A security agreement may ~~include~~ provide that collateral secures, or that accounts, chattel paper, payment intangibles, or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant to commitment, ~~under division (A) (11) of section 1309.01 of the Revised Code.~~

~~Sec. 1309.16~~ 1309.205. (A) A security interest is not invalid or

dulent against creditors ~~by reason of liberty in the~~ solely because:

(1) The debtor has the right or ability to use:

(a) Use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods, or to collect or;

(b) Collect, compromise accounts or chattel paper, or to accept, enforce, or otherwise deal with collateral;

(c) Accept the return of ~~goods collateral~~ or make repossessions, or to use; or

(d) Use, commingle, or dispose of proceeds, or by reason of the failure of the; or

(2) The secured party fails to require the debtor to account for proceeds or replace collateral. This

(B) This section does not relax the requirements of possession where if attachment, perfection, or enforcement of a security interest depends upon possession of the collateral by the secured party or by a bailee.

Sec. 1309.206. (A) A security interest in favor of a securities intermediary attaches to a person's security entitlement if:

(1) The person buys a financial asset through a securities intermediary in a transaction in which the person is obligated to pay the purchase price to the securities intermediary at the time of the purchase; and

(2) The securities intermediary credits the financial asset to the buyer's securities account before the buyer pays the securities intermediary.

(B) The security interest described in division (A) of this section secures the person's obligation to pay for the financial asset.

(C) A security interest in favor of a person that delivers a certificated security or other financial asset represented by a writing attaches to the security or other financial asset if:

(1) The security or other financial asset:

(a) In the ordinary course of business is transferred by delivery with any necessary indorsement or assignment; and

(b) Is delivered under an agreement between persons in the business of dealing with such securities or financial assets; and

(2) The agreement calls for delivery against payment.

(D) The security interest described in division (C) of this section secures the obligation to make payment for the delivery.

~~Sec. 1309.18~~ 1309.207. (A) A Except as otherwise provided in division (D) of this section, a secured party must shall use reasonable care in the custody and preservation of collateral in his the secured party's possession. In the case of an instrument or chattel paper, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise

greed.

~~(B) Unless~~ Except as otherwise agreed provided in division (D) of this section, when collateral is in the ~~if a secured party's party has possession of collateral:~~

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

~~(2) the~~ The risk of accidental loss or damage is on the debtor to the extent of ~~any~~ a deficiency in any effective insurance coverage;

~~(3) the secured party may hold as additional security any increase or profits, except money, received from the collateral, but money so received, unless remitted to the debtor, shall be applied in reduction of the secured obligation;~~

~~(4) the~~ The secured party ~~must~~ shall keep the collateral identifiable but fungible collateral may be commingled;

~~(5) the secured party may repledge the collateral upon terms which do not impair the debtor's right to redeem it.~~

~~(C) A secured party is liable for any loss caused by his failure to meet any obligation imposed by divisions (B) (1) to (B) (5), inclusive, of this section, but does not lose his security interest.~~

~~(D) A and~~

~~(4) The~~ The secured party may use or operate the collateral ~~for;~~

~~(a) For the purpose of preserving the collateral or its value or pursuant to the;~~

~~(b) As permitted by an order of a court of appropriate having competent jurisdiction; or, except~~

~~(c) Except in the case of consumer goods, in the manner and to the extent provided in the security agreement agreed by the debtor.~~

(C) Except as otherwise provided in division (D) of this section, a secured party having possession of collateral or control of collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code:

(1) May hold as additional security any proceeds, except money or funds, received from the collateral;

(2) Shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) May create a security interest in the collateral.

(D) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor:

(1) Division (A) of this section does not apply unless the secured party

is entitled under an agreement:

(a) To charge back uncollected collateral; or

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

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

Sec. 1309.208. (A) This section applies to cases in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.

(B) Within ten days after receiving an authenticated demand by the debtor:

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

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

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

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

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

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

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

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

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

maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; and

(5) A secured party having control of a letter-of-credit right under section 1309.107 of the Revised Code shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party.

Sec. 1309.209. (A) Except as otherwise provided in division (C) of this section, this section applies if:

(1) There is no outstanding secured obligation; and

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

(B) Within ten days after receiving an authenticated demand by the debtor, a secured party shall send to an account debtor that has received notification of an assignment to the secured party as assignee under division (A) of section 1309.406 of the Revised Code an authenticated record that releases the account debtor from any further obligation to the secured party.

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

Sec. 1309.210. (A) As used in this section:

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

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

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

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

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

days after receipt:

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

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

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

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

(1) Disclaiming any interest in the collateral; and

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

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

(1) Disclaiming any interest in the obligations; and

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

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

Sec. 1309.301. Except as otherwise provided in sections 1309.303 to 1309.306 of the Revised Code, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

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

(B) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and

the priority of a possessory security interest in that collateral.

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

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

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

(3) The effect of perfection or nonperfection and the priority of a nonpossessory security interest in the collateral.

(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.

Sec. 1309.302. While farm products are located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of an agricultural lien on the farm products.

Sec. 1309.303. (A) This section applies to goods covered by a certificate of title, even if there is no other relationship between the jurisdiction under whose certificate of title the goods are covered and the goods or the debtor.

(B) Goods become covered by a certificate of title when a valid application for the certificate of title and the applicable fee are delivered to the appropriate authority. Goods cease to be covered by a certificate of title at the earlier of the time the certificate of title ceases to be effective under the law of the issuing jurisdiction or the time the goods become covered subsequently by a certificate of title issued by another jurisdiction.

(C) The local law of the jurisdiction under whose certificate of title the goods are covered governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in goods covered by a certificate of title from the time the goods become covered by the certificate of title until the goods cease to be covered by the certificate of title.

Sec. 1309.304. (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.

(B) The following rules determine a bank's jurisdiction for purposes of this section:

(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.

(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.

(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.

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

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

Sec. 1309.305. (A) Except as otherwise provided in division (C) of this section, the following rules apply:

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

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

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

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

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

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

(2) If division (B)(1) of this section does not apply and an agreement

between the commodity intermediary and commodity customer governing the commodity account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

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

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

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

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

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

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

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

Sec. 1309.306. (A) Subject to division (C) of this section, the local law of the issuer's jurisdiction or a nominated person's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a letter-of-credit right if the issuer's jurisdiction or nominated person's jurisdiction is a state.

(B) For purposes of sections 1309.301 to 1309.342 of the Revised Code, an issuer's jurisdiction or nominated person's jurisdiction is the jurisdiction whose law governs the liability of the issuer or nominated person with respect to the letter-of-credit right as provided in section 1305.15 of the Revised Code.

(C) This section does not apply to a security interest that is perfected only under division (D) of section 1309.308 of the Revised Code.

Sec. 1309.307. (A) As used in this section, "place of business" means a place where a debtor conducts the debtor's affairs.

(B) Except as otherwise provided in this section, the following rules determine a debtor's location:

(1) A debtor who is an individual is located at the individual's principal

residence.

(2) A debtor that is an organization and has only one place of business is located at its place of business.

(3) A debtor that is an organization and has more than one place of business is located at its chief executive office.

(C) Division (B) of this section applies only if a debtor's residence, place of business, or chief executive office, as applicable, is located in a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, recording, or registration system as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. If division (B) of this section does not apply, the debtor is located in the District of Columbia.

(D) A person that ceases to exist, have a residence, or have a place of business continues to be located in the jurisdiction specified by divisions (B) and (C) of this section.

(E) A registered organization that is organized under the law of a state is located in that state.

(F) Except as otherwise provided in division (I) of this section, a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a state are located:

(1) In the state that the law of the United States designates, if the law designates a state of location;

(2) In the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location; or

(3) In the District of Columbia, if neither division (F)(1) nor (2) of this section applies.

(G) A registered organization continues to be located in the jurisdiction specified by division (E) or (F) of this section notwithstanding:

(1) The suspension, revocation, forfeiture, or lapse of the registered organization's status in its jurisdiction of organization; or

(2) The dissolution, winding up, or cancellation of the existence of the registered organization.

(H) The United States is located in the District of Columbia.

(I) A branch or agency of a bank that is not organized under the law of the United States or a state is located in the state in which the branch or agency is licensed, if all branches and agencies of the bank are licensed in only one state.

(J) A foreign air carrier under the "Federal Aviation Act of 1958," 49 U.S.C. 40102, as amended, is located at the designated office of the agent upon which service of process may be made on behalf of the carrier.

(K) This section applies only for the purposes of sections 1309.301 to 1309.342 of the Revised Code.

Sec. 1309.308. (A) Except as otherwise provided in this section and section 1309.309 of the Revised Code, a security interest is perfected if it has attached and all of the applicable requirements for perfection in sections 1309.310 to 1309.316 of the Revised Code have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches.

(B) An agricultural lien is perfected if it has become effective and all of the applicable requirements for perfection in section 1309.310 of the Revised Code have been satisfied. An agricultural lien is perfected when it becomes effective if the applicable requirements are satisfied before the agricultural lien becomes effective.

(C) A security interest or agricultural lien is perfected continuously if it is originally perfected by one method under this chapter and is later perfected by another method under this chapter, without an intermediate period when it was unperfected.

(D) Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral.

(E) Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right.

(F) Perfection of a security interest in a securities account also perfects a security interest in the security entitlements carried in the securities account.

(G) Perfection of a security interest in a commodity account also perfects a security interest in the commodity contracts carried in the commodity account.

Sec. 1309.309. The following security interests are perfected when they attach:

(A) A purchase money security interest in consumer goods, except as otherwise provided in division (B) of section 1309.311 of the Revised Code with respect to consumer goods that are subject to a statute or treaty described in division (A) of section 1309.311 of the Revised Code;

(B) An assignment of accounts or payment intangibles that does not by itself or in conjunction with other assignments to the same assignee transfer a significant part of the assignor's outstanding accounts or payment intangibles;

(C) A sale of a payment intangible;

(D) A sale of a promissory note;

(E) A security interest created by the assignment of a health-care-insurance receivable to the provider of the health-care goods or services;

(F) A security interest arising under section 1302.42, 1302.49, division (C) of section 1302.85, or division (E) of section 1310.54 of the Revised Code, until the debtor obtains possession of the collateral;

(G) A security interest of a collecting bank arising under section 1304.20 of the Revised Code;

(H) A security interest of an issuer or nominated person arising under section 1305.18 of the Revised Code;

(I) A security interest arising in the delivery of a financial asset under division (C) of section 1309.206 of the Revised Code;

(J) A security interest in investment property created by a broker or securities intermediary;

(K) A security interest in a commodity contract or a commodity account created by a commodity intermediary;

(L) An assignment for the benefit of all creditors of the transferor and subsequent transfers by the assignee thereunder; and

(M) A security interest created by an assignment of a beneficial interest in a decedent's estate.

Sec. 1309.310. (A) Except as otherwise provided in division (B) of this section and division (B) of section 1309.312 of the Revised Code, a financing statement must be filed to perfect all security interests and agricultural liens.

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

(1) That is perfected under division (D), (E), (F), or (G) of section 1309.308 of the Revised Code;

(2) That is perfected under section 1309.309 of the Revised Code when it attaches;

(3) In property subject to a statute, regulation, or treaty described in division (A) of section 1309.311 of the Revised Code;

(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;

(5) In certificated securities, documents, goods, or instruments which is perfected without filing or possession under division (E), (F), or (G) of section 1309.312 of the Revised Code;

(6) In collateral in the secured party's possession under section 1309.313

of the Revised Code:

(7) In a certificated security perfected by delivery of the security certificate to the secured party under section 1309.313 of the Revised Code;

(8) In deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights perfected by control under section 1309.314 of the Revised Code;

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

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

(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.

Sec. 1309.311. (A) Except as otherwise provided in division (D) of this section, the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) A statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt division (A) of section 1309.310 of the Revised Code;

(2) Chapters 1547., 1548., 4505., 4519., and 5309. of the Revised Code;

(3) A certificate of title statute of another jurisdiction that provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

(B) Compliance with the requirements of a statute, regulation, or treaty described in division (A) of this section for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this chapter. Except as otherwise provided in division (D) of this section, section 1309.313, and divisions (D) and (E) of section 1309.316 of the Revised Code for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in division (A) of this section may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

(C) Except as otherwise provided in division (D) of this section and divisions (D) and (E) of section 1309.316 of the Revised Code, duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in

division (A) of this section are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this chapter.

(D) During any period in which collateral subject to a statute specified in division (A)(2) of this section is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

~~Sec. 1309.23~~ 1309.312. (A) A security interest in chattel paper or negotiable documents, instruments, or investment property may be perfected by filing. A

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

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

(2) And except as otherwise provided in division (D) of section 1309.308 of the Revised Code, a security interest in the right to proceeds of a letter-of-credit can right may be perfected only by the secured party's taking possession of the letter of credit. A control under section 1309.314 of the Revised Code; and

(3) A security interest in money or instruments, other than instruments which constitute part of chattel paper, can may be perfected only by the secured party's taking possession, except as provided in divisions (D) and (E) of this section and divisions (B) and (C) of under section 1309.25 1309.313 of the Revised Code on proceeds.

~~(B) During the period that~~ (C) While goods are in the possession of the issuer of a bailee that has issued a negotiable document therefor, a covering the goods:

(1) A security interest in the goods is may be perfected by perfecting a security interest in the document, and any; and

(2) A security interest in the goods otherwise perfected during such period is subject thereto in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

~~(C) A security interest in~~ (D) While goods are in the possession of a bailee other than one who has issued a negotiable that has issued a non-negotiable document therefor is covering the goods, a security interest in the goods may be perfected by issuance;

(1) Issuance of a document in the name of the secured party or by the;

(2) The bailee's receipt of notification of the secured party's interest or by filing; or

(3) Filing as to the goods.

~~(D)~~(E) A security interest in ~~instruments~~, certificated securities, or negotiable documents, or instruments is perfected without filing or the taking of possession for a period of ~~twenty-one~~ twenty days from the time it attaches to the extent that it arises for new value given under ~~a written~~ an authenticated security agreement.

~~(E)~~(F) A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for a period of ~~twenty-one~~ twenty days without filing ~~where a~~ if the secured party ~~having a perfected security interest in an instrument, a certificated security, a negotiable document, or goods in possession of a bailee other than one who has issued a negotiable document therefor:~~

~~(1) Makes~~ makes available to the debtor the goods or documents representing the goods for the purpose of ~~ultimate:~~

(1) Ultimate sale or exchange ~~or for the purpose of loading; or~~

(2) Loading, unloading, storing, shipping, trans-shipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange, ~~but priority between conflicting security interests in the goods is subject to division (C) of section 1309.31 of the Revised Code; or~~

~~(2) Delivers.~~

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

(1) Ultimate sale or exchange ~~or of presentation; or~~

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

~~(F)~~(H) After the ~~twenty-one~~ twenty-day period ~~set forth~~ specified in divisions ~~(D) and~~ (E), (F), or (G) of this section ~~expires,~~ perfection depends upon compliance with ~~applicable provisions of sections 1309.01 to 1309.50 of the Revised Code~~ this chapter.

Sec. 1309.313. (A) Except as otherwise provided in division (B) of this section, a secured party may perfect a security interest in negotiable documents, goods, instruments, money, or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 1308.27 of the Revised Code.

(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 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 a record acknowledging that the person will hold possession of 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 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.

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

(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

(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.

(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:

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

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

(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.

Sec. 1309.314. (A) A security interest in investment property, deposit accounts, letter-of-credit rights, or electronic chattel paper may be perfected by control of the collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code.

(B) A security interest in deposit accounts, electronic chattel paper, or letter-of-credit rights is perfected by control under section 1309.104, 1309.105, or 1309.107 of the Revised Code when the secured party obtains control and remains perfected by control only while the secured party retains control.

(C) A security interest in investment property is perfected by control under Section 1309.106 of the Revised Code from the time the secured party obtains control and remains perfected by control until:

(1) The secured party does not have control; and

(2) One of the following occurs:

(a) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(b) If the collateral is an uncertificated security, the 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. 1309.25~~ 1309.315. (A) ~~"Proceeds" includes whatever is received upon the sale, exchange, collection, or other disposition of collateral or proceeds. Insurance payable by reason of loss or damage to the collateral is proceeds, except to the extent that it is payable to a person other than a party to the security agreement. Any payments or distributions made with respect to investment property collateral are proceeds. Money, checks, deposit accounts, and the like are "cash proceeds." All other proceeds are "non-cash proceeds."~~

~~(B) Except where sections 1309.01 to 1309.50 of the Revised Code as otherwise provide,~~ a provided in this chapter and in division (B) of section 1302.44 of the Revised Code:

(1) A security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the disposition was authorized by the secured party in the security agreement or otherwise, and also continues in authorized the disposition free

of the security interest or agricultural lien; and

(2) A security interest attaches to any identifiable proceeds including collections received by the debtor of collateral.

(B) Proceeds that are commingled with other property are identifiable proceeds:

(1) If the proceeds are goods, to the extent provided by section 1309.336 of the Revised Code; and

(2) If the proceeds are not goods, to the extent that the secured party identifies the proceeds by a method of tracing, including application of equitable principles, that is permitted under law other than this chapter with respect to commingled property of the type involved.

(C) ~~The~~ A security interest in proceeds is a ~~continuously~~ perfected security interest if the security interest in the original collateral was perfected ~~but it ceases to be a~~.

(D) ~~A~~ A perfected security interest ~~and in proceeds~~ becomes unperfected ~~ten days after receipt of the proceeds by the debtor on the twenty-first day after the security interest attaches to the proceeds~~ unless:

(1) ~~The following conditions are satisfied:~~

(a) ~~A filed financing statement covers the original collateral and the;~~

(b) ~~The~~ The proceeds are collateral in which a security interest may be perfected by filing in the office ~~or offices where~~ in which the financing statement has been filed ~~and, if the;~~ and

(c) ~~The~~ The proceeds are not acquired with cash proceeds, ~~the description of the collateral in the financing statement indicates the types of property constituting the proceeds; or,~~

(2) ~~A filed financing statement covers the original collateral and the~~ The proceeds are identifiable cash proceeds; or

(3) ~~The original collateral was investment property and the proceeds are identifiable cash proceeds; or~~

(4) ~~The security interest in the proceeds is perfected before the expiration of the ten day period. Except as provided in this section, a security interest in proceeds can be perfected only by the methods or under the circumstances permitted in sections 1309.01 to 1309.50 of the Revised Code for original collateral of the same type.~~

(D) ~~In the event of insolvency proceedings instituted by or against a debtor, a secured party with a perfected security interest in proceeds has a perfected security interest only in the following proceeds:~~

(1) ~~In identifiable non-cash proceeds and in separate deposit accounts containing only proceeds;~~

(2) ~~In identifiable cash proceeds in the form of money which is neither~~

~~commingled with other money nor deposited in a deposit account prior to the insolvency proceedings;~~

~~(3) In identifiable cash proceeds in the form of checks and the like which are not deposited in a deposit account prior to the insolvency proceedings; and~~

~~(4) In all cash and deposit accounts of the debtor in which proceeds have been commingled with other funds, but the perfected security interest under this division is:~~

~~(a) Subject to any right of set-off; and~~

~~(b) Limited to an amount not greater than the amount of any cash proceeds received by the debtor within ten days before the institution of the insolvency proceedings, less the sum of (i) the payments to the secured party on account of cash proceeds received by the debtor; and (ii) the cash proceeds received by the debtor during such period to which the secured party is entitled under divisions (D)(1) to (3) of this section.~~

~~(E) If a sale of goods results in an account or chattel paper which is transferred by the seller to a secured party, and if the goods are returned to or are repossessed by the seller or the secured party, the following rules determine priorities:~~

~~(1) If the goods were collateral at the time of sale for an indebtedness of the seller which is still unpaid, the original security interest attaches again to the goods and continues as a perfected security interest if it was perfected at the time when the goods were sold. If the security interest was originally perfected by a filing which is still effective, nothing further is required to continue the perfected status; in any other case, the secured party must take possession of the returned or repossessed goods or must file.~~

~~(2) An unpaid transferee of the chattel paper has a security interest in the goods against the transferor. Such security interest is prior to a security interest asserted under division (E)(1) of this section to the extent that the transferee of the chattel paper was entitled to priority under section 1309.27 of the Revised Code.~~

~~(3) An unpaid transferee of the account has a security interest in the goods against the transferor. Such security interest is subordinate to a security interest asserted under division (E)(1) of this section.~~

~~(4) A security interest of an unpaid transferee asserted under division (E)(2) or (3) of this section must be perfected for protection against creditors of the transferor and purchasers of the returned or repossessed goods other than under division (C) of this section when the security interest attaches or within twenty days thereafter.~~

~~(E) If a filed financing statement covers the original collateral, a~~

security interest in proceeds that remains perfected under division (D)(1) of this section becomes unperfected at the later of:

(1) When the effectiveness of the filed financing statement lapses under section 1309.515 of the Revised Code or is terminated under section 1309.513 of the Revised Code; or

(2) The twenty-first day after the security interest attaches to the proceeds.

