

As Introduced

**124th General Assembly
Regular Session
2001-2002**

S. B. No. 74

SENATOR Blessing

A B I L L

To amend sections 111.18, 111.25, 317.12, 317.32,	1
317.321, 1301.01, 1301.05, 1301.12, 1302.01,	2
1302.13, 1302.39, 1302.42, 1302.43, 1302.44,	3
1302.46, 1302.90, 1303.02, 1304.20, 1307.14,	4
1307.31, 1308.02, 1308.05, 1308.16, 1308.24,	5
1308.27, 1308.60, 1309.08, 1309.11, 1309.13,	6
1309.15, 1309.16, 1309.18, 1309.20, 1309.23,	7
1309.25, 1309.28, 1309.30, 1309.32, 1309.35,	8
1309.36, 1309.401, 1309.431, 1310.01, 1310.31,	9
1310.35, 1310.37, 1311.55, 1317.01, 1317.12,	10
1317.13, 1317.16, 1321.16, 1321.58, 1321.83,	11
1329.68, 1336.08, 1548.11, 1701.66, 4503.31,	12
4505.04, 4505.13, and 4519.68; to amend, for the	13
purpose of adopting new section numbers as	14
indicated in parentheses, sections 1309.08	15
(1309.108), 1309.11 (1309.110), 1309.13 (1309.202),	16
1309.15 (1309.204), 1309.16 (1309.205), 1309.18	17
(1309.207), 1309.20 (1309.317), 1309.23 (1309.312),	18
1309.25 (1309.315), 1309.28 (1309.331), 1309.30	19
(1309.401), 1309.32 (1309.334), 1309.35 (1309.339),	20
1309.36 (1309.402), 1309.401 (1309.528), and	21
1309.431 (1309.505); to enact sections 1305.18,	22
1309.101, 1309.102, 1309.103, 1309.104, 1309.105,	23
1309.106, 1309.107, 1309.109, 1309.201, 1309.203,	24
1309.206, 1309.208, 1309.209, 1309.210, 1309.301,	25

1309.302, 1309.303, 1309.304, 1309.305, 1309.306, 26
1309.307, 1309.308, 1309.309, 1309.310, 1309.311, 27
1309.313, 1309.314, 1309.316, 1309.318, 1309.319, 28
1309.320, 1309.321, 1309.322, 1309.323, 1309.324, 29
1309.325, 1309.326, 1309.327, 1309.328, 1309.329, 30
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1309.337, 1309.338, 1309.340, 1309.341, 1309.342, 32
1309.403, 1309.404, 1309.405, 1309.406, 1309.407, 33
1309.408, 1309.409, 1309.501, 1309.502, 1309.503, 34
1309.504, 1309.506, 1309.507, 1309.508, 1309.509, 35
1309.510, 1309.511, 1309.512, 1309.513, 1309.514, 36
1309.515, 1309.516, 1309.517, 1309.518, 1309.519, 37
1309.520, 1309.521, 1309.522, 1309.523, 1309.524, 38
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1309.612, 1309.613, 1309.614, 1309.615, 1309.616, 42
1309.617, 1309.618, 1309.619, 1309.620, 1309.621, 43
1309.622, 1309.623, 1309.624, 1309.625, 1309.626, 44
1309.627, 1309.628, 1309.702, 1309.703, 1309.704, 45
1307.705, 1309.706, 1309.707, 1309.708, and 46
1309.709; and to repeal sections 1309.01, 1309.02, 47
1309.03, 1309.04, 1309.05, 1309.06, 1309.07, 48
1309.10, 1309.111, 1309.112, 1309.113, 1309.12, 49
1309.14, 1309.17, 1309.19, 1309.21, 1309.22, 50
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1309.33, 1309.34, 1309.37, 1309.38, 1309.39, 52
1309.40, 1309.402, 1309.41, 1309.42, 1309.43, 53
1309.44, 1309.45, 1309.46, 1309.47, 1309.48, 54
1309.49, and 1309.50 of the Revised Code to adopt 55
the revisions to the secured transactions portion 56
of the Uniform Commercial Code that were 57
recommended by the National Conference of 58