Sec. 1309.316. (A) A security interest perfected pursuant to the law of the jurisdiction designated in division (A) of section 1309.301 or division (C) of section 1309.305 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 if:

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

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

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

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

ver to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under division (B) of section 1309.311 or section 1309.313 of the Revised Code are not satisfied before the earlier of:

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

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

(F) A security interest in deposit accounts, letter-of-credit rights, or investment property that is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

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

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

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

~~Sec. 1309.20 1309.317.~~ (A) ~~Except as otherwise provided in division (B) of this section, an unperfected~~ A security interest or agricultural lien is subordinate to the rights of:

(1) Persons A person entitled to priority under section ~~1309.31~~ 1309.322 of the Revised Code; and

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

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

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

~~(3) In the case of goods, instruments, documents, and chattel paper, a person who is not a secured party and who is a transferee in bulk or other buyer not in ordinary course of business, or is a buyer of farm products in ordinary course of business, to the extent that the person gives value and~~

~~receives delivery of the collateral without knowledge of the security interest and before it is perfected;~~

~~(4) In the case of accounts, general intangibles, and investment property, a person who is not a secured party and who is a transferee to the extent that the person gives value without knowledge of the security interest and before it is perfected.~~

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

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

~~(D) A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.~~

~~(E) Except as otherwise provided in sections 1309.320 and 1309.321 of the Revised Code, if a person files a financing statement with respect to a purchase money security interest before or within twenty days after the debtor receives possession~~ delivery of the collateral, the secured party security interest takes priority over the rights of a transferee in bulk or of a buyer, lessee, or lien creditor which that arise between the time the security interest attaches and the time of filing.

~~(C) A "lien creditor" means a creditor who has acquired a lien on the property involved by attachment, levy or the like and includes an assignee for benefit of creditors from the time of assignment, and a trustee in bankruptcy from the date of the filing of the petition or a receiver in equity from the time of appointment.~~

~~(D) A person who becomes a lien creditor while a security interest is perfected takes subject to the security interest only to the extent that it secures advances made before the person becomes a lien creditor or within forty five days thereafter or made without knowledge of the lien or pursuant to a commitment entered into without knowledge of the lien.~~

Sec. 1309.318. (A) A debtor that has sold an account, chattel paper, payment intangible, or promissory note does not retain a legal or equitable

interest in the collateral sold.

(B) For purposes of determining the rights of creditors of, and purchasers for value of an account or chattel paper from, a debtor that has sold an account or chattel paper while the buyer's security interest is unperfected, the debtor is deemed to have rights and title to the account or chattel paper identical to those the debtor sold.

Sec. 1309.319. (A) Except as otherwise provided in division (B) of this section, for purposes of determining the rights of creditors of, and purchasers for value of goods from, a consignee, while the goods are in the possession of the consignee, the consignee is deemed to have rights and title to the goods identical to those the consignor had or had power to transfer.

(B) For purposes of determining the rights of a creditor of a consignee, law other than this chapter determines the rights and title of a consignee while goods are in the consignee's possession if, under sections 1309.301 to 1309.342 of the Revised Code, a perfected security interest held by the consignor would have priority over the rights of the creditor.

Sec. 1309.320. (A) Except as otherwise provided in division (E) of this section, a buyer in the ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller even if the security interest is perfected and the buyer knows of its existence.

(B) Except as otherwise provided in division (E) of this section, a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys:

(1) Without knowledge of the security interest;

(2) For value;

(3) Primarily for the buyer's personal, family, or household purposes;

and

(4) Before the filing of a financing statement covering the goods.

(C) To the extent that it affects the priority of a security interest over a buyer of goods under division (B) of this section, the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by divisions (A) and (B) of section 1309.316 of the Revised Code.

(D) A buyer in the ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.

(E) Divisions (A) and (B) of this section do not affect a security interest in goods in the possession of the secured party under section 1309.313 of the Revised Code.

Sec. 1309.321. (A) As used in this section, "licensee in the ordinary course of business" means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course of business from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course of business if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

(B) A licensee in the ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

(C) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

Sec. 1309.322. (A) Except as otherwise provided in this section, priority between conflicting security interests and agricultural liens in the same collateral shall be determined according to the following rules:

(1) Conflicting perfected security interests and agricultural liens rank according to priority in time of filing or perfection. Priority dates from the earlier of the time a filing covering the collateral is first made or the security interest or agricultural lien is first perfected, if there is no period thereafter when there is neither filing nor perfection.

(2) A perfected security interest or agricultural lien has priority over a conflicting unperfected security interest or agricultural lien.

(3) The first security interest or agricultural lien to attach or become effective has priority if conflicting security interests and agricultural liens are unperfected.

(B) For the purpose of division (A)(1) of this section:

(1) The time of filing or perfection as to a security interest in collateral is also the time of filing or perfection as to a security interest in proceeds; and

(2) The time of filing or perfection as to a security interest in collateral supported by a supporting obligation is also the time of filing or perfection as to a security interest in the supporting obligation.

(C) Except as otherwise provided in division (F) of this section, a security interest in collateral which qualifies for priority over a conflicting security interest under section 1309.327, 1309.328, 1309.329, 1309.330, or 1309.331 of the Revised Code also has priority over a conflicting security

interest in:

(1) Any supporting obligation for the collateral; and

(2) Proceeds of the collateral if:

(a) The security interest in proceeds is perfected.

(b) The proceeds are cash proceeds or of the same type as the collateral;

and

(c) In the case of proceeds that are proceeds of proceeds, all intervening proceeds are cash proceeds, proceeds of the same type as the collateral, or an account relating to the collateral.

(D) Subject to division (E) of this section and except as otherwise provided in division (F) of this section, if a security interest in chattel paper, deposit accounts, negotiable documents, instruments, investment property, or letter-of-credit rights is perfected by a method other than filing, conflicting perfected security interests in proceeds of the collateral rank according to priority in time of filing.

(E) Division (D) of this section applies only if the proceeds of the collateral are not cash proceeds, chattel paper, negotiable documents, instruments, investment property, or letter-of-credit rights.

(F) Divisions (A) to (E) of this section are subject to:

(1) Division (G) of this section and the other provisions of sections 1309.301 to 1309.342 of the Revised Code;

(2) Section 1304.20 of the Revised Code with respect to a security interest of a collecting bank;

(3) Section 1305.18 of the Revised Code with respect to a security interest of an issuer or nominated person; and

(4) Section 1309.110 of the Revised Code with respect to a security interest arising under Chapter 1302. or 1310. of the Revised Code.

(G) A perfected agricultural lien on collateral has priority over a conflicting security interest in or agricultural lien on the same collateral if the statute creating the agricultural lien so provides.

Sec. 1309.323. (A) Except as otherwise provided in division (C) of this section, for purposes of determining the priority of a perfected security interest under division (A)(1) of section 1309.322 of the Revised Code, perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that:

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

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

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

(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.

(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:

(1) Without knowledge of the lien; or

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

(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.

(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:

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

(2) Forty-five days after the purchase.

(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. (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 purchase money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if provided in section 1309.330 of the Revised Code, and, except as otherwise provided in section 1309.327 of the Revised Code, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer if:

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

(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

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

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

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

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

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

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

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

(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) The holder of the conflicting security interest receives the

notification within six months before the debtor receives possession of the livestock; and

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

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

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

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

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

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

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

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

Sec. 1309.325. (A) Except as otherwise provided in division (B) of this section, a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if:

(1) The debtor acquired the collateral subject to the security interest created by the other person;

(2) The security interest created by the other person was perfected when the debtor acquired the collateral; and

(3) There is no period thereafter when the security interest is unperfected.

(B) Division (A) of this section subordinates a security interest only if the security interest:

(1) Otherwise would have priority solely under division (A) of section 1309.322 or section 1309.324 of the Revised Code; or

(2) Arose solely under division (C) of section 1302.85 or division (E) of section 1310.54 of the Revised Code.

Sec. 1309.326. (A) Subject to division (B) of this section, a security interest created by a new debtor that is perfected by a filed financing statement that is effective solely under section 1309.508 of the Revised Code in collateral in which a new debtor has or acquires rights is subordinate to a security interest in the same collateral that is perfected other than by a filed financing statement that is effective solely under section 1309.508 of the Revised Code.

(B) Sections 1309.301 to 1309.342 of the Revised Code determine the priority among conflicting security interests in the same collateral perfected by filed financing statements that are effective solely under section 1309.508 of the Revised Code. However, if the security agreements to which a new debtor became bound as debtor were not entered into by the same original debtor, the conflicting security interests rank according to priority in time of the new debtor's having become bound.

Sec. 1309.327. The following rules govern priority among conflicting security interests in the same deposit account:

(A) A security interest held by a secured party having control of the deposit account under section 1309.104 of the Revised Code has priority over a conflicting security interest held by a secured party that does not have control.

(B) Except as otherwise provided in divisions (C) and (D) of this section, security interests perfected by control under section 1309.314 of the Revised Code rank according to priority in time of obtaining control.

(C) Except as otherwise provided in division (D) of this section, a security interest held by the bank with which the deposit account is maintained has priority over a conflicting security interest held by another secured party.

(D) A security interest perfected by control under division (A)(3) of section 1309.104 of the Revised Code has priority over a security interest held by the bank with which the deposit account is maintained.

Sec. 1309.328. The following rules govern priority among conflicting security interests in the same investment property:

(A) A security interest held by a secured party having control of investment property under section 1309.106 of the Revised Code has priority of a security interest held by a secured party that does not have control of the investment property.

(B) Except as otherwise provided in divisions (C) and (D) of this section, conflicting security interests held by secured parties each of which has control under section 1309.106 of the Revised Code rank according to priority in time of:

(1) If the collateral is a security, obtaining control;

(2) If the collateral is a security entitlement carried in a securities account and:

(a) If the secured party obtained control under division (D)(1) of section 1308.24 of the Revised Code, the secured party's becoming the person for which the securities account is maintained;

(b) If the secured party obtained control under division (D)(2) of section 1308.24 of the Revised Code, the securities intermediary's agreement to comply with the secured party's entitlement orders with respect to security entitlements carried or to be carried in the securities account; or

(c) If the secured party obtained control through another person under division (D)(3) of section 1308.24 of the Revised Code, the time on which priority would be based under this paragraph if the other person were the secured party; or

(3) If the collateral is a commodity contract carried with a commodity intermediary, the satisfaction of the requirement for control specified in division (B)(2) of section 1309.106 of the Revised Code with respect to commodity contracts carried or to be carried with the commodity intermediary.

(C) A security interest held by a securities intermediary in a security entitlement or a securities account maintained with the securities intermediary has priority over a conflicting security interest held by another secured party.

(D) A security interest held by a commodity intermediary in a commodity contract or a commodity account maintained with the commodity intermediary has priority over a conflicting security interest held by another secured party.

(E) A security interest in a certificated security in registered form that is perfected by taking delivery under division (A) of section 1309.313 of the Revised Code and not by control under section 1309.314 of the Revised Code has priority over a conflicting security interest perfected by a method other than control.

(F) Conflicting security interests created by a broker, a securities intermediary, or a commodity intermediary that are perfected without control under section 1309.106 of the Revised Code rank equally.

(G) In all other cases, priority between conflicting security interests in

investment property is governed by sections 1309.322 and 1309.323 of the Revised Code.

Sec. 1309.329. The following govern priority among conflicting security interests in the same letter-of-credit right:

(A) A security interest held by a secured party having control of the letter-of-credit right under section 1309.107 of the Revised Code has priority to the extent of its control over a conflicting security interest held by a secured party that does not have control.

(B) Security interests perfected by control under section 1309.314 of the Revised Code rank according to priority in time of obtaining control.

Sec. 1309.330. (A) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed merely as proceeds of inventory subject to a security interest if:

(1) In good faith and in the ordinary course of the purchaser's business, the purchaser gives new value and takes possession of the chattel paper or obtains control of the chattel paper under section 1309.105 of the Revised Code; and

(2) The chattel paper does not indicate that it has been assigned to an identified assignee other than the purchaser.

(B) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value and takes possession of the chattel paper or obtains control of the chattel paper under section 1309.105 of the Revised Code in good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party.

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

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

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

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

party.

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

(F) For purposes of divisions (B) and (D) of this section, if chattel paper or an instrument indicates that it has been assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

Sec. ~~1309.28~~ 1309.331. Nothing in sections 1309.01 to 1309.50 of the Revised Code limits (A) This chapter does not limit the rights of a holder in due course of a negotiable instrument, as defined in section 1303.32 of the Revised Code, or a holder to whom a negotiable document of title has been duly negotiated under section 1307.29 of the Revised Code, or a protected purchaser of a security under section 1308.17 of the Revised Code, and such. These holders or purchasers take priority over an earlier security interest, even though perfected, to the extent provided in Chapters 1303., 1307., and 1308. of the Revised Code. Filing

(B) This chapter does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Chapter 1308. of the Revised Code.

(C) Filing under sections ~~1309.01 to 1309.50~~ of the Revised Code, this chapter does not constitute notice of the security interest a claim or defense to such the holders or purchasers, or persons described in divisions (A) and (B) of this section.

Sec. 1309.332. (A) A transferee of money takes the money free of a security interest unless the transferee acts in collusion with the debtor in violating the rights of the secured party.

(B) A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account unless the transferee acts in collusion with the debtor in violating the rights of the secured party.

Sec. 1309.333. (A) As used in this section, "possessory lien" means an interest, other than a security interest or an agricultural lien:

(1) That secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business;

(2) That is created by statute or rule of law in favor of the person; and

(3) Whose effectiveness depends on the person's possession of the goods.

(B) A possessory lien on goods has priority over a security interest in the goods unless the lien is created by a statute that expressly provides

otherwise.

~~Sec. 1309.32 1309.334. (A) In this section and in the provisions of sections 1309.38 to 1309.43 of the Revised Code referring to fixture filing, unless the context otherwise requires:~~

~~(1) Goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law.~~

~~(2) A "fixture filing" is the filing in the office where a mortgage on the real estate would be filed or recorded of a financing statement covering goods that are or are to become fixtures and conforming to the requirements of division (D) of section 1309.39 of the Revised Code.~~

~~(3) A mortgage is a "construction mortgage" to the extent that it secures an obligation incurred for the construction of an improvement on land including the acquisition cost of the land, if the recorded writing so indicates.~~

~~(B) A security interest under sections 1309.01 to 1309.50 of the Revised Code this chapter may be created in goods ~~which~~ that are fixtures or may continue in goods ~~which~~ that become fixtures, ~~but no.~~ A security interest exists ~~does not exist~~ under sections 1309.01 to 1309.50 of the Revised Code this chapter in ordinary building materials incorporated into an improvement on land.~~

~~(C) Sections 1309.01 to 1309.50 of the Revised Code do (B) This chapter does not prevent creation of an encumbrance upon fixtures pursuant to real estate property law.~~

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

~~(D)(1) Except as otherwise provided in division (H) of this section, a perfected security interest in fixtures has priority over the a conflicting interest of an encumbrancer or owner of the real estate where property if the debtor has an interest of record in or is in possession of the real property and:~~

~~(a)(1) The security interest is a purchase money security interest, the;~~

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

~~(3) The security interest is perfected by a fixture filing before the goods become fixtures or within ten twenty days thereafter, and the thereafter.~~

~~(E) A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:~~

~~(1) The debtor has an interest of record in the real estate property or is in possession of the real estate; or~~

~~(b) The property, and the security interest is:~~

~~(a) Is perfected by a fixture filing before the interest of the encumbrancer or owner is of record, the security interest has; and~~

~~(b) Has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner, and the debtor has an interest of record in the real estate or is in possession of the real estate; or~~

~~(2) Before the goods became fixtures, the security interest is perfected by any method permitted by this chapter, and the fixtures are readily removable:~~

~~(a) Factory or office machines;~~

~~(b) Equipment that is not primarily used or leased for use in the operation of the real property; or~~

~~(c) Replacements of domestic appliances that are consumer goods;~~

~~(e)(3) The conflicting interest is a lien on the real estate property obtained by legal or equitable proceedings after the security interest was perfected by any method permitted by sections 1309.01 to 1309.50 of the Revised Code. this chapter; or~~

~~(2) Whether or not the property is a fixture, a security interest in readily removable factory or office machines or readily removable replacements of domestic appliances that are consumer goods, which~~

~~(4) The security interest has been perfected by any method permitted by sections 1309.01 to 1309.50 is:~~

~~(a) Created in a manufactured home in a manufactured home transaction; and~~

~~(b) Perfected pursuant to a section listed in division (A)(2) of section 1309.311 of the Revised Code and has been perfected before the property was installed in the real estate, has priority over the conflicting interest of an encumbrancer or owner of the real estate.~~

~~(E)(F) A security interest in fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real estate where property if:~~

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

~~(2) The debtor has a right to remove the goods as against the encumbrancer or owner. If the debtor's right terminates, the~~

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

~~(F) Notwithstanding division (D)(1) of this section but otherwise subject~~

~~to division (D) and~~

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

~~(G) In cases not within the preceding divisions, a security interest in fixtures is subordinate to the conflicting interest of an encumbrancer or owner of the related real estate who is not the debtor.~~

~~(H) When the secured party has priority over all owners and encumbrancers of the real estate, the secured party may, on default, subject to the provisions of sections 1309.44 to 1309.50 of the Revised Code, remove the secured party's collateral from the real estate but the secured party must reimburse any encumbrancer or owner of the real estate who is not the debtor and who has not otherwise agreed for the cost of repair of any physical injury, but not for any diminution in value of the real estate caused by the absence of the goods removed or by any necessity for replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate security for the performance of this obligation. The secured party shall give reasonable notification of the secured party's intention to remove the collateral to all persons entitled to reimbursement.~~

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

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

Sec. 1309.335. (A) A security interest may be created in an accession and continues in collateral that becomes an accession.

(B) If a security interest is perfected when the collateral becomes an accession, the security interest remains perfected in the collateral.

ther provisions of sections 1309.301 to 1309.342 of the Revised Code determine the priority of a security interest in an accession.

(D) A security interest in an accession is subordinate to a security interest in the whole that is perfected by compliance with the requirements of a certificate of title statute under division (B) of section 1309.311 of the Revised Code.

(E) After default, subject to sections 1309.601 to 1309.628 of the Revised Code, a secured party may remove an accession from other goods if the security interest in the accession has priority over the claims of every person having an interest in the whole.

(F) A secured party that removes an accession from other goods under division (E) of this section shall promptly reimburse any holder of a security interest or other lien on, or owner of, the whole or of the other goods, other than the debtor, for the cost of repair of any physical injury to the whole or the other goods. The secured party need not reimburse the holder or owner for any diminution in value of the whole or the other goods caused by the absence of the accession removed or by any necessity for replacing it. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

Sec. 1309.336. (A) As used in this section, "commingled goods" means goods that are physically united with other goods in such a manner that their identity is lost in a product or mass.

(B) A security interest does not exist in commingled goods as such. However, a security interest may attach to a product or mass that results when goods become commingled goods.

(C) If collateral becomes commingled goods, a security interest attaches to the product or mass.

(D) If a security interest in collateral is perfected before the collateral becomes commingled goods, the security interest that attaches to the product or mass under division (C) of this section is perfected.

(E) Except as otherwise provided in division (F) of this section, the other provisions of sections 1309.301 to 1309.342 of the Revised Code determine the priority of a security interest that attaches to the product or mass under division (C) of this section.

(F) If more than one security interest attaches to the product or mass under division (C) of this section, the following rules determine priority:

(1) A security interest that is perfected under division (D) of this section has priority over a security interest that is unperfected at the time the collateral becomes commingled goods.

(2) If more than one security interest is perfected under division (D) of this section, the security interests rank equally in proportion to the value of the collateral at the time it became commingled goods.

Sec. 1309.337. If, while a security interest in goods is perfected by any method under the law of another jurisdiction, this state issues a certificate of title that does not show that the goods are subject to the security interest or contain a statement that they may be subject to security interests not shown on the certificate:

(A) A buyer of the goods, other than a person in the business of selling goods of that kind, takes free of the security interest if the buyer gives value and receives delivery of the goods after issuance of the certificate and without knowledge of the security interest; and

(B) The security interest is subordinate to a conflicting security interest in the goods that attaches, and is perfected under division (B) of section 1309.311 of the Revised Code, after issuance of the certificate and without the conflicting secured party's knowledge of the security interest.

Sec. 1309.338. If a security interest or agricultural lien is perfected by a filed financing statement providing information described in division (B)(5) of section 1309.516 of the Revised Code that is incorrect at the time the financing statement is filed:

(A) The security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

(B) A purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of chattel paper, documents, goods, instruments, or a security certificate, receives delivery of the collateral.

Sec. ~~1309.35~~ 1309.339. Nothing in sections ~~1309.01 to 1309.50, inclusive,~~ of the Revised Code prevents this chapter precludes subordination by agreement by any person entitled to priority.

Sec. 1309.340. (A) Except as otherwise provided in division (C) of this section, a bank with which a deposit account is maintained may exercise any right of recoupment or set-off against a secured party that holds a security interest in the deposit account.

(B) Except as otherwise provided in division (C) of this section, the application of this chapter to a security interest in a deposit account does not affect a right of recoupment or set-off of the secured party as to a deposit account maintained with the secured party.

(C) The exercise by a bank of a set-off against a deposit account is ineffective against a secured party that holds a security interest in the deposit account that is perfected by control under division (A)(3) of section 1309.104 of the Revised Code, if the set-off is based on a claim against the debtor.

Sec. 1309.341. Except as otherwise provided in division (C) of section 1309.340 of the Revised Code, and unless the bank otherwise agrees in an authenticated record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:

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

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

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

Sec. 1309.342. This chapter does not require a bank to enter into an agreement of the kind described in division (A)(2) of section 1309.104 of the Revised Code, even if its customer so requests or directs. A bank that has entered into an agreement of the kind described in division (A)(2) of that section is not required to confirm the existence of the agreement to another person unless requested to do so by its customer.

Sec. ~~1309.30~~ 1309.401. ~~The (A) Except as provided in division (B) of this section and sections 1309.406, 1309.407, 1309.408, and 1309.409 of the Revised Code, whether a debtor's rights in collateral may be voluntarily or involuntarily transferred, by way of sale, creation of a security interest, attachment, levy, garnishment, or other judicial process, notwithstanding a provision in the security agreement prohibiting any transfer or making is governed by law other than this chapter.~~

(B) An agreement between the debtor and secured party that prohibits a transfer of the debtor's rights in collateral or makes the transfer constitute a default does not prevent the transfer from taking effect.

Sec. ~~1309.36~~ 1309.402. The mere existence of a security interest, agricultural lien, or authority given to the a debtor to dispose of or use collateral, without more, does not ~~impose contract or tort~~ subject a secured party to liability ~~upon the secured party~~ in contract or tort for the debtor's acts or omissions.

Sec. 1309.403. (A) As used in this section, "value" has the same meaning as in division (A) of section 1303.33 of the Revised Code.

ble by an assignee that takes an assignment:

(1) For value;

(2) In good faith;

(3) Without notice of a claim of a property or possessory right to the property assigned; and

(4) Without notice of a defense or claim in recoupment of the type that may be asserted against a person entitled to enforce a negotiable instrument under division (A) of section 1303.35 of the Revised Code.

(C) Division (B) of this section does not apply to defenses of a type that may be asserted against a holder in due course of a negotiable instrument under division (B) of section 1303.34 of the Revised Code.

(D) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this chapter requires that the record include a statement to the effect that the rights of an assignee are subject to claims or defenses that the account debtor could assert against the original obligee, and the record does not include the required statement:

(1) The record has the same effect as if the record included the required statement; and

(2) The account debtor may assert against an assignee those claims and defenses that would have been available if the record included the required statement.

(E) 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.

(F) Except as otherwise provided in division (D) of this section, this section does not displace law other than this chapter that gives effect to an agreement by an account debtor not to assert a claim or defense against an assignee.

Sec. 1309.404. (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:

(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

(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 by the assignor or the assignee.

(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.

(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.

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

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

Sec. 1309.405. (A) A modification of or substitution for an assigned contract is effective against an assignee if made in good faith. The assignee acquires corresponding rights under the modified or substituted contract. The assignment may provide that the modification or substitution is a breach of contract by the assignor. This division is subject to divisions (B) to (D) of this section.

(B) Division (A) of this section applies to the extent that:

(1) The right to payment or a part thereof under an assigned contract has not been fully earned by performance; or

(2) The right to payment or a part thereof has been fully earned by performance, and the account debtor has not received notification of the assignment under division (A) of section 1309.406 of the Revised Code.

(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.

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

Sec. 1309.406. (A) Subject to divisions (B) to (I) of this section, an account debtor on an account, chattel paper, or payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(B) Subject to division (H) of this section, notification under division

(A) of this section is not effective:

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

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

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

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

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

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

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

(D) Except as otherwise provided in division (E) of this section and sections 1309.407 and 1310.31 of the Revised Code, and subject to division (H) of this section, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

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

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

(E) Division (D) of this section does not apply to the sale of a payment intangible or promissory note.

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

regulation:

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

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

(G) Subject to division (H) of this section, an account debtor may not waive or vary its option under division (B)(3) of this section.

(H) 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.

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

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

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

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

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

Sec. 1309.407. (A) Except as otherwise provided in division (B) of this section, a term in a lease agreement is not effective to the extent that it:

(1) Prohibits, restricts, or requires the consent of a party to the lease to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, an interest of a party under the lease contract or in the lessor's residual interest in the goods; or

(2) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.

(B) Except as otherwise provided in division (G) of section 1310.31 of the Revised Code, a term in a lease agreement described in division (A)(2)

of this section is effective to the extent that there is:

(1) A transfer by the lessee of the lessee's right of possession or use of the goods in violation of the term; or

(2) A delegation of a material performance of either party to the lease contract in violation of the term.

(C) The creation, attachment, perfection, or enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is not a transfer that materially impairs the lessee's prospect of obtaining return performance or materially changes the duty of or materially increases the burden or risk imposed on the lessee within the scope of division (D) of section 1310.31 of the Revised Code unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the lessor.

Sec. 1309.408. (A) Except as otherwise provided in division (B) of this section, 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 a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health-care-insurance receivable, or general intangible, is not effective to the extent that the term:

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

(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.

(B) Division (A) applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note.

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

(1) Would impair the creation, attachment, or perfection of a security

interest; or

(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.

(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:

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

(2) Does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;

(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;

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

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

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

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

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

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

(F) Divisions (A), (C), and (E) of this section apply only to a security

interest created on or after July 1, 2001. Nothing in this section shall supersede the provisions of sections 2323.58 to 2323.587 of the Revised Code. This section shall be interpreted consistently with sections 2323.58 to 2323.587 of the Revised Code.

Sec. 1309.409. (A) A term in a letter of credit or a rule of law, statute, regulation, custom, or practice applicable to the letter of credit that prohibits, restricts, or requires the consent of an applicant, issuer, or nominated person to a beneficiary's assignment of or creation of a security interest in a letter-of-credit right is not effective to the extent that the term or rule or law, statute, regulation, custom, or practice:

(1) Would impair the creation, attachment, or perfection of a security interest in the letter-of-credit right; or

(2) Provides that the assignment 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 letter-of-credit right.

(B) To the extent that a term in a letter of credit is not effective under division (A) of this section but would be effective under law other than this chapter or under a custom or practice applicable to the letter of credit, to the transfer of a right to draw or otherwise demand performance under the letter of credit, or to the assignment of a right to proceeds of the letter of credit, the creation, attachment, or perfection of a security interest in the letter-of-credit right:

(1) Is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

(2) Imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

(3) Does not require the applicant, issuer, nominated person, or transferee beneficiary to recognize the security interest, pay or render performance to the secured party, or accept payment or other performance from the secured party.

Sec. 1309.501. (A) Except as provided in division (B) of this section, if the local law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is:

(1) The office designated for the filing or recording of a record of a mortgage on the related real property, if:

(a) The collateral is as-extracted collateral or timber to be cut; or

(b) The financing statement is filed as a fixture filing, and the collateral is goods that are or are to become fixtures.

(2) The office of the secretary of state or any office duly authorized by the secretary of state, in all other cases, including a case in which the collateral is goods that are or are to become fixtures, and the financing statement is not filed as a fixture filing.

(B) The office in which to file a financing statement to perfect a security interest in collateral, including fixtures, of a transmitting utility is the office of the secretary of state. The financing statement also constitutes a fixture filing as to the collateral indicated in the financing statement that is or is to become fixtures.

Sec. 1309.502. (A) Subject to division (B) of this section, a financing statement is sufficient only if it:

(1) Provides the name of the debtor;

(2) Provides the name of the secured party or a representative of the secured party; and

(3) Indicates the collateral covered by the financing statement.

(B) Except as otherwise provided in division (B) of section 1309.501 of the Revised Code, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or that is filed as a fixture filing and covers goods that are or are to become fixtures, shall satisfy division (A) of this section and also:

(1) Indicate that it covers this type of collateral;

(2) Indicate that it is to be filed in the real property records;

(3) Provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the laws of this state if the description were contained in a record of the mortgage of the real property; and

(4) If the debtor does not have an interest of record in the real property, provide the name of a record owner.

(C) A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:

(1) The record indicates the goods or accounts that it covers;

(2) The goods are or are to become fixtures related to the real property described in the record, or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;

(3) The record satisfies the requirements for a financing statement contained in this section other than an indication that it is to be filed in the real property records; and

(4) The record is duly recorded.

(D) A financing statement may be filed before a security agreement is

made or a security interest otherwise attaches.

Sec. 1309.503. (A) A financing statement sufficiently provides the name of the debtor:

(1) If the debtor is a registered organization, only if the financing statement provides the name of the debtor indicated on the public record of the debtor's jurisdiction of organization that shows the debtor to have been organized;

(2) If the debtor is a decedent's estate, only if the financing statement provides the name of the decedent and indicates that the debtor is an estate;

(3) If the debtor is a trust or a trustee acting with respect to property held in trust, only if the financing statement:

(a) Provides the name specified for the trust in its organic documents or, if no name is specified, provides the name of the settlor and additional information sufficient to distinguish the debtor from other trusts having one or more of the same settlors; and

(b) Indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee acting with respect to property held in trust.

(4) In other cases:

(a) If the debtor has a name, only if it provides the individual or organizational name of the debtor; and

(b) If the debtor does not have a name, only if it provides the names of the partners, members, associates, or other persons comprising the debtor.

(B) A financing statement that provides the name of the debtor in accordance with division (A) of this section is not rendered ineffective by the absence of:

(1) A trade name or other name of the debtor; or

(2) Unless required under division (A)(4)(b) of this section, names of partners, members, associates, or other persons comprising the debtor.

(C) A financing statement that provides only the debtor's trade name does not sufficiently provide the name of the debtor.

(D) Failure to indicate the representative capacity of a secured party or representative of a secured party does not affect the sufficiency of a financing statement.

(E) A financing statement may provide the name of more than one debtor and the name of more than one secured party.

Sec. 1309.504. A financing statement sufficiently indicates the collateral that it covers if the financing statement provides:

(A) A description of the collateral pursuant to section 1309.108 of the Revised Code; or

(B) An indication that the financing statement covers all assets or all

personal property.

Sec. ~~1309.431~~ 1309.505. (A) A consignor or, lessor, or other bailor of goods, a licensor, or a buyer of a payment intangible or promissory note may file a financing statement, or may comply with a statute or treaty described in division (A) of section 1309.311 of the Revised Code, using the terms "consignor," "consignee," "lessor," "lessee" or the like, "bailor," "bailee," "licensor," "licensee," "owner," "registered owner," "buyer," "seller," or words of similar import, instead of the terms specified in section ~~1309.39~~ of the Revised Code. The provisions of sections ~~1309.38~~ "secured party" and "debtor."

(B) Sections ~~1309.501~~ to ~~1309.431~~ 1309.527 of the Revised Code shall apply to the filing of a financing statement under division (A) of this section and, as appropriate, to such compliance that is equivalent to filing a financing statement under division (B) of section 1309.311 of the Revised Code, but its the filing shall or compliance is not of itself be a factor in determining whether or not whether the consignment or lease is intended as security. However, if collateral secures an obligation. If it is determined for other reasons another reason that the consignment or lease is so intended collateral secures an obligation, a security interest of held by the consignor or, lessor which, bailor, licensor, owner, or buyer that attaches to the consigned or leased goods collateral is perfected by such the filing or compliance.

Sec. 1309.506. (A) A financing statement that substantially satisfies the requirements of sections 1309.501 to 1309.527 of the Revised Code is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading.

(B) Except as otherwise provided in division (C) of this section, a financing statement that fails sufficiently to provide the name of the debtor in accordance with division (A) of section 1309.503 of the Revised Code is seriously misleading.

(C) If a search of the records of the filing office under the debtor's correct name, using the filing office's standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with division (A) of section 1309.503 of the Revised Code, the name provided does not make the financing statement seriously misleading.

(D) For purposes of division (B) of section 1309.508 of the Revised Code, the "debtor's correct name" referred to in division (C) of this section means the correct name of the new debtor.

Sec. 1309.507. (A) A filed financing statement remains effective with

respect to collateral that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest or agricultural lien continues, even if the secured party knows of or consents to the disposition.

(B) Except as otherwise provided in division (C) of this section and section 1309.508 of the Revised Code, a financing statement is not rendered ineffective if, after the financing statement is filed, the information provided in the financing statement becomes seriously misleading under section 1309.506 of the Revised Code.

(C) If a debtor so changes its name that a filed financing statement becomes seriously misleading under section 1309.506 of the Revised Code:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the change; and

(2) The financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless an amendment to the financing statement that renders the financing statement not seriously misleading is filed within four months after the change.

Sec. 1309.508. (A) Except as otherwise provided in this section, a filed financing statement naming an original debtor is effective to perfect a security interest in collateral in which a new debtor has or acquires rights to the extent that the financing statement would have been effective had the original debtor acquired rights in the collateral.

(B) If the difference between the name of the original debtor and that of the new debtor causes a filed financing statement that is effective under division (A) of this section to be seriously misleading under section 1309.506 of the Revised Code:

(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; and

(2) The financing statement is not effective to perfect a security interest in collateral acquired by the new debtor more than four months after the new debtor becomes bound under division (D) of section 1309.203 of the Revised Code unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

(C) This section does not apply to collateral as to which a filed financing statement remains effective against the new debtor under division (A) of section 1309.507 of the Revised Code.

Sec. 1309.509. (A) A person may file an initial financing statement,

amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) The debtor authorizes the filing in an authenticated record or pursuant to division (B) or (C) of this section; or

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

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

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

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

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

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

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

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

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

Sec. 1309.510. (A) A filed record is effective only to the extent that it was filed by a person who is permitted to file it under section 1309.509 of the Revised Code.

(B) A record authorized by one secured party of record does not affect the financing statement with respect to another secured party of record.

(C) A continuation statement that is not filed within the six-month period prescribed by division (D) of section 1309.515 of the Revised Code is not effective.

Sec. 1309.511. (A) A secured party of record with respect to a financing

statement is a person whose name is provided as the name of the secured party or a representative of the secured party in an initial financing statement that has been filed. If an initial financing statement is filed under division (A) of section 1309.514 of the Revised Code, the assignee named in the initial financing statement is the secured party of record with respect to the financing statement.

(B) If an amendment of a financing statement that provides the name of a person as a secured party or a representative of a secured party is filed, the person named in the amendment is a secured party of record. If an amendment is filed under division (B) of section 1309.514 of the Revised Code, the assignee named in the amendment is a secured party of record.

(C) A person remains a secured party of record until an amendment of the financing statement is filed that deletes the person as a secured party of record.

Sec. 1309.512. (A) Subject to section 1309.509 of the Revised Code, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or, subject to division (E) of this section, otherwise amend the information provided in, a financing statement by filing an amendment that:

(1) Identifies, by its file number, the initial financing statement to which the amendment relates; and

(2) If the amendment relates to an initial financing statement filed in a filing office described in division (A)(1) of section 1309.501 of the Revised Code, provides the date and time that the initial financing statement was filed and the information specified in division (B) of section 1309.502 of the Revised Code.

(B) Except as otherwise provided in section 1309.515 of the Revised Code, the filing of an amendment does not extend the period of effectiveness of the financing statement.

(C) A financing statement that is amended by an amendment that adds collateral is effective as to the added collateral only from the date of the filing of the amendment.

(D) A financing statement that is amended by an amendment that adds a debtor is effective as to the added debtor only from the date of the filing of the amendment.

(E) An amendment is ineffective to the extent it:

(1) Purports to delete all debtors and fails to provide the name of a debtor to be covered by the financing statement; or

(2) Purports to delete all secured parties of record and fails to provide the name of a new secured party of record.

Sec. 1309.513. (A) A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

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

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

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

(1) Within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) If earlier, within twenty days after the secured party receives an authenticated demand from a debtor.

(C) In cases not governed by division (A) of this section, within twenty days after a secured party receives an authenticated demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

(1) Except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

(2) The financing statement covers accounts or chattel paper that have been sold but as to which the account debtor or other person obligated has discharged its obligation;

(3) The financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) The debtor did not authorize the filing of the initial financing statement.

(D) Except as provided in section 1309.510 of the Revised Code, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as provided in section 1309.510 of the Revised Code, for purposes of division (G) of section 1309.519, division (A) of section 1309.522, and division (C) of section 1309.523 of the Revised Code, the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness

of the financing statement to lapse.

Sec. 1309.514. (A) Except as otherwise provided in division (C) of this section, an initial financing statement may reflect an assignment of all of the secured party's power to authorize an amendment to the financing statement by providing the name and mailing address of the assignee as the name and address of the secured party.

(B) Except as provided in division (C) of this section, a secured party of record may assign of record all or part of its power to authorize an amendment to a financing statement by filing in the filing office an amendment of the financing statement that:

(1) Identifies, by its file number, the initial financing statement to which it relates;

(2) Provides the name of the assignor; and

(3) Provides the name and mailing address of the assignee.

(C) An assignment of record of a security interest in a fixture covered by a record of a mortgage that is effective as a financing statement filed as a fixture filing under division (C) of section 1309.502 of the Revised Code may be made only by an assignment of record of the mortgage in the manner provided by the laws of this state other than those contained in Chapters 1301. to 1305. and 1307. to 1310. of the Revised Code.

Sec. 1309.515. (A) Except as otherwise provided in divisions (B), (E), (F), and (G) of this section, a filed financing statement is effective for a period of five years after the date of filing.

(B) Except as otherwise provided in divisions (E), (F), and (G) of this section, an initial financing statement filed in connection with a public-finance transaction or manufactured-home transaction is effective for a period of thirty years after the date of filing if it indicates that it is filed in connection with a public-finance transaction or manufactured-home transaction.

(C) The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless, before the lapse, a continuation statement is filed pursuant to division (D) of this section. Upon lapse, a financing statement ceases to be effective, and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest is perfected otherwise. If the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral for value.

(D) A continuation statement may be filed only within six months before the expiration of the five-year period specified in division (A) or the

thirty-year period specified in division (B) of this section, whichever is applicable.

(E) Except as provided in section 1309.510 of the Revised Code, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in division (C) of this section, unless, before the lapse, another continuation statement is filed pursuant to division (D) of this section. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

(F) If a debtor is a transmitting utility and a filed financing statement so indicates, the financing statement is effective until a termination statement is filed.

(G) A record of a mortgage that is effective as a financing statement filed as a fixture filing under division (C) of section 1309.502 of the Revised Code remains effective as a financing statement filed as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Sec. 1309.516. (A) Except as provided in division (B) of this section, communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(B) Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) The record is not communicated by a method or medium of communication authorized by the filing office;

(2) An amount equal to or greater than the applicable filing fee is not tendered;

(3) The filing office is unable to index the record because:

(a) In the case of an initial financing statement, the record does not provide a name for the debtor;

(b) In the case of an amendment or correction statement, the record:

(i) Does not identify the initial financing statement as required by section 1309.512 or 1309.518 of the Revised Code, as applicable; or

(ii) Identifies an initial financing statement whose effectiveness has lapsed under section 1309.515 of the Revised Code.

(c) In the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual that was not provided previously in the

financing statement to which the record relates, the record does not identify the debtor's last name; or

(d) In the case of a record filed in the filing office described in division (A)(1) of section 1309.501 of the Revised Code, the record does not provide a sufficient description of the real property to which it relates.

(4) In the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;

(5) In the case of an initial financing statement or an amendment that provides a name of a debtor that was not provided previously in the financing statement to which the amendment relates, the record does not:

(a) Provide a mailing address for the debtor;

(b) Indicate whether the debtor is an individual or an organization; or

(c) If the financing statement indicates that the debtor is an organization, provide:

(i) A type of organization for the debtor; or

(ii) A jurisdiction of organization for the debtor.

(6) In the case of an assignment reflected in an initial financing statement under division (A) of section 1309.514 of the Revised Code or an amendment filed under division (B) of section 1309.514 of the Revised Code, the record does not provide a name and mailing address for the assignee.

(7) In the case of a continuation statement, the record is not filed within the six-month period prescribed by division (D) of section 1309.515 of the Revised Code. or

(8) The secretary of state refuses to accept the record for filing or recording in compliance with division (A) of section 111.24 of the Revised Code.

(C) For purposes of division (B) of this section:

(1) A record does not provide information if the filing office is unable to read or decipher the information; and

(2) A record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by section 1309.512, 1309.514, or 1309.518 of the Revised Code, is an initial financing statement.

(D) A record that is communicated to the filing office with tender of the filing fee, but that the filing office refuses to accept for a reason other than one specified in division (B) of this section, is effective as a filed record except as against a purchaser of the collateral that gives value in reasonable reliance upon the absence of the record from the files.

Sec. 1309.517. The failure of the filing office to index a record correctly does not affect the effectiveness of the filed record.

Sec. 1309.518. (A) A person may file in the filing office a correction statement with respect to a record indexed there under the person's name if the person believes that the record is inaccurate or was wrongfully filed.

(B) A correction statement must:

(1) Identify the record to which it relates by:

(a) The file number assigned to the initial financing statement to which the record relates; and

(b) If the correction statement relates to a record filed in a filing office described in division (A)(1) of section 1309.501 of the Revised Code, the date and time that the initial financing statement was filed and the information specified in division (B) of section 1309.502 of the Revised Code;

(2) Indicate that it is a correction statement; and

(3) Provide the basis for the person's belief that the record is inaccurate and indicate the manner in which the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

(C) The filing of a correction statement does not affect the effectiveness of an initial financing statement or other filed record.

Sec. 1309.519. (A) For each record filed in a filing office, the filing office shall:

(1) Assign an unique number to the filed record;

(2) Create a record that bears the number assigned to the filed record and the date and time of filing;

(3) Maintain the filed record for public inspection; and

(4) Index the filed record in accordance with divisions (C), (D), and (E) of this section.

(B) A file number assigned after January 1, 2002, must include a digit that:

(1) Is mathematically derived from or related to the other digits of the file number; and

(2) Aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error.

(C) Except as provided in divisions (D) and (E) of this section, the filing office shall:

(1) Index an initial financing statement according to the name of the debtor and index all filed records relating to the initial financing statement

in a manner that associates with one another an initial financing statement and all filed records relating to the initial financing statement; and

(2) Index a record that provides a name of a debtor that previously was not provided in the financing statement to which the record relates also according to the name that previously was not provided.

(D) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, it must be filed for record and the filing office shall index it:

(1) Under the names of the debtor and of each owner of record shown on the financing statement as if they were the mortgagors under a mortgage of the real property described; and

(2) To the extent that the laws of this state provide for indexing of records of mortgages under the name of the mortgagee, under the name of the secured party as if the secured party were the mortgagee under the mortgage, or, if indexing is by description, as if the financing statement were a record of a mortgage of the real property described.

(E) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, the filing office shall index an assignment filed under division (A) of section 1309.514 of the Revised Code or an amendment filed under division (B) of that section:

(1) Under the name of the assignor as grantor; and

(2) To the extent that the law of this state provides for indexing a record of the assignment of a mortgage under the name of the assignee, under the name of the assignee.

(F) The filing office shall maintain a capability:

(1) To retrieve a record by the name of the debtor and:

(a) If the filing office is described in division (A)(1) of section 1309.501 of the Revised Code, by the file number assigned to the initial financing statement to which the record relates and the date and time that the record was filed;

(b) If the filing office is described in division (A)(2) of section 1309.501 of the Revised Code, by the file number assigned to the initial financing statement to which the record relates; and

(2) To associate and retrieve with one another an initial financing statement and each filed record relating to the initial financing statement.

(G) The filing office may not remove a debtor's name from the index until one year after the effectiveness of a financing statement naming the debtor lapses under section 1309.515 of the Revised Code with respect to all secured parties of record.

(H) The filing office shall perform the acts required by divisions (A) to

(E) of this section at the time and in the manner prescribed by the filing-office rule.

Sec. 1309.520. (A) A filing office shall refuse to accept a record for filing for a reason specified in division (B) of section 1309.516 of the Revised Code and may refuse to accept a record for filing only for a reason specified in that division.

(B) If a filing office refuses to accept a record for filing, it shall communicate to the person who presented the record the fact of and reason for the refusal and the date and time the record would have been filed had the filing office accepted it. The communication must be made at the time and in the manner prescribed by the applicable filing-office rule but, in the case of a filing office described in division (A)(2) of section 1309.501 of the Revised Code, in no event more than two business days after the filing office receives the record.

(C) A filed financing statement that satisfies divisions (A) and (B) of section 1309.502 of the Revised Code is effective, even if the filing office is required to refuse to accept it for filing under division (A) of this section. However, section 1309.338 of the Revised Code applies to a filed financing statement that provides information described in division (B)(5) of section 1309.516 of the Revised Code that is incorrect at the time the financing statement is filed.

(D) If a record communicated to a filing office provides information that relates to more than one debtor, sections 1309.501 to 1309.527 of the Revised Code apply as to each debtor separately.

Sec. 1309.521. (A) A filing office that accepts written records may not refuse to accept a written initial financing statement in the following form and format except for a reason prescribed in division (B) of section 1309.516 of the Revised Code:

UCC FINANCING STATEMENT

Follow instructions (front and back) carefully.

A. Name and phone of contact at filer (optional)

.....

B. Send acknowledgment to: (name and address)

.....

.....

The above space is for filing office use only.

.....

1. DEBTOR'S EXACT FULL LEGAL NAME

(Insert only one debtor name [1a or 1b]. Do not abbreviate or combine names.)

1a. Organization's name

or

1b. Individual's last name First name

Middle name Suffix

1c. Mailing address

City State Postal code Country

1d. Tax ID Number: SSN or EIN

Additional information regarding organization debtor

1e. Type of organization

1f. Jurisdiction of organization

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME

(Insert only one debtor name [2a or 2b]. Do not abbreviate or combine names.)

2a. Organization's name

or

2b. Individual's last name First name

Middle name Suffix

2c. Mailing address

City State Postal code Country

2d. Tax ID Number: SSN or EIN

Additional information regarding organization debtor

2e. Type of organization

2f. Jurisdiction of organization

3. SECURED PARTY'S NAME (or name of total assignee of assignor

S/P). Insert only one secured party name (3a or 3b).

3a. Organization's name

or

3b. Individual's last name First name

Middle name Suffix

3c. Mailing address

City State Postal code Country

4. This FINANCING STATEMENT covers the following collateral:

.....

.....

.....

.....

5. ALTERNATIVE DESIGNATION (if applicable):

Lessee/lessor Consignee/consignor Bailee/bailor

Seller/buyer Ag. lien Non-UCC filing

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach addendum [if applicable].

7. Check to REQUEST SEARCH REPORT(S) on debtor(s) [ADDITIONAL FEE] [optional] All debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

.....
.....

UCC FINANCING STATEMENT ADDENDUM

Follow instructions (front and back) carefully.

9. NAME OF FIRST DEBTOR (1a OR 1b) ON RELATED FINANCING STATEMENT

9a. Organization's name

or

9b. Individual's last name First name

Middle name Suffix

10. MISCELLANEOUS

.....
.....

The above space is for filing office use only.

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME (Insert only one name [11a or 11b]. Do not abbreviate or combine names.)

11a. Organization's name

or

11b. Individual's last name First name

Middle name Suffix

11c. Mailing address

City State Postal code Country

11d. Tax ID Number: SSN or EIN

Additional information regarding organization debtor

11e. Type of organization

11f. Jurisdiction of organization

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME

(Insert only one name [12a or 12b].)

12a. Organization's name

or

12b. Individual's last name First name

Middle name Suffix

12c. Mailing address

City State Postal code Country

13. This FINANCING STATEMENT covers timber to be cut or

as-extracted collateral, or is filed as a fixture filing.

14. DESCRIPTION OF REAL ESTATE:

.....

.....

.....

.....

15. Name and address of a RECORD OWNER of above-described real

estate (if debtor does not have a record interest):

.....

.....

.....

16. Additional collateral description:

.....

.....

.....

.....

17. Check only if applicable and check only one box.

Debtor is a Trust or Trustee acting with respect to

property held in trust or Decedent's estate

18. Check only if applicable and check only one box.

Debtor is a transmitting utility

Filed in connection with a manufactured-home transaction -

effective 30 years

Filed in connection with a public-finance transaction -

effective 30 years

(B) A filing office that accepts written records may not refuse to accept a written record in the following form and format except for a reason prescribed in division (B) of section 1309.516 of the Revised Code:

UCC FINANCING STATEMENT AMENDMENT

Follow instructions (front and back) carefully.

A. Name and phone of contact at filer (optional)

.....

B. Send acknowledgment to: (name and address)

.....

.....
The above space is for filing office use only.
.....

1a. INITIAL FINANCING STATEMENT FILE NUMBER

.....

1b. This financing statement amendment is to be filed [for record] (or recorded) in the real estate records.

2. TERMINATION: Effectiveness of the financing statement identified above is terminated with respect to security interest(s) of the secured party authorizing this termination statement.

3. CONTINUATION: Effectiveness of the financing statement identified above with respect to security interest(s) of the secured party authorizing this continuation statement is continued for the additional period provided by applicable law.

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This amendment affects Debtor or Secured Party of record. Check only one of these two boxes. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address. Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.

DELETE name. Give record name to be deleted in item 6a or 6b.

ADD name. Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. Organization's name

or

6b. Individual's last name First name

Middle name Suffix

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. Organization's name

or

7b. Individual's last name First name

Middle name Suffix

7c. Mailing address

City State Postal code Country

7d. Tax ID Number: SSN or EIN

Additional information regarding organization debtor

7e. Type of organization

7f. Jurisdiction of organization

8. AMENDMENT (COLLATERAL CHANGE). Check only one box.

Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

.....
.....
.....
.....

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT

(name of assignor, if this is an assignment). If this is an amendment authorized by a debtor that adds collateral or adds the authorizing debtor, or if this is a termination authorized by a debtor, check here and enter name of debtor authorizing this amendment.

9a. Organization's name

or

9b. Individual's last name First name

Middle name Suffix

10. OPTIONAL FILER REFERENCE DATA

.....

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

Follow instructions (front and back) carefully.

11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a

on amendment form)

12. NAME OF PARTY

AUTHORIZING

THIS AMENDMENT (same as item

9

on amendment form)

12a. Organization's name

.....

or

12b. Individual's last name

.....
First name
Middle name Suffix ... The above space is for filing office use only.

13. Use this space for additional information.

.....

Sec. 1309.522. (A) The filing office shall maintain a record of the information provided in a filed financing statement for not less than one year after the effectiveness of the financing statement has lapsed under section 1309.515 of the Revised Code with respect to all secured parties of record. The record must be retrievable by using the name of the debtor and:

(1) If the record was filed in the filing office described in division (A)(1) of section 1309.501 of the Revised Code, by using the file number assigned to the initial financing statement to which the record relates and the date and time that the record was filed; or

(2) If the record was filed in the filing office described in division (A)(2) of section 1309.501 of the Revised Code, by using the file number assigned to the initial financing statement to which the record relates.

(B) Except as otherwise provided in Chapter 149. of the Revised Code or any other provision of the Revised Code governing disposition of public records, the filing office immediately may destroy any written record evidencing a financing statement. However, if the filing office destroys a written record, it shall maintain another record of the financing statement that complies with division (A) of this section.

Sec. 1309.523. (A) If a person who files a written record requests an acknowledgment of the filing, the filing office shall send to the person an image of the record showing the number assigned to the record pursuant to division (A)(1) of section 1309.519 of the Revised Code and the date and time of the filing of the record. However, if the person furnishes a copy of the record to the filing office, the filing office instead may:

(1) Note upon the copy the number assigned to the record pursuant to division (A)(1) of section 1309.519 of the Revised Code and the date and time of the filing of the record; and

(2) Send the copy to the person.

(B) If a person files a record other than a written record, the filing office shall communicate to the person an acknowledgment that provides:

(1) The information in the record;

(2) The number assigned to the record pursuant to division (A)(1) of

section 1309.519 of the Revised Code; and

(3) The date and time of the filing of the record.

(C) The filing office shall communicate or otherwise make available in a record all of the following information to any person who requests it:

(1) Whether there is on file on a date and time specified by the filing office, but not a date earlier than three business days before the filing office receives the request, any financing statement that:

(a) Designates a particular debtor or, if the request so states, designates a particular debtor at the address specified in the request;

(b) Has not lapsed under section 1309.515 of the Revised Code with respect to all secured parties of record; and

(c) If the request so states, has lapsed under section 1309.515 of the Revised Code and a record of which is maintained by the filing office under division (A) of section 1309.522 of the Revised Code;

(2) The date and time of filing of each financing statement; and

(3) The information provided in each financing statement.

(D) In complying with its duty under division (C) of this section, the filing office may communicate information in any medium. However, if requested, the filing office shall communicate information by issuing a record that can be admitted into evidence in the courts of this state without extrinsic evidence of its authenticity.

(E) The filing office shall perform the acts required by divisions (A) to (D) of this section at the time and in the manner prescribed by the filing-office rule but not later than two business days after the filing office receives the request.

(F)(1) At least weekly, the filing office shall offer to sell or license to the public on a nonexclusive basis, in bulk, copies of all records filed in it under sections 1309.501 to 1309.527 of the Revised Code, in a medium determined by the secretary of state.

(2) The secretary of state may adopt rules pursuant to Chapter 119. of the Revised Code to reasonably limit the number of bulk commercial special extraction requests made by a person for the same records or for updated records during a calendar year. The rules may include provisions for charges to be made for bulk commercial special extraction requests for the actual cost of the secretary of state, plus special extraction costs, plus ten per cent. The secretary of state may charge for expenses for redacting information, the release of which is prohibited by law.

(3) As used in division (F)(2) of this section:

(a) "Actual cost" means the cost of depleted supplies, records storage media costs, actual mailing and alternative delivery costs, or other

transmitting costs, and any direct equipment operating and maintenance costs, including actual costs paid to private contractors for copying services.

(b) "Bulk commercial special extraction request" means a request for copies of a record for information in a format other than the format already available, or information that cannot be extracted without examination of all items in a records series, class of records, or data base by a person who intends to use or forward the copies for surveys, marketing, solicitation, or resale for commercial purposes. "Bulk commercial special extraction request" does not include a request by a person who gives assurance to the secretary of state that the person making the request does not intend to use or forward the requested copies for surveys, marketing, solicitation, or resale for commercial purposes.

(c) "Commercial" means profit-seeking production, buying, or selling of any good, service, or other product.

(d) "Special extraction costs" means the cost of the time spent by the lowest paid employee competent to perform the task, the actual amount paid to outside private contractors employed by the secretary of state, or the actual cost incurred to create computer programs to make the special extraction. "Special extraction costs" include any charges paid to a public agency for computer or records services.

(4) For purposes of divisions (F)(2) and (3) of this section, "commercial surveys, marketing, solicitation, or resale" shall be narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Sec. 1309.524. Delay by the filing office beyond a time limit prescribed by sections 1309.501 to 1309.527 of the Revised Code is excused if:

(A) The delay is caused by interruption of communication or computer facilities, war, emergency conditions, failure of equipment, or other circumstances beyond control of the filing office; and

(B) The filing office exercises reasonable diligence under the circumstances.

Sec. 1309.525. (A) Except as provided in division (C) of this section, the fee for filing and indexing a record under sections 1309.501 to 1309.527 of the Revised Code is twelve dollars.

(B) The fee for responding to a request for information from the filing office, including for communicating whether there is on file any financing statement naming a particular debtor is:

(1) Twenty dollars if the request is communicated in writing, and

(2) Twenty dollars if the request is communicated by another medium

authorized by the filing office rule.

However, the fee otherwise required under division (B) of this section is five dollars if the request is limited to communicating only whether there is on file any financing statement naming a particular debtor and the name of the secured party or record relating thereto. Division (B) of this section does not require that a fee be charged for remote access searching of the filing office data base.

(C) This section does not require a fee with respect to a record of a mortgage that is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under division (C) of section 1309.502 of the Revised Code. However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

(D) Any person may request from the secretary of state a copy of any financing statement naming a particular debtor, owner, or lessee, and of any statement of assignment of the financing agreement, that is on file with the secretary of state. The request shall be made in writing to the secretary of state, and the secretary of state shall charge and collect a fee of five dollars for each copy requested.

Sec. 1309.526. (A) The secretary of state shall adopt rules to implement this chapter. The filing-office rules shall be:

- (1) Consistent with this chapter; and
- (2) Adopted in accordance with Chapter 119. of the Revised Code.

(B) To keep the filing-office rules and practices of the filing office in harmony with the rules and practices of filing offices in other jurisdictions that enact substantially sections 1309.501 to 1309.527 of the Revised Code, and to keep the technology used by the filing office compatible with the technology used by filing offices in other jurisdictions that enact substantially those sections, the secretary of state, so far as is consistent with the purposes, policies, and provisions of this chapter, shall do all of the following in adopting, amending, and repealing filing-office rules:

(1) Consult with filing offices in other jurisdictions that enact substantially sections 1309.501 to 1309.527 of the Revised Code;

(2) Consult the most recent version of the model rules promulgated by the international association of corporate administrators or any successor organization; and

(3) Take into consideration the rules and practices of, and the technology used by, filing offices in other jurisdictions that enact substantially sections 1309.501 to 1309.527 of the Revised Code.

Sec. 1309.527. The secretary of state shall report by December 31 in

each even-numbered year to the general assembly on the operation of the filing office. The report shall contain a statement of the extent to which:

(A) The filing-office rules are not in harmony with the rules of filing offices in other jurisdictions that enact substantially sections 1309.501 to 1309.527 of the Revised Code and the reasons for these variations; and

(B) The filing-office rules are not in harmony with the most recent version of the model rules promulgated by the international association of corporate administrators, or any successor organization, and the reasons for these variations.

Sec. ~~1309.401~~ 1309.528. Through June 30, 2001, four dollars and fifty cents, and, on and after July 1, 2001, four dollars, of each fee collected by the secretary of state under sections 1309.42 and 1309.43 and divisions (E) and (H) of section 1309.40 of the Revised Code, and all of the fees collected by the secretary of state under section 1309.402 (A) All fees collected by the secretary of state for filings under Title XIII or XVII of the Revised Code, shall be deposited in the state treasury to the credit of the corporate and uniform commercial code filing fund, which is hereby created. The remainder of each such fee shall be deposited in the general revenue fund. All moneys credited to the corporate and uniform commercial code filing fund, subject to division (B) of this section, shall be used only for the purpose of paying for the operations of the office of the secretary of state, other than the division of elections, and for the purpose of paying for expenses relating to the processing of filings under Title XIII or XVII and Chapter 1329. of the Revised Code and the uniform commercial code.

(B) There is hereby created the secretary of state business technology fund. One per cent of the money credited to the corporate and uniform commercial code filing fund created in division (A) of this section shall be transferred to the credit of this fund. All moneys credited to this fund shall be used only for the upkeep, improvement, or replacement of equipment, or for the purpose of training employees in the use of equipment, used to conduct business of the secretary of state's office under Title XIII or XVII of the Revised Code.

Sec. 1309.529. (A) The secretary of state shall distribute to the county recorders of the counties of this state an amount equal to the fees collected by the secretary of state for filing and indexing financing statements communicated to the office of the secretary of state in writing under division (A) of section 1309.525 of the Revised Code, to the extent that the general assembly appropriates money for that purpose, multiplied by the following percentages:

(1) For the period of July 1, 2001, to June 30, 2002, that amount

multiplied by fifty per cent.

(2) For the period of July 1, 2002, to June 30, 2003, that amount multiplied by forty per cent.

(3) For the period of July 1, 2003, to June 30, 2004, that amount multiplied by thirty per cent.

(4) For the period of July 1, 2004, to June 30, 2005, that amount multiplied by twenty per cent.

(5) For the period of July 1, 2005, to June 30, 2006, that amount multiplied by ten per cent.

(B) The secretary of state shall make distributions to the county recorders pursuant to division (A) of this section so that the county recorder of each county receives a share of the aggregate amount so distributed equal to, as nearly as may be, the percentage that the fees collected by that county recorder under sections 1309.38 to 1309.431 of the Revised Code for calendar year 1998 bore to the total of the fees collected by the county recorders of all counties under those sections for that calendar year. The percentage allocations among the county recorders of the counties shall be based upon the fee collection information for calendar year 1998 for each county provided to the secretary of state on or before October 31, 2001, by the association of county recorders of this state. The secretary of state may distribute those amounts from time to time as the secretary of state so determines but no less frequently than annually, and in any case shall commence those distributions not later than September 30, 2002.

Sec. 1309.601. (A) After default, a secured party has the rights provided in sections 1309.601 to 1309.628 of the Revised Code and, except as otherwise provided in section 1309.602 of the Revised Code, those provided by agreement of the parties. A secured party:

(1) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) If the collateral is documents, proceed either as to the documents or as to the goods they cover.

(B) A secured party in possession of collateral or control of collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code has the rights and duties provided in section 1309.207 of the Revised Code.

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

(D) Except as otherwise provided in division (G) of this section and section 1309.605 of the Revised Code, after default, a debtor and an obligor

have the rights provided in sections 1309.601 to 1309.628 of the Revised Code and by agreement of the parties.

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

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

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

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

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

(G) Except as provided in division (C) of section 1309.607 of the Revised Code, sections 1309.601 to 1309.628 of the Revised Code do not impose any duties upon a secured party who is a consignor or a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

Sec. 1309.602. Except as otherwise provided in section 1309.624 of the Revised Code, to the extent that they give rights to a debtor or obligor and impose duties on a secured party, the debtor or obligor may not waive or vary the following provisions of the Revised Code:

(A) Division (B)(4)(c) of section 1309.207 of the Revised Code, which relates to the use and operation of the collateral by the secured party;

(B) Section 1309.210 of the Revised Code, which relates to requests for an accounting and requests concerning a list of collateral and statement of account;

(C) Division (C) of section 1309.607 of the Revised Code, which relates to the collection and enforcement of collateral;

(D) Division (A) of section 1309.608 and division (C) of section 1309.615 of the Revised Code to the extent that they relate to the application or payment of noncash proceeds of collection, enforcement, or disposition;

(E) Division (A) of section 1309.608 and division (D) of section 1309.615 of the Revised Code to the extent that they require accounting for or payment of surplus proceeds of collateral;

(F) Section 1309.609 of the Revised Code to the extent that it imposes upon a secured party who takes possession of collateral without judicial process the duty to do so without breach of the peace;

(G) Division (B) of section 1309.610 and sections 1309.611, 1309.613, and 1309.614 of the Revised Code, which relate to the disposition of

collateral:

(H) Division (F) of section 1309.615, which relates to the calculation of a deficiency or surplus when a disposition is made to the secured party, a person related to the secured party, or a secondary obligor;

(I) Section 1309.616 of the Revised Code, which relates to the explanation of the calculation of a surplus or deficiency;

(J) Sections 1309.620, 1309.621, and 1309.622 of the Revised Code, which relate to the acceptance of collateral in satisfaction of obligation;

(K) Section 1309.623 of the Revised Code, which relates to redemption of collateral;

(L) Section 1309.624 of the Revised Code, which relates to permissible waivers; and

(M) Sections 1309.625 and 1309.626 of the Revised Code, which relate to the secured party's liability for failure to comply with this chapter.

Sec. 1309.603. (A) The parties may determine by agreement the standards measuring the fulfillment of the rights of a debtor or obligor and the duties of a secured party under section 1309.602 of the Revised Code if the standards are not manifestly unreasonable.

(B) Division (A) of this section does not apply to the duty imposed under section 1309.609 of the Revised Code to refrain from breaching the peace.

Sec. 1309.604. (A) If a security agreement covers both personal and real property, a secured party may proceed:

(1) Under sections 1309.601 to 1309.628 of the Revised Code as to the personal property without prejudicing any rights with respect to the real property; or

(2) As to both the personal property and the real property, in accordance with the rights with respect to the real property, in which case the other provisions of sections 1309.601 to 1309.628 of the Revised Code do not apply.

(B) Subject to division (C) of this section, if a security agreement covers goods that are or become fixtures, a secured party may proceed:

(1) Under sections 1309.601 to 1309.628 of the Revised Code; or

(2) In accordance with the rights with respect to real property, in which case the other provisions of sections 1309.601 to 1309.628 of the Revised Code do not apply.

operty.

(D) A secured party who removes collateral shall reimburse promptly any encumbrancer or owner of the real property, other than the debtor, for the cost of repair of any physical injury caused by the removal. The secured party need not reimburse the encumbrancer or owner for any diminution in value of the real property caused by the absence of the goods removed or by any necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

Sec. 1309.605. A secured party does not owe a duty based on its status as secured party:

(A) To a person who is a debtor or obligor, unless the secured party knows:

- (1) That the person is a debtor or obligor;
- (2) The identity of the person; and
- (3) How to communicate with the person; or

(B) To a secured party or lienholder who has filed a financing statement against a person, unless the secured party knows:

- (1) That the person is a debtor; and
- (2) The identity of the person.

Sec. 1309.606. For purposes of sections 1309.601 to 1309.628 of the Revised Code, a default occurs in connection with an agricultural lien at the time the secured party becomes entitled to enforce the lien in accordance with the statute under which it was created.

Sec. 1309.607. (A) If so agreed, and in any event after default, a secured party:

(1) May notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;

(2) May take any proceeds to which the secured party is entitled under section 1309.315 of the Revised Code;

(3) May enforce the obligations of an account debtor or other person obligated on collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;

(4) If it holds a security interest in a deposit account perfected by control under division (A)(1) of section 1309.104 of the Revised Code, may apply the balance of the deposit account to the obligation secured by the

deposit account; and

(5) If it holds a security interest in a deposit account perfected by control under division (A)(2) or (3) of section 1309.104 of the Revised Code, may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

(B) If necessary to enable a secured party to exercise the right of a debtor to enforce a mortgage nonjudicially under division (A)(3) of this section, the secured party may record in the office in which a record of the mortgage is recorded:

(1) A copy of the security agreement that creates or provides for a security interest in the obligation secured by the mortgage; and

(2) The secured party's sworn affidavit in recordable form stating that:

(a) A default has occurred; and

(b) The secured party is entitled to enforce the mortgage nonjudicially.

(C) A secured party shall proceed in a commercially reasonable manner if the secured party:

(1) Undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and

(2) Is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.

(D) A secured party may deduct from the collections made pursuant to division (C) of this section reasonable expenses of collection and enforcement, including reasonable attorney's fees and legal expenses incurred by the secured party.

(E) This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

Sec. 1309.608. (A) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under section 1309.607 of the Revised Code in the following order:

(a) The reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(b) The satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(c) The satisfaction of obligations secured by any subordinate security interest in or other lien on the collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if the secured party receives an authenticated demand for proceeds before

distribution of the proceeds is completed.

(2) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party is not required to comply with the holder's demand made under division (A)(1)(c) of this section.

(3) A secured party is not required to apply or pay over for application noncash proceeds of collection and enforcement under section 1309.607 of the Revised Code unless the failure to do so would be commercially unreasonable. A secured party who applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(4) A secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

(B) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

Sec. 1309.609. (A) After default, a secured party:

(1) May take possession of the collateral; and

(2) Without removal, may render equipment unusable and dispose of collateral on a debtor's premises under section 1309.610 of the Revised Code.

(B) A secured party may act under division (A) of this section:

(1) Pursuant to judicial process; or

(2) Without judicial process if it acts without breach of the peace.

(C) If so agreed, and in any event after default, a secured party may require the debtor to assemble the collateral and make it available to the secured party at a place that is designated by the secured party and that is reasonably convenient to both parties.

Sec. 1309.610. (A) After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following any commercially reasonable preparation or processing.

(B) Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, at any time and place, and on any terms.

(C) A secured party may purchase collateral:

(1) At a public disposition; or

(2) At a private disposition, but only if the collateral is of a kind that is

customarily sold on a recognized market or the subject of widely distributed standard price quotations.

(D) A contract for a sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like that by operation of law accompany a voluntary disposition of property of the kind subject to the contract.

(E) A secured party may disclaim or modify warranties under division (D) of this section:

(1) In a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition; or

(2) By communicating to the purchaser a record evidencing the contract for disposition and including an express disclaimer or modification of the warranties.

(F) A record is sufficient to disclaim warranties under division (E) of this section if it indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

Sec. 1309.611. (A) As used in this section, "notification date" means the earlier of the date on which:

(1) A secured party sends to the debtor and any secondary obligor an authenticated notification of disposition. or

(2) The debtor and any secondary obligor waive the right to notification.

(B) Except as provided in division (D) of this section, a secured party who disposes of collateral under section 1309.610 of the Revised Code shall send a reasonable authenticated notification of disposition to the persons specified in division (C) of this section.

(C) To comply with division (B) of this section, the secured party shall send an authenticated notification of disposition to:

(1) The debtor;

(2) Any secondary obligor; and

(3) If the collateral is other than consumer goods:

(a) Any other person from whom the secured party has received, before the notification date, an authenticated notification of a claim of an interest in the collateral;

(b) Any other secured party or lienholder who, ten days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(i) Identified the collateral;

(ii) Was indexed under the debtor's name as of that date; and

(iii) Was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(c) Any other secured party who, ten days before the notification date, held a security interest in the collateral perfected by compliance with a statute, rule, or treaty described in division (A) of section 1309.311 of the Revised Code.

(D) Division (B) of this section does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

(E) A secured party complies with the requirement for notification prescribed by division (C)(3)(b) of this section if:

(1) Not later than twenty days nor earlier than thirty days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in division (C)(3)(b) of this section; and

(2) Before the notification date, the secured party:

(a) Did not receive a response to the request for information; or

(b) Received a response to the request for information and sent an authenticated notification of disposition to each secured party or other lienholder named in that response whose financing statement covered the collateral.

Sec. 1309.612. (A) Except as otherwise provided in division (B) of this section, whether a notification is sent within a reasonable time is a question of fact.

(B) A notification of disposition sent after default and ten days or more before the earliest time of disposition set forth in the notification is sent within a reasonable time before the disposition.

Sec. 1309.613. (A) Except in a consumer-goods transaction, all of the following rules apply to a notification of disposition of collateral and to a disposition of collateral:

(1) The contents of a notification of disposition are sufficient if the notification:

(a) Describes the debtor and the secured party;

(b) Describes the collateral that is the subject of the intended disposition;

(c) States the method of intended disposition;

(d) States that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

(e) States the time and place of a public disposition or the time after

which any other disposition is to be made.

(2) Whether the contents of a notification that lacks any of the information specified in division (A)(1) of this section are nevertheless sufficient is a question of fact.

(3) The contents of a notification providing substantially the information specified in division (A)(1) of this section are sufficient, even if the notification includes:

- (a) Information not specified by that division; or
- (b) Minor errors that are not seriously misleading.
- (4) A particular phrasing of the notification is not required.

(B) The following form of notification and the form appearing in division (B) of section 1309.614 of the Revised Code, when completed, each provides sufficient information:

"NOTIFICATION OF DISPOSITION OF COLLATERAL

....To:(Name of debtor, obligor, or other person to whom the notification is sent)

.From:(Name, address, and telephone number of secured party)

Name _____ of

Debtor(s):(Include only if debtor(s) are not an addressee)

(FOR A PUBLIC DISPOSITION:)

We will sell (or lease or license, as applicable) the (describe collateral) to the highest qualified bidder in public as follows:

Day and Date:.....

Time:.....

Place:.....

(FOR A PRIVATE DISPOSITION:)

We will sell (or lease or license, as applicable) the (describe collateral) privately sometime after (day and date).

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell (or lease or license, as applicable) (for a charge of \$.....). You may request an accounting by calling us at (telephone number)."

Sec. 1309.614. (A) In a consumer-goods transaction, the following rules apply:

(1) A notification of disposition must provide all of the following information:

(a) The information specified in division (A)(1) of section 1309.613 of the Revised Code;

(b) A description of any liability for a deficiency of the person to whom the notification is sent;

(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

(d) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available.

(2) A particular phrasing of the notification is not required.

(B) The following form of notification of disposition, when completed, provides sufficient information:

"(Name and address of secured party)

(Date)

NOTICE OF OUR PLAN TO SELL PROPERTY

(Name and address of any obligor who is also a debtor)

Subject: (Identification of Transaction)

We have your (describe collateral), because you broke promises in our agreement.

(For a public disposition)

We will sell (describe collateral) at public sale. A sale could include a lease or license. The sale will be held as follows:

Day and date:.....

Time:.....

Place:.....

You may attend the sale and bring bidders if you want.

(For a private disposition)

We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

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. 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).

If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us at (telephone number) (or write us at (secured party's address)) and request a written explanation. (We will charge you \$..... for the explanation if we sent you another written

explanation of the amount you owe us within the last six months.)

If you need more information about the sale, call us at (telephone number) (or write us at (secured party's address)).

We are sending this notice to the following other people who have an interest in (describe collateral) or who owe money under your agreement:

(Names of all other debtors and obligors, if any)."

(C) A notification in the form contained in division (B) of this section is sufficient, even if additional information appears at the end of the form.

(D) A notification in the form of division (B) of this section is sufficient, even if it includes errors in information not required by division (A)(1) of this section, unless the error is misleading with respect to rights arising under this chapter.

(E) If a notification under this section is not in the form contained in division (B) of this section, law other than this chapter determines the effect of including information not required by division (A)(1) of this section.

Sec. 1309.615. (A) A secured party shall apply or pay over for application the cash proceeds of disposition under section 1309.610 of the Revised Code in the following order to:

(1) The reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) The satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

(3) The satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

(a) The secured party receives from the holder of the subordinate security interest or other lien an authenticated demand for proceeds before distribution of the proceeds is completed; and

(b) In a case in which a consignor has an interest in the collateral, the subordinate security interest or other lien is senior to the interest of the consignor; and

(4) A secured party who is a consignor of the collateral if the secured party receives from the consignor an authenticated demand for proceeds before distribution of the proceeds is completed.

(B) If a secured party so requests, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured party is not required to comply with the holder's demand under division (A)(3) of this section.

(C) A secured party is not required to apply or pay over for application noncash proceeds of disposition under section 1309.610 unless the failure to do so would be commercially unreasonable. A secured party who applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(D) If the security interest under which a disposition is made secures payment or performance of an obligation, after making the payments and applications required by division (A) of this section and permitted by division (C) of this section:

(1) Unless division (A)(4) of this section requires the secured party to apply or pay over cash proceeds to a consignor, the secured party shall account to and pay a debtor for any surplus; and

(2) The obligor is liable for any deficiency.

(E) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

(F) The surplus or deficiency following a disposition is calculated based on the amount of proceeds that would have been realized in a disposition complying with sections 1309.601 to 1309.628 of the Revised Code to a transferee other than the secured party, a person related to the secured party, or a secondary obligor if:

(1) The transferee in the disposition is the secured party, a person related to the secured party, or a secondary obligor; and

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

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

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

(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

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

Sec. 1309.616. (A) As used in this section:

(1) "Explanation" means a writing that:

(a) States the amount of the surplus or deficiency;

ction of how the secured party calculated the surplus or deficiency:

(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

(d) Provides a telephone number or mailing address from which additional information concerning the transaction is available.

(2) "Request" means a record:

(a) Authenticated by a debtor or consumer obligor;

(b) Requests that the recipient provide an explanation; and

(c) Sent after disposition of the collateral under section 1309.610 of the Revised Code.

(B) In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under section 1309.615 of the Revised Code, the secured party shall:

(1) Send an explanation to the debtor or consumer obligor, as applicable, after the disposition and:

(a) Before or when the secured party accounts to the debtor and pays any surplus or first makes written demand on the consumer obligor after the disposition for payment of the deficiency; and

(b) Within fourteen days after receipt of a request; or

(2) In the case of a consumer obligor who is liable for a deficiency, within fourteen days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

(C) To comply with division (A)(1)(b) of this section, a writing must provide all of the following information in the following order:

(1) The aggregate amount of obligations secured by the security interest under which the disposition was made, and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date:

(a) If the secured party takes or receives possession of the collateral after default, not more than thirty-five days before the secured party takes or receives possession; or

(b) If the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than thirty-five days before the disposition;

(2) The amount of proceeds of the disposition;

(3) The aggregate amount of the obligations after deducting the amount of proceeds;

(4) The amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition,

processing, and disposing of the collateral, and attorney's fees secured by the collateral that are known to the secured party and relate to the current disposition;

(5) The amount, in the aggregate or by type, and types of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and that are not reflected in the amount in division (C)(1) of this section; and

(6) The amount of the surplus or deficiency.

(D) A particular phrasing of the explanation is not required. An explanation that complies substantially with the requirements of division (A) of this section is sufficient, even if it includes minor errors that are not seriously misleading.

(E) A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in which the secured party did not send to the debtor or consumer obligor an explanation pursuant to division (B)(1) of this section. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

Sec. 1309.617. (A) A secured party's disposition of collateral after default:

(1) Transfers to a transferee for value all of the debtor's rights in the collateral;

(2) Discharges the security interest under which the disposition is made; and

(3) Discharges any subordinate security interest or other subordinate lien other than the liens specified in division (D) of section 1309.109 of the Revised Code.

(B) A transferee who acts in good faith takes free of the rights and interests described in division (A) of this section, even if the secured party fails to comply with this chapter or the requirements of any judicial proceeding.

(C) If a transferee does not take free of the rights and interests described in division (A) of this section, the transferee takes the collateral subject to:

(1) The debtor's rights in the collateral;

(2) The security interest or agricultural lien under which the disposition is made; and

(3) Any other security interest or other lien.

Sec. 1309.618. (A) A secondary obligor acquires the rights and becomes obligated to perform the duties of the secured party after the secondary obligor:

(1) Receives an assignment of a secured obligation from the secured party;

(2) Receives a transfer of collateral from the secured party and agrees to accept the rights and assume the duties of the secured party; or

(3) Is subrogated to the rights of a secured party with respect to collateral.

(B) An assignment, transfer, or subrogation described in division (A) of this section:

(1) Is not a disposition of collateral under section 1309.610 of the Revised Code; and

(2) Relieves the secured party of further duties under this chapter.

Sec. 1309.619. (A) As used in this section, "transfer statement" means a record authenticated by a secured party that states:

(1) The debtor has defaulted in connection with an obligation secured by specified collateral;

(2) The secured party has exercised its post-default remedies with respect to the collateral;

(3) By reason of the exercise, a transferee has acquired the rights of the debtor in the collateral; and

(4) The name and mailing address of the secured party, debtor, and transferee.

(B) A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate of title system covering the collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:

(1) Accept the transfer statement;

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

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

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

Sec. 1309.620. (A) Except as otherwise provided in division (G) of this section, a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

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

(2) The secured party, within the time prescribed in division (D) of this section, does not receive a notification of objection to the proposal authenticated by:

(a) A person to whom the secured party was required to send a proposal under section 1309.621 of the Revised Code; or

(b) Any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal.

(3) If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(4) Division (E) of this section does not require the secured party to dispose of the collateral, or the debtor waives the requirement pursuant to section 1309.624 of the Revised Code.

(B) A purported or apparent acceptance of collateral under this section is not effective unless:

(1) The secured party consents to the acceptance in an authenticated record or sends a proposal to the debtor; and

(2) The conditions of division (A) of this section are met.

(C) For purposes of this section:

(1) A debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default; and

(2) A debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default or the secured party:

(a) Sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(b) In the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(c) Does not receive a notification of objection authenticated by the debtor within twenty days after the proposal is sent.

(D) To be effective under division (A)(2) of this section, a notification of objection must be received by the secured party:

(1) In the case of a person to whom the proposal was sent pursuant to section 1309.621 of the Revised Code, within twenty days after notification was sent to that person; and

(2) In the case of persons other than those described in division (D)(1) of this section:

(a) Within twenty days after the last notification was sent pursuant to

section 1309.621 of the Revised Code; or

(b) If a notification was not sent, before the debtor consents to the acceptance under division (C) of this section.

(E) A secured party who has taken possession of collateral shall dispose of the collateral pursuant to section 1309.610 of the Revised Code within the time specified in division (F) of this section if:

(1) Sixty per cent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or

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

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

(1) Within ninety days after taking possession; or

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

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

Sec. 1309.621. (A) A secured party who desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

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

(2) Any other secured party or lienholder who, ten days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(a) Identified the collateral;

(b) Was indexed under the debtor's name as of that date;

(c) Was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and

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

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

Sec. 1309.622. (A) A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures:

- (1) Discharges the obligation to the extent consented to by the debtor;
- (2) Transfers to the secured party all of a debtor's rights in the collateral;
- (3) Discharges the security interest or agricultural lien that is the subject of the debtor's consent and any subordinate security interest or other subordinate lien; and
- (4) Terminates any other subordinate interest.

(B) A subordinate interest is discharged or terminated under division (A) of this section even if the secured party fails to comply with this chapter.

Sec. 1309.623. (A) A debtor, any secondary obligor, or any other secured party or lienholder may redeem collateral.

- (B) To redeem collateral, a person shall tender:
- (1) Fulfillment of all obligations secured by the collateral; and
 - (2) The reasonable expenses and attorney's fees described in division (A)(1) of section 1309.615 of the Revised Code.

- (C) A redemption may occur at any time before a secured party:
- (1) Has collected collateral under section 1309.607 of the Revised Code;
 - (2) Has disposed of collateral or entered into a contract for its disposition under section 1309.610 of the Revised Code; or
 - (3) Has accepted collateral in full or partial satisfaction of the obligation it secures under section 1309.622 of the Revised Code.

Sec. 1309.624. (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 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 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 after default.

Sec. 1309.625. (A) If it is established that a secured party is not proceeding in accordance with this chapter, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions.

(B) Subject to divisions (C), (D), and (F) of this section, a person is liable for damages in the amount of any loss caused by a failure to comply with this chapter. Loss caused by a failure to comply may include loss

resulting from the debtor's inability to obtain, or increased costs of, alternative financing.

(C) Except as provided in section 1309.628 of the Revised Code:

(1) A person who, at the time of the failure, was a debtor, was an obligor, or held a security interest in or other lien on the collateral may recover damages under division (B) of this section for its loss; and

(2) If the collateral is consumer goods, a person who was a debtor or a secondary obligor at the time a secured party failed to comply with sections 1309.601 to 1309.628 of the Revised Code may recover for that failure in any event an amount not less than the credit service charge plus ten per cent of the principal amount of the obligation or the time-price differential plus ten per cent of the cash price;

(D) A debtor whose deficiency is eliminated under section 1309.626 of the Revised Code may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under section 1309.626 of the Revised Code may not recover otherwise under division (B) of this section for noncompliance with sections 1309.601 to 1309.628 of the Revised Code relating to collection, enforcement, disposition, or acceptance.

(E) In addition to any damages recoverable under division (B) of this section, the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover five hundred dollars in each case from a person that:

(1) Fails to comply with section 1309.208 of the Revised Code;

(2) Fails to comply with section 1309.209 of the Revised Code;

(3) Files a record that the person is not entitled to file under division (A) of section 1309.509 of the Revised Code;

(4) Fails to cause the secured party of record to file or send a termination statement as required by division (A) or (C) of section 1309.513 of the Revised Code;

(5) Fails to comply with division (B)(1) of section 1309.616 of the Revised Code and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or

(6) Fails to comply with division (B)(2) of section 1309.616 of the Revised Code.

(F) A debtor or consumer obligor may recover damages under division (B) of this section and, in addition, five hundred dollars in each case from a person who, without reasonable cause, fails to comply with a request under section 1309.210 of the Revised Code. A recipient of a request under section 1309.210 of the Revised Code who never claimed an interest in the

collateral or obligations that are the subject of a request under that section has a reasonable excuse for failure to comply with the request within the meaning of this division.

(G) If a secured party fails to comply with a request regarding a list of collateral or a statement of account under section 1309.210 of the Revised Code, the secured party may claim a security interest only as shown in the list or statement included in the request as against a person who is reasonably misled by the failure.

Sec. 1309.626. In an action arising from a transaction in which the amount of a deficiency or surplus is in issue, the following rules apply:

(A) A secured party is not required to prove compliance with sections 1309.601 to 1309.628 of the Revised Code relating to collection, enforcement, disposition, or acceptance unless the debtor or a secondary obligor places the secured party's compliance in issue.

(B) If the secured party's compliance is placed in issue, the secured party has the burden of establishing that the collection, enforcement, disposition, or acceptance was conducted in accordance with sections 1309.601 to 1309.628 of the Revised Code.

(C) Except as provided in section 1309.628 of the Revised Code, if a secured party fails to prove that the collection, enforcement, disposition, or acceptance was conducted in accordance with sections 1309.601 to 1309.628 of the Revised Code relating to collection, enforcement, disposition, or acceptance, the liability of a debtor or a secondary obligor for a deficiency is limited to an amount by which the sum of the secured obligation, expenses, and attorney's fees exceeds the greater of:

(1) The proceeds of the collection, enforcement, disposition, or acceptance; or

(2) The amount of proceeds that would have been realized had the noncomplying secured party proceeded in accordance with sections 1309.601 to 1309.628 of the Revised Code relating to collection, enforcement, disposition, or acceptance.

(D) For purposes of division (C)(2) of this section, the amount of proceeds that would have been realized is equal to the sum of the secured obligation, expenses, and attorney's fees unless the secured party proves that the amount is less than that sum.

(E) If a deficiency or surplus is calculated under division (F) of section 1309.615 of the Revised Code, the debtor or obligor has the burden of establishing that the amount of proceeds of the disposition is significantly below the range of prices that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary

obligor would have brought.

Sec. 1309.627. (A) The fact that a greater amount could have been obtained by a collection, enforcement, disposition, or acceptance at a different time or in a different method from that selected by the secured party is not of itself sufficient to preclude the secured party from establishing that the collection, enforcement, disposition, or acceptance was made in a commercially reasonable manner.

(B) A disposition of collateral is made in a commercially reasonable manner if the disposition is made:

(1) In the usual manner on any recognized market;

(2) At the price current in any recognized market at the time of the disposition; or

(3) Otherwise in conformity with reasonable commercial practices among dealers in the type of property that was the subject of the disposition.

(C) A collection, enforcement, disposition, or acceptance is commercially reasonable if it has been approved:

(1) In a judicial proceeding;

(2) By a bona fide creditors' committee;

(3) By a representative of creditors; or

(4) By an assignee for the benefit of creditors.

(D) Approval under division (C) of this section does not have to be obtained, and lack of approval does not mean that the collection, enforcement, disposition, or acceptance is not commercially reasonable.

Sec. 1309.628. (A) 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 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;

(b) The identity of the person; and

(c) How to communicate with the person; or

(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(a) That the person is a debtor; and

(b) The identity of the person.

(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:

(1) A debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or

(2) An obligor's representation concerning the purpose for which a secured obligation was incurred.

(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.

(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.

Sec. 1309.702. (A) Except as otherwise provided in this chapter, this chapter applies to a transaction or lien within the scope of this chapter even if the transaction or lien was entered into or created before July 1, 2001.

(B) Except as otherwise provided in division (C) of this section and sections 1309.703 to 1309.709 of the Revised Code:

(1) Transactions or liens that were not governed by this chapter as it existed before July 1, 2001, were validly entered into or created prior to that date, and would be subject to this chapter if they had been entered into or created on or after that date, and the rights, duties, and interests related to those transactions or liens, remain valid on and after July 1, 2001; and

(2) The transactions and liens may be terminated, completed, consummated, or enforced as required or permitted by the law in effect immediately prior to July 1, 2001, or the law in effect on and after that date.

(C) This chapter does not affect an action, case, or proceeding commenced prior to July 1, 2001.

Sec. 1309.703. (A) A security interest that is enforceable immediately before July 1, 2001, and that would have priority over the rights of a person who becomes a lien creditor at that time is a perfected security interest under this chapter if, on July 1, 2001, the applicable requirements for enforceability and perfection under this chapter are satisfied without further action.

(B) Except as otherwise provided in section 1309.705 of the Revised Code, if, immediately before July 1, 2001, a security interest is enforceable

and would have priority over the rights of a person who becomes a lien creditor at that time, but the applicable requirements for enforceability or perfection under this chapter are not satisfied on July 1, 2001, the security interest:

(1) Is a perfected security interest until July 1, 2002;

(2) Remains enforceable after the date specified in division (B)(1) of this section only if the security interest becomes enforceable under section 1309.203 of the Revised Code on or before July 1, 2002;

(3) Remains perfected after the date specified in division (B)(1) of this section only if the applicable requirements for perfection under this chapter are satisfied on or before July 1, 2002.

Sec. 1309.704. A security interest that is enforceable immediately before July 1, 2001, but that would be subordinate to the rights of a person that becomes a lien creditor at that time:

(A) Remains an enforceable security interest until July 1, 2002;

(B) Remains enforceable after July 1, 2002, if the security interest becomes enforceable under section 1309.203 of the Revised Code on July 1, 2001, or by July 1, 2002; and

(C) Becomes perfected:

(1) Without further action on July 1, 2001, if the applicable requirements for perfection under this chapter are satisfied before or on that date; or

(2) When the applicable requirements for perfection are satisfied if the requirements are satisfied after July 1, 2001.

Sec. 1309.705. (A) If action, other than the filing of a financing statement, is taken before July 1, 2001, and if the action would have resulted in priority of a security interest over the rights of a person who becomes a lien creditor had the security interest become enforceable before that date, the action is effective to perfect a security interest that attaches under this chapter within one year after that date. An attached security interest becomes unperfected on July 1, 2002, unless the security interest becomes a perfected security interest under this chapter on or before July 1, 2002.

(B) The filing of a financing statement before July 1, 2001, is effective to perfect a security interest to the extent the filing would satisfy the applicable requirements for perfection under this chapter on or after July 1, 2001.

(C) This chapter does not render ineffective an effective financing statement that, before July 1, 2001, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in former section 1309.03 of the Revised Code.

However, except as otherwise provided in divisions (D) and (E) of this section and section 1309.706 of the Revised Code, the financing statement ceases to be effective at the earlier of:

(1) The time the financing statement would have ceased to be effective under the law of the jurisdiction in which it is filed; or

(2) June 30, 2006.

(D) The filing of a continuation statement after July 1, 2001, does not continue the effectiveness of a financing statement filed before that date. However, upon the timely filing of a continuation statement after July 1, 2001, and in accordance with the law of the jurisdiction governing perfection as provided in sections 1309.301 to 1309.342 of the Revised Code, the effectiveness of a financing statement filed in the same office in that jurisdiction before July 1, 2001, continues for the period provided by the law of that jurisdiction.

(E) Division (C)(2) of this section applies to a financing statement that, before July 1, 2001, is filed against a transmitting utility and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in section 1309.03 of the Revised Code, as it existed prior to July 1, 2001, only to the extent that sections 1309.301 to 1309.342 of the Revised Code provide that the law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs perfection of a security interest in collateral covered by the financing statement.

(F) A financing statement that includes a financing statement filed before July 1, 2001, and a continuation statement filed after that date is effective only to the extent that it satisfies the requirements of sections 1309.501 to 1309.527 of the Revised Code, as they exist on July 1, 2001, for an initial financing statement.

Sec. 1309.706. (A) The filing of an initial financing statement in the office specified in section 1309.501 of the Revised Code continues the effectiveness of a financing statement filed before July 1, 2001, if:

(1) The filing of an initial financing statement in that office would be effective to perfect a security interest under this chapter.

(2) The financing statement filed before July 1, 2001, was filed in an office in another state or another office in this state; and

(3) The initial financing statement satisfies division (C) of this section.

(B) The filing of an initial financing statement under division (A) of this section continues the effectiveness of the financing statement filed before July 1, 2001:

period provided in section 1309.40 of the Revised Code, as it existed prior to July 1, 2001, with respect to a financing statement; and

(2) If the initial financing statement is filed after July 1, 2001, for the period provided in section 1309.515 of the Revised Code, as it exists on July 1, 2001, with respect to an initial financing statement.

(C) To be effective for purposes of division (A) of this section, an initial financing statement shall:

(1) Satisfy the requirements of sections 1309.501 to 1309.527 of the Revised Code, as they exist on July 1, 2001, for an initial financing statement;

(2) Identify the financing statement filed before July 1, 2001, by indicating the office in which the financing statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of the most recent continuation statement filed with respect to the financing statement; and

(3) Indicate that the financing statement filed before July 1, 2001, remains effective.

Sec. 1309.707. (A) As used in this section, "pre-effective-date financing statement" means a financing statement filed before July 1, 2001.

(B) On or after July 1, 2001, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective-date financing statement only in accordance with the law of the jurisdiction governing perfection as provided in sections 1309.301 to 1309.342 of the Revised Code, as they exist on July 1, 2001. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed.

(C) Except as otherwise provided in division (D) of this section, if the law of this state governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after July 1, 2001, only if:

(1) The pre-effective-date financing statement and an amendment are filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001;

(2) An amendment is filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001, concurrently with, or after the filing in that office of, an initial financing statement that satisfies division (C) of section 1309.706 of the Revised Code as it exists on July 1, 2001.

(3) An initial financing statement that provides the information as amended and satisfies division (C) of section 1309.706 of the Revised Code

as it exists on July 1, 2001 is filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001.

(D) If the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under division (D) or (F) of section 1309.705 or section 1309.706 of the Revised Code as it exists on July 1, 2001.

(E) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in this state may be terminated after July 1, 2001, by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies division (C) of section 1309.706 of the Revised Code as it exists on July 1, 2001, has been filed in the office specified by the law of the jurisdiction governing perfection as provided in sections 1309.301 to 1309.342 of the Revised Code, as they exist on July 1, 2001, as the office in which to file a financing statement.

Sec. 1309.708. A person may file an initial financing statement or a continuation statement under this section if:

(A) The secured party of record authorizes the filing; and

(B) The filing is necessary under this section:

(1) To continue the effectiveness of a financing statement filed before July 1, 2001; or

(2) To perfect or continue the perfection of a security interest.

Sec. 1309.709. (A) This chapter determines the priority of conflicting claims to collateral. However, if the relative priorities of the claims were established before July 1, 2001, the law in effect at the time the priorities of the claims were established determines priority.

(B) For purposes of division (A) of section 1309.322 of the Revised Code, as it exists on July 1, 2001, the priority of a security interest that becomes enforceable under section 1309.203 of the Revised Code, as it exists on July 1, 2001, dates from July 1, 2001, if the security interest is perfected under this chapter by the filing of a financing statement before July 1, 2001, that would not have been effective to perfect the security interest under the law in effect at the time of the filing. This division does not apply to conflicting security interests each of which is perfected by the filing of such a financing statement.

Sec. 1310.01. (A) As used in sections 1310.01 to 1310.78 of the Revised Code, unless the context otherwise requires:

(1) "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale to ~~him~~ the person is in violation of

the ownership rights or security interest or leasehold interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind. "Buyer in ordinary course of business" does not include a pawnbroker. "Buying" may be for cash, by exchange of other property, or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting contract for sale. "Buying" does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(2) "Cancellation" occurs when either party puts an end to the lease contract for default by the other party.

(3) "Commercial unit" means a unit of goods that by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A "commercial unit" may be a single article, including a machine; a set of articles, including a suite of furniture or a line of machinery; a quantity, including a gross or carload; or any other unit treated in use or in the relevant market as a single whole.

(4) "Conforming" goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

(5) "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose.

(6) "Fault" means wrongful act, omission, breach, or default.

(7) "Finance lease" means a lease with respect to which all of the following apply:

(a) The lessor does not select, manufacture, or supply the goods;

(b) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease;

(c) One of the following occurs:

(i) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(ii) The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(iii) Before signing the lease contract, the lessee receives an accurate and complete statement designating the promises and warranties, disclaimers of warranties, limitations or modifications of remedies, or

liquidated damages of the manufacturer of the goods and of any other third party that were provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods;

(iv) If the lease is not a consumer lease, before the lessee signs the lease contract, the lessor informs the lessee in writing of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person; that the lessee is entitled under sections 1310.01 to 1310.78 of the Revised Code to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; and that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

(8) "Goods" means all things that are movable at the time of identification to the lease contract or that are fixtures, as defined in section 1310.37 of the Revised Code. "Goods" does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. "Goods" includes the unborn young of animals.

(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 1310.01 to 1310.78 of the

Revised Code and any other applicable rules of law. Unless the context clearly indicates otherwise, "lease contract" includes a sublease contract.

(13) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

(14) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, "lessee" includes a sublessee.

(15) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to ~~him~~ the person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind. "Lessee in ordinary course of business" does not include a pawnbroker. "Leasing" may be for cash, by exchange of other property, or on secured or unsecured credit and includes receiving goods or documents of title under a ~~pre-existing~~ preexisting lease contract. "Leasing" does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(16) "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, "lessor" includes a sublessor.

(17) "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

(18) "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation but does not include a security interest.

(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.

(20) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

(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.

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

(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.

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

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

(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.

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

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

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

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

(1) "Account," "chattel paper," "document," "general intangible," "instrument," "mortgage," and "pursuant to commitment" have the same meanings as in section ~~1309.01~~ 1309.102 of the Revised Code.

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

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

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

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

(D) The terms and principles of construction and interpretation set forth in sections 1301.01 to 1301.14 of the Revised Code are applicable to sections 1310.01 to 1310.78 of the Revised Code.

Sec. 1310.31. (A) As used in this section, "creation of a security interest" includes the sale of a lease contract that is subject to Chapter 1309. of the Revised Code, by reason of division (A)~~(2)(3)~~ of section ~~1309.02~~ 1309.109 of the Revised Code.

(B) Except as provided in ~~divisions~~ division (C) ~~and (D)~~ of this section and section 1309.407 of the Revised Code, a provision in a lease agreement that prohibits the voluntary or involuntary transfer, including a transfer by sale, sublease, creation or enforcement of a security interest, or attachment, levy, or other judicial process, of an interest of a party under the lease

contract or of the lessor's residual interest in the goods or that makes such a transfer an event of default gives rise to the rights and remedies provided in division ~~(E)~~(D) of this section, but a transfer that is prohibited or is an event of default under the lease agreement otherwise is effective.

~~(C)~~ A provision in a lease agreement that prohibits the creation or enforcement of a security interest in an interest of a party under the lease contract or in the lessor's residual interest in the goods or that makes the creation or enforcement of that type of security interest an event of default is not enforceable unless, and then only to the extent that, there is an actual transfer by the lessee of the lessee's right of possession or use of the goods in violation of the provision or an actual delegation of a material performance of either party to the lease contract in violation of the provision. Neither the granting nor the enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is a transfer that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the lessee within the purview of division ~~(E)~~ of this section unless, and then only to the extent that, there is an actual delegation of a material performance of the lessor.

~~(D)~~ A provision in a lease agreement that prohibits a transfer of a right to damages for default with respect to the whole lease contract or of a right to payment arising out of the transferor's due performance of the transferor's entire obligation or that makes such a transfer an event of default is not enforceable, and such a transfer is not a transfer that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract under division ~~(E)~~(D) of this section.

~~(E)~~(D) Subject to ~~divisions~~ division (C) and ~~(D)~~ of this section and section 1309.407 of the Revised Code, both of the following apply:

(1) If a transfer is made that is made an event of default under a lease agreement, the party to the lease contract not making the transfer, unless that party waives the default or otherwise agrees, has the rights and remedies described in division (B) of section 1310.47 of the Revised Code.

(2) If division ~~(E)~~(D)(1) of this section is not applicable and if a transfer is made that is prohibited under a lease agreement or that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract, unless the party not making the transfer agrees at any time to the transfer in the lease contract or otherwise, then, except as limited by contract, the transferor is liable to the party not making the transfer for

damages caused by the transfer to the extent that the damages could not reasonably be prevented by the party not making the transfer, and a court having jurisdiction may grant other appropriate relief, including cancellation of the lease contract or an injunction against the transfer.

~~(F)~~(E) A transfer of "the lease" or of "all my rights under the lease" or a transfer in similar general terms is a transfer of rights and, unless the language or the circumstances, as in a transfer for security, indicate the contrary, the transfer is a delegation of duties by the transferor to the transferee. Acceptance by the transferee constitutes a promise by the transferee to perform those duties. The promise is enforceable by either the transferor or the other party to the lease contract.

~~(G)~~(F) Unless otherwise agreed by the lessor and the lessee, a delegation of performance does not relieve the transferor as against the other party of any duty to perform or of any liability for default.

~~(H)~~(G) In a consumer lease, to prohibit the transfer of an interest of a party under the lease contract or to make a transfer an event of default, the language prohibiting the transfer or making the transfer a default shall be specific, by a writing, and conspicuous.

Sec. 1310.35. (A) Except as otherwise provided in section 1310.34 of the Revised Code, a creditor of a lessee takes subject to the lease contract.

(B) Except as otherwise provided in ~~divisions~~ division (C) ~~and (D)~~ of this section and in sections 1310.34 and 1310.36 of the Revised Code, a creditor of a lessor takes subject to the lease contract unless ~~any of the following applies:~~

~~(1) The~~ the creditor holds a lien that attached to the goods before the lease contract became enforceable.

~~(2) The creditor holds a security interest in the goods, and the lessee did not give value and receive delivery of the goods without knowledge of the security interest.~~

~~(3) The creditor holds a security interest in the goods that was perfected in accordance with section 1309.22 of the Revised Code before the lease contract became enforceable.~~

~~(C) A lessee in the ordinary course of business takes the leasehold interest free of a security interest in the goods created by the lessor even though the security interest is perfected in accordance with section 1309.22 of the Revised Code and the lessee knows of its existence.~~

~~(D) A lessee other than a lessee in the ordinary course of business takes the leasehold interest free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the lease or more than forty five days after the lease contract becomes~~

~~enforceable, whichever first occurs, unless the future advances are made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the forty five day period~~ Except as otherwise provided in sections 1309.317, 1309.321, and 1309.323 of the Revised Code, a lessee takes a leasehold interest subject to a security interest held by a creditor of the lessor.

Sec. 1310.37. (A) As used in this section:

(1) Goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law.

(2) A "fixture filing" is the filing, in the office in which a record of a mortgage on the real estate would be filed or recorded, of a financing statement covering goods that are or are to become fixtures and conforming to ~~division (D)~~ the requirements of divisions (A) and (B) of section ~~1309.39~~ 1309.502 of the Revised Code.

(3) A lease is a "purchase money lease" unless the lessee has possession or use of the goods or the right to possession or use of the goods before the lease agreement is enforceable.

(4) A mortgage is a "construction mortgage" to the extent it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if the recorded writing so indicates.

(5) "Encumbrance" includes real estate mortgages, other liens on real estate, and all other rights in real estate that are not ownership interests.

(B) Under sections 1310.01 to 1310.78 of the Revised Code, a lease may be of goods that are fixtures or may continue in goods that become fixtures, but, under those sections, no lease exists of ordinary building materials incorporated into an improvement on land.

(C) Sections 1310.01 to 1310.78 of the Revised Code do not prevent the creation of a lease of fixtures pursuant to real estate law.

(D) The perfected interest of a lessor of fixtures has priority over a conflicting interest of an encumbrancer or owner of the real estate if either of the following applies:

(1) The lease is a purchase money lease, the conflicting interest of the encumbrancer or owner arises before the goods become fixtures, the interest of the lessor is perfected by a fixture filing before the goods become fixtures or within ten days after they become fixtures, and the lessee has an interest of record in the real estate or is in possession of the real estate.

(2) The interest of the lessor is perfected by a fixture filing before the interest of the encumbrancer or owner is of record, the lessor's interest has priority over any conflicting interest of a predecessor in title of the

encumbrancer or owner, and the lessee has an interest of record in the real estate or is in possession of the real estate.

(E) The interest of a lessor of fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real estate if any of the following applies:

(1) The fixtures are readily removable factory or office machines, readily removable equipment that is not primarily used or leased for use in the operation of the real estate, or readily removable replacements of domestic appliances that are goods subject to a consumer lease and, before the goods become fixtures, the lease contract is enforceable.

(2) The conflicting interest is a lien on the real estate obtained by legal or equitable proceedings after the lease contract is enforceable.

(3) The encumbrancer or owner has consented in writing to the lease or has disclaimed an interest in the goods as fixtures.

(4) The lessee has a right to remove the goods as against the encumbrancer or owner. If the lessee's right to remove terminates, the priority of the interest of the lessor continues for a reasonable time.

(F) Notwithstanding division (D)(1) of this section but otherwise subject to divisions (D) and (E) of this section, the interest of a lessor of fixtures, including the lessor's residual interest, is subordinate to the conflicting interest of an encumbrancer of the real estate under a construction mortgage recorded before the goods become fixtures if the goods become fixtures before the completion of the construction. To the extent given to refinance a construction mortgage, the conflicting interest of an encumbrancer of the real estate under a mortgage has this priority to the same extent as the encumbrancer of the real estate under the construction mortgage.

(G) In cases not within divisions (A) to (F) of this section, priority between the interest of a lessor of fixtures, including the lessor's residual interest, and the conflicting interest of an encumbrancer or owner of the real estate who is not the lessee is determined by the priority rules governing conflicting interests in real estate.

(H) If the interest of a lessor of fixtures, including the lessor's residual interest, has priority over all conflicting interests of all owners and encumbrancers of the real estate, the lessor or the lessee, on default, expiration, termination, or cancellation of the lease agreement but subject to the lease agreement and sections 1310.01 to 1310.78 of the Revised Code, or if necessary to enforce other rights and remedies of the lessor or lessee under those sections, may remove the goods from the real estate, free and clear of all conflicting interests of all owners and encumbrancers of the real estate, but the lessor or lessee shall reimburse any encumbrancer or owner of

the real estate who is not the lessee and who has not otherwise agreed for the cost of repair of any physical injury, but not for any diminution in value of the real estate caused by the absence of the goods removed or by any necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the party seeking removal gives adequate security for the performance of this obligation.

(I) Even though the lease agreement does not create a security interest, the interest of a lessor of fixtures, including the lessor's residual interest, is perfected by filing a financing statement as a fixture filing for leased goods that are or are to become fixtures in accordance with the relevant provisions of Chapter 1309. of the Revised Code.

Sec. 1311.55. (A) As used in this section:

(1) "Agricultural product" means all fruit and vegetable crops, meat and meat products, milk and dairy products, poultry and poultry products, wool, and all seeds harvested by a producer for sale, except that it does not include any grain crop that is subject to the fee that the director of agriculture may require to be remitted under section 926.16 of the Revised Code.

(2) "Agricultural product handling" means engaging in or participating in the business of buying, selling, exchanging, or negotiating or soliciting a purchase, sale, resale, exchange, or transfer of an agricultural product.

(3) "Agricultural product handler" or "handler" means any person who is engaged in the business of agricultural product handling, except that a person who sells only those agricultural products that ~~he~~ the person has produced, or buys agricultural products for ~~his~~ the person's own use, is not an agricultural product handler.

(4) "Agricultural producer" or "producer" means any person who grows, raises, or produces an agricultural product on land that ~~he~~ the person owns or leases.

(5) "Proceeds" has the same meaning as in division (A)(~~64~~) of section ~~1309.25~~ 1309.102 of the Revised Code.

(B) An agricultural producer who delivers an agricultural product under an express or implied contract to an agricultural product handler, or an agricultural product handler who delivers an agricultural product under an express or implied contract to another agricultural product handler, has a lien to secure the payment for all of the agricultural product delivered under that contract. The lien attaches to the product, whether in a raw or processed condition, while in the possession of the agricultural product handler, and to the proceeds of the sale of the agricultural product. The lien attaches from the date of delivery of the agricultural product to the handler, or if there is a series of deliveries under the contract, from the date of the first delivery.

The lien is contingent until the producer or handler complies with section 1311.56 of the Revised Code.

(C) The lien on an agricultural product covers the contract price agreed upon, or when there is no agreed price at the time of delivery, the value of the agricultural product as determined by the "market news service" of the Ohio department of agriculture on the date the agricultural producer or handler files the affidavit permitted under section 1311.56 of the Revised Code.

(D) Any waiver by a producer or handler of ~~his~~ the producer's or handler's right to an agricultural product lien is void as being contrary to public policy.

Sec. 1317.01. As used in this chapter:

(A) "Retail installment sale" includes every retail installment contract to sell specific goods, every consumer transaction in which the cash price may be paid in installments over a period of time, and every retail sale of specific goods to any person in which the cash price may be paid in installments over a period of time. "Retail installment sale" does not include a lease-purchase agreement as defined in division (F) of section 1351.01 of the Revised Code nor a layaway arrangement as defined in division (S) of this section.

(B) "Person" includes an individual, corporation, trust, partnership of two or more persons having a joint or common interest, and any other association.

(C)(1) "Goods" means all things, including specially manufactured goods but not including the money in which the price is to be paid or things in action, that satisfy both of the following:

(a) They are movable at the time of identification for sale or identification to the contract for sale;

(b) They are purchased primarily for personal, family, or household purposes.

(2) Nothing in division (C)(1) of this section shall be construed to exempt transactions involving items purchased for other than primarily personal, family, or household purposes from sections 2905.21 to 2905.24 of the Revised Code.

(D) "Specific goods" means goods, including related services, identified and agreed upon at the time a contract to sell or a sale is made.

(E) "Retail" means to dispose of specific goods to, or to acquire specific goods by, a person for use other than for purposes of resale.

(F) "Buyer" means a person who buys or agrees to buy goods or any legal successor in interest of such person.

(G) "Retail buyer" means a buyer who is a party to a retail installment sale, or any legal successor in interest of such person.

(H) "Seller" means a person who sells or agrees to sell goods.

(I) "Retail seller" means a seller who is a party to a retail installment sale.

(J) "Holder of the retail installment contract" means any person to whom the money owed by the retail buyer on the retail installment contract has been paid.

(K) "Cash price" means the price measured in dollars, agreed upon in good faith by the parties as the price at which the specific goods which are the subject matter of any retail installment sale would be sold if such sale were a sale for cash to be paid upon delivery instead of a retail installment sale. "Cash price" may include sales taxes.

(L) "Retail installment contract" means any written instrument that is executed in connection with any retail installment sale and is required by section 1317.02 of the Revised Code or is authorized by section 1317.03 of the Revised Code, and includes all such instruments executed in connection with any retail installment sale.

(M) "Contract for sale" and "sale" have the same meanings as in section 1302.01 of the Revised Code; and "security agreement" has the same meaning as in section ~~1309.01~~ 1309.102 of the Revised Code.

(N) "Finance charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time. Any advancement in the cash price ordinarily charged by the retail seller is a finance charge when a retail installment sale is made.

(O) "Service charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time in addition to the finance charge for the same privilege.

(P) "Consumer transaction" means a sale, lease, assignment, or other transfer of an item of goods, or a service, except those transactions between persons, defined in sections 4905.03 and 5725.01 of the Revised Code, and their customers, or between attorneys or physicians and their clients or patients, to an individual for purposes that are primarily personal, family, or household. For the purposes of this chapter only, a "consumer transaction" does not include a lease-purchase agreement.

(Q) "Purchase money loan" means a cash advance that is received by a consumer from a creditor in return for a finance charge within the meaning of the "Truth in Lending Act," 82 Stat. 146 (1968), 15 U.S.C.A. 1601 and

regulation Z thereunder, which is applied in whole or substantial part to a consumer transaction with a seller, who either:

(1) Cooperates with the creditor to channel consumers to the creditor on a continuing basis;

(2) Is affiliated with the creditor by common control, contract, or business arrangement.

If a credit card issued by a bank or a savings and loan association is used by a consumer in a particular consumer transaction, the bank or savings and loan association is not a creditor, within the meaning of this division, with respect to the particular consumer transaction.

(R) "Dealer" and "motor vehicle" have the same meanings as in section 4501.01 of the Revised Code.

(S)(1) "Layaway arrangement" means a contract for sale at retail, other than one involving the sale of a motor vehicle by a dealer, in which the buyer agrees to buy and the seller agrees to sell specific goods at a future time and:

(a) Until such future time, the seller agrees to retain possession of but remove the specific goods from its retail inventory and not offer the specific goods for sale to other persons or promises the availability thereof at the agreed time of delivery; and

(b) The buyer agrees to pay the seller the layaway price, in whole or in part, by deposit, down payment, part payment, periodically or in installments or otherwise prior to delivery of the specific goods.

(2) A layaway arrangement does not include interest or equivalent financing charges. If a contract of sale is a layaway arrangement, it is not a retail installment sale and it is not a contract subject to Chapter 1309. or sections 1351.02 to 1351.09 or 1317.02 to 1317.16 of the Revised Code.

(T) "Layaway price" means the price at which the specific goods which are the subject of a layaway arrangement are offered for sale at retail by the seller if such sale were a sale for cash to be paid in full upon delivery on the date the layaway arrangement was entered into instead of pursuant to a layaway arrangement. Layaway price may include sales taxes.

Sec. 1317.12. Notwithstanding any agreement to the contrary in a retail installment contract made on or after the effective date of this section, if collateral for a consumer transaction is taken possession of by the secured party on default, the secured party shall, within five business days after taking possession, send to the debtor a notice setting forth specifically the circumstances constituting the default and the amount by itemization that the debtor is required to pay to cure ~~his~~ the default. Any notice required by section ~~1309.47~~ 1309.611 or 1317.16 of the Revised Code may be included

as part of the notice required by this section. A secured party who disposes of the collateral without sending notice required by this section may not recover the costs of retaking possession of the collateral and is not entitled to a deficiency judgment.

The debtor may cure ~~his~~ the default within twenty days after the secured party retakes possession of the collateral, or within fifteen days after the secured party sends the notice required by this section, whichever is later, by delivering to the secured party the following:

(A) All installments due or past due at the time of such delivery;

(B) Any unpaid delinquency or deferred charges;

(C) The actual and reasonable expenses incurred by the secured party in retaking possession of the collateral provided that any portion of such expenses which exceeds twenty-five dollars need not be delivered to the secured party pursuant to this division, but shall be added to the time balance;

(D) A deposit by cash or bond in the amount of two installments, to secure the timely payment of future installments by the debtor. The secured party may apply such cash or the proceeds of such bond toward the satisfaction of the debt in the event of another default by the debtor.

During the period between the time a secured party retakes possession of the collateral and the expiration or exercise of the debtor's right to cure ~~his~~ the default, the secured party shall make the collateral available for inspection by the debtor during reasonable hours.

If the debtor cures ~~his~~ the default, ~~he~~ the debtor may take possession of the collateral. The secured party shall assemble the collateral and make it available to the debtor at a time and place that is reasonably convenient to both parties. If the debtor requests the secured party to return the collateral to the place from which it was taken, the secured party may charge the debtor the actual and reasonable expenses incurred in returning the collateral to the place from which it was taken, which amount shall be added to the time balance.

A debtor's right to cure ~~his~~ the default pursuant to this section may not be exercised more than once with respect to a single debt.

A secured party who reasonably believes that a debtor intends to conceal or remove the collateral from this state after curing ~~his~~ the default may, within five days after retaking possession of the collateral, move in a court of competent jurisdiction that ~~he~~ the secured party be allowed to retain possession of the collateral as security for the debt. If the court finds reasonable cause to believe that the debtor intends to conceal the collateral or remove it from this state, it shall order that the collateral remain in the

possession of the secured party, notwithstanding the other provisions of this section. If the debtor cures ~~his~~ the default, the secured party shall not dispose of the collateral unless the debtor again defaults, and ~~he~~ the secured party shall make such collateral available to the debtor when the debt is paid in full.

Sec. 1317.13. As used in this section, "motor vehicle" and "mobile home" have the same meanings as in section 4501.01 of the Revised Code, and "manufactured home" has the same meaning as in section 3781.06 of the Revised Code.

Notwithstanding the provisions of section ~~1309.46~~ 1309.609 of the Revised Code or any agreement by the parties to a consumer transaction to the contrary, a secured party whose security interest is taken pursuant to section 1317.071 of the Revised Code shall not be entitled to take possession of the collateral, except for collateral that is a motor vehicle, a manufactured home, or a mobile home, upon default by the debtor if the time balance at the time of the default is less than twenty-five per cent of the sum of the time balance on the day such retail installment contract was executed and the down payment recited in such contract.

Sec. 1317.16. (A) A secured party whose security interest is taken pursuant to section 1317.071 of the Revised Code may, after default, dispose of any or all of the collateral only as authorized by this section.

(B) Disposition of the collateral shall be by public sale only. Such sale may be as a unit or in parcels and the method, manner, time, place, and terms thereof shall be commercially reasonable. At least ten days prior to sale the secured party shall send notification of the time and place of such sale and of the minimum price for which such collateral will be sold, together with a statement that the debtor may be held liable for any deficiency resulting from such sale, by certified mail, return receipt requested, to the debtor at ~~his~~ the debtor's last address known to the secured party, and to any persons known by the secured party to have an interest in the collateral. In addition, the secured party shall cause to be published, at least ten days prior to the sale, a notice of such sale listing the items to be sold, in a newspaper of general circulation in the county where the sale is to be held.

(C) Except as modified by this section, ~~section 1309.47~~ sections 1309.610, 1309.611, 1309.615, 1309.617, and 1309.624 of the Revised Code ~~governs~~ govern disposition of collateral by the secured party.

Sec. 1321.16. (A) A licensee may make open-end loans pursuant to an agreement between the licensee and the borrower whereby:

- (1) The licensee may permit the borrower to obtain advances of money

from the licensee from time to time or the licensee may advance money on behalf of the borrower from time to time as directed by the borrower.

(2) The amount of each advance and permitted interest, charges, and costs are debited to the borrower's account and payments and other credits are credited to the same account.

(3) The interest and charges are computed on the unpaid balance or balances of the account from time to time.

(4) The borrower has the privilege of paying the account in full at any time or, if the account is not in default, in monthly installments of fixed or determinable amounts as provided in the agreement.

For open-end loans, "billing cycle" means the time interval between periodic billing dates. A billing cycle shall be considered monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from such date.

(B) Notwithstanding any other provisions of the Revised Code, a licensee may contract for and receive interest for open-end loans at a rate or rates not exceeding those provided in division (A) of section 1321.13 of the Revised Code and may compute interest in each billing cycle by either of the following methods:

(1) By multiplying the daily rate or rates by the daily unpaid balance of the account, in which case the daily rates are determined by dividing the annual rates by three hundred sixty-five;

(2) By multiplying the monthly rate or rates by the average daily unpaid balance of the account in the billing cycle, in which case the average daily unpaid balance is the sum of all of the daily unpaid balances each day during the cycle divided by the number of days in the cycle. The monthly rates are determined by dividing the annual rates by twelve.

The billing cycle shall be monthly and the unpaid balance on any day shall be determined by adding to any balance unpaid as of the beginning of that day all advances and permitted interest, charges, and costs and deducting all payments and other credits made or received that day.

(C) In addition to the interest permitted in division (B) of this section, a licensee may charge and receive or add to the unpaid balance any or all of the following:

(1) All charges and costs authorized by divisions (E), (F), (G), (H), and (J) of section 1321.13 of the Revised Code;

(2) An annual credit line charge, for the privilege of maintaining a line of credit, for the first year not exceeding the greater of one per cent of the original credit line or thirty dollars, and for subsequent years not exceeding twenty dollars;

(3) A default charge on any required minimum payment not paid in full within ten days after its due date. For this purpose, all required minimum payments are considered paid in the order in which they become due. The amount of the default charge shall not exceed the greater of five per cent of the required minimum payment or five dollars.

(D) The borrower at any time may pay all or any part of the unpaid balance on the account or, if the account is not in default, the borrower may pay the unpaid balance in installments subject to minimum payment requirements as determined by the licensee and set forth in the open-end loan agreement.

(E) If credit life insurance or credit accident and health insurance is obtained by the licensee and if the insured dies or becomes disabled when there is an outstanding open-end loan indebtedness, the insurance shall be sufficient to pay the unpaid balance on the loan due on the date of the borrower's death in the case of credit life insurance or all minimum payments that become due on the loan during the covered period of disability in the case of credit accident and health insurance. The additional charge for credit life insurance, credit accident and health insurance, or unemployment insurance shall be calculated each billing cycle by applying the current monthly premium rate for the insurance, filed by the insurer with the superintendent of insurance and not disapproved by ~~him~~ the superintendent, to the unpaid balances in the borrower's account, using one of the methods specified in division (B) of this section for the calculation of interest. No credit life insurance, credit accident and health insurance, or unemployment insurance written in connection with an open-end loan shall be canceled by the licensee because of delinquency of the borrower in making the required minimum payments on the loan unless one or more such payments is past due for a period of thirty days or more. The licensee shall advance to the insurer the amounts required to keep the insurance in force during such period, which amounts may be debited to the borrower's account.

(F) Whenever there is no unpaid balance in an open-end loan account, the account may be terminated by written notice, by the borrower or the licensee, to the other party. If a licensee has taken a security interest in personal property to secure the open-end loan, the licensee shall release the security interest and terminate any financing statement in accordance with section ~~1309.41~~ 1309.513 of the Revised Code.

Sec. 1321.58. (A) A registrant may make open-end loans pursuant to an agreement between the registrant and the borrower whereby:

(1) The registrant may permit the borrower to obtain advances of money

from the registrant from time to time or the registrant may advance money on behalf of the borrower from time to time as directed by the borrower.

(2) The amount of each advance and permitted interest, charges, and costs are debited to the borrower's account and payments and other credits are credited to the same account.

(3) The interest and charges are computed on the unpaid balance or balances of the account from time to time.

(4) The borrower has the privilege of paying the account in full at any time or, if the account is not in default, in installments of determinable amounts as provided in the agreement.

For open-end loans, "billing cycle" means the time interval between periodic billing dates. A billing cycle shall be considered monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from such date.

(B) Notwithstanding any other provisions of the Revised Code, a registrant may contract for and receive interest for open-end loans at a rate or rates not exceeding twenty-one per cent per year and may compute interest in each billing cycle by either of the following methods:

(1) By multiplying the daily rate by the daily unpaid balance of the account, in which case the daily rate is determined by dividing the annual rate by three hundred sixty-five;

(2) By multiplying the monthly rate by the average daily unpaid balance of the account in the billing cycle, in which case the average daily unpaid balance is the sum of all of the daily unpaid balances each day during the cycle divided by the number of days in the cycle. The monthly rate is determined by dividing the annual rate by twelve.

The billing cycle shall be monthly and the unpaid balance on any day shall be determined by adding to any balance unpaid as of the beginning of that day all advances and permitted interest, charges, and costs and deducting all payments and other credits made or received that day.

(C) In addition to the interest permitted in division (B) of this section, a registrant may charge and receive or add to the unpaid balance any or all of the following:

(1) All charges and costs authorized by divisions (E), (F), (G), (H), (I), and (K) of section 1321.57 of the Revised Code;

(2) An annual credit line charge, for the privilege of maintaining a line of credit, as follows:

(a) For the first year:

(i) If the original credit line is less than five thousand dollars, an amount not exceeding one hundred fifty dollars;

(ii) If the original credit line is at least five thousand dollars, an amount not exceeding the greater of one per cent of the original credit line or two hundred fifty dollars.

(b) For subsequent years an amount not exceeding the greater of one-half per cent of the credit line on the anniversary date or fifty dollars.

(3) A default charge on any required minimum payment not paid in full within ten days after its due date. For this purpose, all required minimum payments are considered paid in the order in which they become due. The amount of the default charge shall not exceed the greater of five per cent of the required minimum payment or fifteen dollars.

(D) The borrower at any time may pay all or any part of the unpaid balance on the account or, if the account is not in default, the borrower may pay the unpaid balance in installments subject to minimum payment requirements as determined by the registrant and set forth in the open-end loan agreement.

(E) If credit life insurance or credit accident and health insurance is obtained by the registrant and if the insured dies or becomes disabled when there is an outstanding open-end loan indebtedness, the insurance shall be sufficient to pay the unpaid balance on the loan due on the date of the borrower's death in the case of credit life insurance or all minimum payments that become due on the loan during the covered period of disability in the case of credit accident and health insurance. The additional charge for credit life insurance, credit accident and health insurance, or unemployment insurance shall be calculated each billing cycle by applying the current monthly premium rate for the insurance, filed by the insurer with the superintendent of insurance and not disapproved by the superintendent, to the unpaid balances in the borrower's account, using one of the methods specified in division (B) of this section for the calculation of interest. No credit life insurance, credit accident and health insurance, or unemployment insurance written in connection with an open-end loan shall be canceled by the registrant because of delinquency of the borrower in making the required minimum payments on the loan unless one or more such payments is past due for a period of thirty days or more. The registrant shall advance to the insurer the amounts required to keep the insurance in force during such period, which amounts may be debited to the borrower's account.

(F) Whenever there is no unpaid balance in an open-end loan account, the account may be terminated by written notice, by the borrower or the registrant, to the other party. If a registrant has taken a mortgage on real property to secure the open-end loan, the registrant shall deliver, within thirty days following termination of the account, a release of the mortgage to

the borrower. If a registrant has taken a security interest in personal property to secure the open-end loan, the registrant shall release the security interest and terminate any financing statement in accordance with section ~~1309.41~~ 1309.513 of the Revised Code.

Sec. 1321.83. No filing provisions of ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code apply to insurance premium finance agreements, and no filing of the premium finance agreement is necessary to perfect the validity of such agreements as a secured transaction as against creditors, subsequent purchasers, pledgees, encumbrancers, trustees in bankruptcy or any other insolvency proceeding under any law, or their successors or assigns.

Sec. 1329.68. The fee for expedited filing service by the secretary of state for any filing under this chapter is ten dollars in addition to the fee the secretary of state is otherwise required to collect for the filing under this chapter. All of the fees collected by the secretary of state under this section shall be deposited in the state treasury to the credit of the corporate and uniform commercial code filing fund created in section ~~1309.401~~ 1309.528 of the Revised Code.

Sec. 1336.08. (A) A transfer or an obligation is not fraudulent under division (A)(1) of section 1336.04 of the Revised Code against a person who took in good faith and for a reasonably equivalent value or against any subsequent transferee or obligee.

(B)(1) Except as otherwise provided in this section, to the extent a transfer is voidable in an action by a creditor or a child support enforcement agency under division (A)(1) of section 1336.07 of the Revised Code, the creditor or agency may recover a judgment for the value of the asset transferred, as adjusted under division (B)(2) of this section, or the amount necessary to satisfy the claim of the creditor or agency, whichever is less. The judgment may be entered against either of the following:

(a) The first transferee of the asset or the person for whose benefit the transfer was made;

(b) Any subsequent transferee other than a good faith transferee who took for value or from any subsequent transferee.

(2) If the judgment under division (B)(1) of this section is based upon the value of the asset transferred, the judgment shall be in an amount equal to the value of the asset at the time of the transfer, subject to adjustment as the equities may require.

(C) Notwithstanding the voidability of a transfer or an obligation under division (A)(1) of section 1336.07 of the Revised Code, a good faith transferee or obligee is entitled, to the extent of the value given to the debtor

for the transfer or obligation, to any of the following:

- (1) A lien on or a right to retain any interest in the asset transferred;
- (2) Enforcement of any obligation incurred;
- (3) A reduction in the amount of the liability on the judgment.

(D) A transfer is not fraudulent under division (A)(2) of section 1336.04 or section 1336.05 of the Revised Code if the transfer results from either of the following:

- (1) Termination of a lease upon default by the debtor when the termination is pursuant to the lease and applicable law;
- (2) Enforcement of a security interest in compliance with section ~~1309.44~~ sections 1309.601 to 1309.604 of the Revised Code.

(E) A transfer is not fraudulent under division (B) of section 1336.05 of the Revised Code as follows:

- (1) To the extent the insider gave new value to or for the benefit of the debtor after the transfer was made, unless the new value was secured by a valid lien;
- (2) If made in the ordinary course of business or financial affairs of the debtor and the insider;
- (3) If made pursuant to a good faith effort to rehabilitate the debtor and the transfer secured present value given for that purpose as well as an antecedent debt of the debtor.

Sec. 1548.11. (A) In the event of the transfer of ownership of a watercraft or outboard motor by operation of law, as upon inheritance, devise, bequest, order in bankruptcy, insolvency, replevin, or execution of sale, or whenever the engine of a watercraft is replaced by another engine, or whenever a watercraft or outboard motor is sold to satisfy storage or repair charges, or repossession is had upon default in performance of the terms of a security agreement as provided in ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code, the clerk of the court of common pleas of the county in which the last certificate of title to the watercraft or outboard motor was issued, upon the surrender of the prior certificate of title or the manufacturer's or importer's certificate, or, when that is not possible, upon presentation of satisfactory proof to the clerk of ownership and rights of possession to the watercraft or outboard motor, and upon payment of the fee prescribed in section 1548.10 of the Revised Code and presentation of an application for certificate of title, may issue to the applicant a certificate of title to the watercraft or outboard motor. Only an affidavit by the person or agent of the person to whom possession of the watercraft or outboard motor has passed, setting forth the facts entitling the person to possession and ownership, together with a copy of the journal entry, court order, or

instrument upon which the claim of possession and ownership is founded, is satisfactory proof of ownership and right of possession. If the applicant cannot produce such proof of ownership, the applicant may apply directly to the chief of the division of watercraft and submit such evidence as the applicant has, and the chief, if the chief finds the evidence sufficient, may authorize the clerk to issue a certificate of title. If, from the records in the office of the clerk, there appears to be any lien on the watercraft or outboard motor, the certificate of title shall contain a statement of the lien unless the application is accompanied by proper evidence of its extinction.

(B) Upon the death of one of the persons who have established joint ownership with right of survivorship under section 2106.17 of the Revised Code in a watercraft or outboard motor and the presentation to the clerk of the title and the certificate of death of the deceased person, the clerk shall enter into the records the transfer of the watercraft or outboard motor to the surviving person, and the title to the watercraft or outboard motor immediately passes to the surviving person. The transfer does not affect any liens on the watercraft or outboard motor.

(C) The clerk shall transfer a decedent's interest in one watercraft, one outboard motor, or one of each to the decedent's surviving spouse as provided in section 2106.19 of the Revised Code.

Sec. 1701.66. (A) A mortgage of property of any description, or any interest therein, made (1) by a corporation which is a railroad or a public utility as defined by sections 4907.02, 4905.02, and 4905.03 of the Revised Code; or (2) by a corporation, domestic or foreign, organized for the purpose of constructing, acquiring, owning, or operating a railroad or public utility, as so defined, or any part thereof, or, as a common carrier, a trolley bus system, in whole or in part in this state; or (3) by a municipal corporation pursuant to Section 12 of Article XVIII, Ohio Constitution; or (4) by the state, a county, or a municipal corporation, pursuant to Chapter 165. of the Revised Code, or a port authority pursuant to section 4582.06 or 4582.31 of the Revised Code; shall be recorded in the office of the county recorder of each county in this state in which any of said property is situated or employed; but a mortgage by such mortgagor which includes rolling stock or movable equipment such as cars, locomotives, or trolley buses, motor buses, or other vehicles, or machines for aerial transportation, may be filed in the office of the secretary of state, and when so filed shall have the same effect, as to the lien created thereby on such rolling stock, movable equipment, or machines, as though filed in the office of the recorder of each such county in which such rolling stock, movable equipment, or machines are situated or employed. In lieu of filing an original of said mortgage, a true

copy thereof, with an affidavit by the mortgagor, the mortgagee, or an agent of either that it is a true copy, may be filed.

(B) Any such mortgage shall be a lien on the property therein described from the respective times of the filing of such mortgage for record with the recorders of said counties; but any such mortgage covering such rolling stock, movable equipment, or machines shall be a lien thereon from the time of the filing of such mortgage, or a true copy thereof, with the secretary of state.

(C) If any mortgage by its terms creates a lien upon any property, which may thereafter be acquired by the mortgagor, it shall be a lien upon all the interest of the mortgagor in such after-acquired property from the date of its acquisition, if such mortgage was or is recorded or filed as provided in this section.

(D) The secretary of state shall charge and collect, for every such mortgage or true copy thereof filed in ~~his~~ the secretary of state's office, a fee of ten dollars and, for each page in excess of twenty-five pages an additional fee of one dollar. ~~He~~ The secretary of state shall endorse on the mortgage or true copy the time of its filing and shall keep a record of the filing in a book to be kept for said purpose, giving the names of all parties to the mortgage, alphabetically arranged, the date of the mortgage, and the time of its filing. The mortgage or true copy and the record of its filing shall be open to public inspection. When the mortgage is canceled, the date of cancellation shall be entered on the margin of the record thereof.

(E) Mortgages of the character described in this section need not be otherwise filed or refiled as security interests under ~~sections 1309.01 to 1309.50~~ Chapter 1309, of the Revised Code.

(F) Nothing contained in this section shall make inapplicable the provisions of Chapters 4505. to 4519. of the Revised Code, relating to motor vehicles.

Sec. 4503.31. As used in this section, "person" includes, but is not limited to, any person engaged in the business of manufacturing or distributing, or selling at retail, displaying, offering for sale, or dealing in, motorized bicycles who is not subject to section 4503.09 of the Revised Code, or an Ohio nonprofit corporation engaged in the business of testing of motor vehicles.

Persons other than manufacturers, dealers, or distributors may register annually with the registrar of motor vehicles and obtain placards to be displayed on motor vehicles as provided by this section. Applications for annual registration shall be made at the time provided for payment of the tax and postage imposed on manufacturers, dealers, or distributors and shall be

in the manner to be prescribed by the registrar. The fee for such registration shall be twenty-five dollars and shall not be reduced when the registration is for a part of a year. Applicants may procure a reasonable number of certified copies of such registration upon the payment of a fee of five dollars and appropriate postage as required by the registrar for each copy.

Upon the filing of the application and the payment of the fee and postage prescribed by this section, the registrar shall issue to each applicant a certificate of registration and assign a distinctive number and furnish one placard with the number thereon. With each of the certified copies of the registration provided for in this section the registrar shall furnish one placard with the same numbering assigned in the original registration certificate and shall add thereto such special designation as necessary to distinguish one set of placards from another. All placards furnished by the registrar pursuant to this section shall be so marked as to be distinguishable from placards issued dealers, manufacturers, or distributors. Placards issued pursuant to this section may be used only on motor vehicles or motorized bicycles owned and being used in testing or being demonstrated for purposes of sale or lease; or on motor vehicles subject to the rights and remedies of a secured party being exercised under ~~sections 1309.01 to 1309.50~~ Chapter 1309, of the Revised Code; or on motor vehicles being held or transported by any insurance company for purposes of salvage disposition; or on motor vehicles being transported by any persons regularly engaged in salvage operations or scrap metal processing from the point of acquisition to their established place of business; or on motor vehicles owned by or in the lawful possession of an Ohio nonprofit corporation while being used in the testing of those motor vehicles.

Placards issued pursuant to this section also may be used by persons regularly engaged in the business of rustproofing, reconditioning, or installing equipment or trim on motor vehicles for motor vehicle dealers and shall be used exclusively when such motor vehicles are being transported to or from the motor vehicle dealer's place of business; and by persons engaged in manufacturing articles for attachment to motor vehicles when such motor vehicles are being transported to or from places where mechanical equipment is attached to the chassis of such new motor vehicles; or on motor vehicles being towed by any persons regularly and primarily engaged in the business of towing motor vehicles while such vehicle is being towed to a point of storage.

Placards issued pursuant to this section also may be used on trailers being transported by persons engaged in the business of selling tangible personal property other than motor vehicles.

No person required to register an apportionable vehicle under the international registration plan shall apply for or receive a placard for that vehicle under this section.

The fees collected by the registrar pursuant to this section shall be paid into the state bureau of motor vehicles fund established in section 4501.25 of the Revised Code and used for the purposes described in that section.

Sec. 4505.04. (A) No person acquiring a motor vehicle from its owner, whether the owner is a manufacturer, importer, dealer, or any other person, shall acquire any right, title, claim, or interest in or to the motor vehicle until there is issued to the person a certificate of title to the motor vehicle, or delivered to the person a manufacturer's or importer's certificate for it; and no waiver or estoppel operates in favor of such person against a person having possession of the certificate of title to, or manufacturer's or importer's certificate for, the motor vehicle, for a valuable consideration.

(B) Subject to division (C) of this section, no court shall recognize the right, title, claim, or interest of any person in or to any motor vehicle sold or disposed of, or mortgaged or encumbered, unless evidenced:

(1) By a certificate of title, a manufacturer's or importer's certificate, or a certified receipt of title cancellation to an exported motor vehicle issued in accordance with sections 4505.01 to 4505.21 of the Revised Code;

(2) By admission in the pleadings or stipulation of the parties;

(3) In an action by a secured party to enforce a security interest perfected under ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code in accordance with division (A) of section 4505.13 of the Revised Code, by an instrument showing a valid security interest.

(C)(1) As used in division (C) of this section:

(a) "Harm" means damage or other loss.

(b) "Lease agreement" includes a sublease agreement as defined in division (C)(1)(d) of this section.

(c) "Lessee" includes a sublessee under a sublease agreement, but only if the sublessee is a motor vehicle leasing dealer licensed under Chapter 4517. of the Revised Code.

(d) "Sublease agreement" means a lease of a motor vehicle between a motor vehicle leasing dealer licensed under Chapter 4517. of the Revised Code and a second such duly licensed motor vehicle leasing dealer.

(e) "Tort action" means a civil action for damages for harm to a motor vehicle, other than a civil action for damages for a breach of contract or another agreement between persons.

(2) Notwithstanding divisions (A) and (B) of this section, if a motor vehicle that is the subject of a lease agreement sustains harm during the term

of that agreement and if all of the following conditions are satisfied, the lessee may commence a tort action in the lessee's own name to recover damages for the harm from the person allegedly responsible for it:

(a) The lessee shall file with and attach to the complaint in the tort action a copy of the lease agreement pursuant to which the lessee is responsible for damage to the motor vehicle, for purposes of establishing the ownership of the motor vehicle and the interest of the lessee in it;

(b) The harm to the motor vehicle shall be such that, under the lease agreement, the lessee bringing the action is legally responsible for the repair of the harm;

(c) The lessee shall cause a copy of the complaint in the tort action to be served upon the owner of the motor vehicle and upon any other lessee of the vehicle in accordance with the Rules of Civil Procedure.

Sec. 4505.10. (A) In the event of the transfer of ownership of a motor vehicle by operation of law, as upon inheritance, devise or bequest, order in bankruptcy, insolvency, replevin, or execution sale, a motor vehicle is sold to satisfy storage or repair charges, or repossession is had upon default in performance of the terms of a security agreement as provided in Chapter 1309. of the Revised Code and the secured party has ~~complied with the repossession requirements of section 1309.46 of the Revised Code and all of the requirements notified the debtor as required by division (B) of section 1309.47~~ 1309.611 of the Revised Code, ~~including the notice requirements,~~ the clerk of the court of common pleas of the county in which the last certificate of title to the motor vehicle was issued, upon the surrender of the prior certificate of title or the manufacturer's or importer's certificate, or, when that is not possible, upon presentation of satisfactory proof to the clerk of ownership and rights of possession to the motor vehicle, and upon payment of the fee prescribed in section 4505.09 of the Revised Code and presentation of an application for certificate of title, may issue to the applicant a certificate of title to the motor vehicle. Only an affidavit by the person or agent of the person to whom possession of the motor vehicle has passed, setting forth the facts entitling the person to the possession and ownership, together with a copy of the journal entry, court order, or instrument upon which the claim of possession and ownership is founded, is satisfactory proof of ownership and right of possession. If the applicant cannot produce that proof of ownership, the applicant may apply directly to the registrar of motor vehicles and submit the evidence the applicant has, and the registrar, if the registrar finds the evidence sufficient, then may authorize the clerk to issue a certificate of title. If, from the records in the office of the clerk, there appears to be any lien on the motor vehicle, the

certificate of title shall contain a statement of the lien unless the application is accompanied by proper evidence of its extinction.

(B) The clerk shall transfer a decedent's interest in one or two automobiles to the surviving spouse of the decedent, as provided in section 2106.18 of the Revised Code, upon receipt of the title or titles. An affidavit executed by the surviving spouse shall be submitted to the clerk with the title or titles. The affidavit shall give the date of death of the decedent, shall state that each automobile for which the decedent's interest is to be so transferred is not disposed of by testamentary disposition, and shall provide an approximate value for each automobile selected to be transferred by the surviving spouse. The affidavit shall also contain a description for each automobile for which the decedent's interest is to be so transferred. The transfer does not affect any liens upon any automobile for which the decedent's interest is so transferred.

(C) Upon the death of one of the persons who have established joint ownership with right of survivorship under section 2106.17 of the Revised Code in a motor vehicle, and upon presentation to the clerk of the title and the certificate of death of the decedent, the clerk shall transfer title to the motor vehicle to the survivor. The transfer does not affect any liens upon any motor vehicle so transferred.

Sec. 4505.13. (A)(1) ~~Sections 1309.01 to 1309.50 Chapter 1309.~~ and section 1701.66 of the Revised Code do not permit or require the deposit, filing, or other record of a security interest covering a motor vehicle, except as provided in division (A)(2) of this section.

(2) ~~Sections 1309.01 to 1309.50 Chapter 1309.~~ of the Revised Code ~~apply~~ applies to a security interest in a motor vehicle held as inventory, as defined in ~~division (D) of section 1309.07~~ 1309.102 of the Revised Code, for sale by a dealer, as defined in division (J) of section 4517.01 of the Revised Code. The security interest has priority over creditors of the dealer as provided in ~~sections 1309.01 to 1309.50 Chapter 1309.~~ of the Revised Code without notation of the security interest on a certificate of title or without the retention of a manufacturer's or importer's certificate.

(B) Subject to division (A) of this section, any security agreement covering a security interest in a motor vehicle, if a notation of the agreement has been made by the clerk of the court of common pleas on the face of the certificate of title, is valid as against the creditors of the debtor, whether armed with process or not, and against subsequent purchasers, secured parties, and other lienholders or claimants. All security interests, liens, mortgages, and encumbrances noted upon a certificate of title take priority according to the order of time in which they are noted on the certificate by

the clerk. Exposure for sale of any motor vehicle by its owner, with the knowledge or with the knowledge and consent of the holder of any security interest, lien, mortgage, or encumbrance on it, does not render that security interest, lien, mortgage, or encumbrance ineffective as against the creditors of that owner, or against holders of subsequent security interests, liens, mortgages, or encumbrances upon that motor vehicle.

The secured party, upon presentation of the security agreement to the clerk of the county in which the certificate of title was issued, together with the certificate of title and the fee prescribed by section 4505.09 of the Revised Code, may have a notation of the security interest made. The clerk shall issue, over the clerk's signature and seal of office, a new original certificate of title from the automated title processing records that indicates the security interest and the date of the security interest.

When the security interest is discharged, the holder of it shall note its discharge on the face of the certificate of title over the holder's signature, or over the holder's signature on a form prescribed by the registrar of motor vehicles when there is no space for the discharge on the face of the certificate of title. Prior to delivering the certificate to the owner, the holder or the holder's agent shall present it to the clerk for the purpose of having the clerk note the cancellation of the security interest on the face of the certificate of title and upon the records of the clerk. The clerk, if that cancellation appears to be genuine, shall note the cancellation on the certificate of title and also on the clerk's records.

(C) Notwithstanding any provision of sections 1310.01 to 1310.78 of the Revised Code or of any other law, the lease of a motor vehicle or trailer does not constitute a conditional sale or create a security interest merely because the lease agreement permits or requires the lessor, at the end of the lease term, to adjust the rental price to either a higher or a lower amount by reference to the amount the lessor realizes upon the sale or other disposition of the motor vehicle or trailer.

Sec. 4519.68. (A)(1) Chapter 1309. of the Revised Code does not permit or require the deposit, filing, or other record of a security interest covering an off-highway motorcycle or all-purpose vehicle, except as provided in division (A)(2) of this section.

(2) ~~Sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code ~~apply~~ applies to a security interest in an off-highway motorcycle or all-purpose vehicle held as inventory, as defined in ~~division (D) of section 1309.07~~ 1309.102 of the Revised Code, for sale by a dealer. The security interest has priority over creditors of the dealer as provided in ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code without notation of

the security interest on a certificate of title or without the retention of a manufacturer's or importer's certificate.

(B) Subject to division (A) of this section, any security agreement covering a security interest in an off-highway motorcycle or all-purpose vehicle, if a notation of the agreement has been made by the clerk of the court of common pleas on the face of the certificate of title, is valid as against the creditors of the debtor, whether armed with process or not, and against subsequent purchasers, secured parties, and other lienholders or claimants. All security interests, liens, mortgages, and encumbrances noted upon a certificate of title take priority according to the order of time in which they are noted thereon by the clerk. Exposure for sale of any off-highway motorcycle or all-purpose vehicle by its owner, with the knowledge or with the knowledge and consent of the holder of any security interest, lien, mortgage, or encumbrance thereon, does not render the security interest, lien, mortgage, or encumbrance ineffective as against the creditors of the owner, or against holders of subsequent security interests, liens, mortgages, or encumbrances upon the off-highway motorcycle or all-purpose vehicle.

The secured party, upon presentation of the security agreement to the clerk of the court of common pleas of the county in which the certificate of title was issued, together with the certificate of title and the fee prescribed by section 4519.59 of the Revised Code, may have a notation of the security interest made on the face of the certificate of title and, if such a notation is made, another notation of the lien shall be entered into the automated title processing system for motor vehicle titles. The clerk, over the clerk's signature and seal of office, shall issue a new original certificate of title from the automated title processing system that indicates the security interest and the date of the security interest.

When the security interest is discharged, the holder thereof shall note the discharge over the holder's signature on the face of the certificate of title or over the holder's signature on a form prescribed by the registrar of motor vehicles when there is no space for the discharge on the face of the certificate of title. Prior to delivering the certificate to the owner, the holder or the holder's agent shall present it and any additional information the clerk requires to the clerk to have the clerk note the cancellation of the security interest on the face of the certificate of title and upon the records of the clerk. If the cancellation appears to be genuine, the clerk shall note the cancellation on the certificate of title and also shall note the cancellation on the clerk's records and notify the registrar, who shall note the cancellation. If a security interest that is discharged does not appear on the face of the

certificate of title but instead was entered into the automated title processing system for motor vehicles, the clerk shall enter the cancellation into the automated title processing system and also shall note the cancellation on a form prescribed by the registrar.

SECTION 2. That existing sections 111.18, 317.12, 317.32, 317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 4505.10, 4505.13, and 4519.68 and sections 111.25, 1309.01, 1309.02, 1309.03, 1309.04, 1309.05, 1309.06, 1309.07, 1309.10, 1309.111, 1309.112, 1309.113, 1309.12, 1309.14, 1309.17, 1309.19, 1309.21, 1309.22, 1309.24, 1309.26, 1309.27, 1309.29, 1309.31, 1309.33, 1309.34, 1309.37, 1309.38, 1309.39, 1309.40, 1309.402, 1309.41, 1309.42, 1309.43, 1309.44, 1309.45, 1309.46, 1309.47, 1309.48, 1309.49, and 1309.50 of the Revised Code are hereby repealed.

SECTION 3. Section 1301.05 of the Revised Code is presented in this act as a composite of the section as amended by both H.B. 338 and Am. Sub. H.B. 170 of the 122nd General Assembly. Section 1309.23 of the Revised Code is presented in this act as a composite of the section as amended by both H.B. 338 and Am. Sub. H.B. 170 of the 122nd General Assembly. The General Assembly, applying the principle stated in division (B) of section 1.52 of the Revised Code that amendments are to be harmonized if reasonably capable of simultaneous operation, finds that the composite is the resulting version of the section in effect prior to the effective date of the section as presented in this act.

SECTION 4. Sections 1 and 2 of this act shall take effect on July 1, 2001.

SECTION 5. This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is that Revised Article 9 of the Uniform Commercial Code contains a nationally uniform effective date established by the Uniform Law Commissioners and complications may result in the area of secured transactions if former Article 9 is in effect in Ohio on July 1, 2001. Therefore, this act shall go into immediate effect.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ___ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____