Commissioners on Uniform State Laws and to make 59
related changes in the Uniform Commercial Code and 60
the Revised Code and to declare an emergency. 61
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 111.18, 111.25, 317.12, 317.32, 64
317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 65
1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 66
1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 67
1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 68
1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 69
1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 70
1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 71
1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 72
4505.13, and 4519.68 be amended; sections 1309.08 (1309.108), 73
1309.11 (1309.110), 1309.13 (1309.202), 1309.15 (1309.204), 74
1309.16 (1309.205), 1309.18 (1309.207), 1309.20 (1309.317), 75
1309.23 (1309.312), 1309.25 (1309.315), 1309.28 (1309.331), 76
1309.30 (1309.401), 1309.32 (1309.334), 1309.35 (1309.339), 77
1309.36 (1309.402), 1309.401 (1309.528), and 1309.431 (1309.505) 78
be amended for the purpose of adopting new section numbers as 79
indicated in parentheses; and sections 1305.18, 1309.101, 80
1309.102, 1309.103, 1309.104, 1309.105, 1309.106, 1309.107, 81
1309.109, 1309.201, 1309.203, 1309.206, 1309.208, 1309.209, 82
1309.210, 1309.301, 1309.302, 1309.303, 1309.304, 1309.305, 83
1309.306, 1309.307, 1309.308, 1309.309, 1309.310, 1309.311, 84
1309.313, 1309.314, 1309.316, 1309.318, 1309.319, 1309.320, 85
1309.321, 1309.322, 1309.323, 1309.324, 1309.325, 1309.326, 86
1309.327, 1309.328, 1309.329, 1309.330, 1309.332, 1309.333, 87
1309.335, 1309.336, 1309.337, 1309.338, 1309.340, 1309.341, 88

1309.342, 1309.403, 1309.404, 1309.405, 1309.406, 1309.407, 89
1309.408, 1309.409, 1309.501, 1309.502, 1309.503, 1309.504, 90
1309.506, 1309.507, 1309.508, 1309.509, 1309.510, 1309.511, 91
1309.512, 1309.513, 1309.514, 1309.515, 1309.516, 1309.517, 92
1309.518, 1309.519, 1309.520, 1309.521, 1309.522, 1309.523, 93
1309.524, 1309.525, 1309.526, 1309.527, 1309.529, 1309.601, 94
1309.602, 1309.603, 1309.604, 1309.605, 1309.606, 1309.607, 95
1309.608, 1309.609, 1309.610, 1309.611, 1309.612, 1309.613, 96
1309.614, 1309.615, 1309.616, 1309.617, 1309.618, 1309.619, 97
1309.620, 1309.621, 1309.622, 1309.623, 1309.624, 1309.625, 98
1309.626, 1309.627, 1309.628, 1309.702, 1309.703, 1309.704, 99
1309.705, 1309.706, 1309.707, 1309.708, and 1309.709 of the 100
Revised Code be enacted to read as follows: 101

Sec. 111.18. (A) The secretary of state shall keep a record 102
of all fees collected by the secretary of state and, except as 103
otherwise provided in this section and in sections ~~1309.401~~ 104
1309.528 and 1329.68 and division (C)(2) of section 3506.05 of the 105
Revised Code, shall pay, through June 30, 2001, fifty per cent of 106
them into the state treasury to the credit of the general revenue 107
fund and fifty per cent of them into the state treasury to the 108
credit of the corporate and uniform commercial code filing fund 109
created under section ~~1309.401~~ 1309.528 of the Revised Code and 110
shall pay, on and after July 1, 2001, all of them into the state 111
treasury to the credit of the general revenue fund. Through June 112
30, 2001, all of the fees collected under divisions (I)(2) and (N) 113
of section 111.16 of the Revised Code shall be paid into the state 114
treasury to the credit of that corporate and uniform commercial 115
code filing fund. On and after July 1, 2001, the following fees 116
shall be paid into the state treasury to the credit of that 117
corporate and uniform commercial code filing fund: 118

(1) Twenty-five dollars of each fee collected under divisions 119

(A)(2), (F), (G)(2), and (I)(1) of section 111.16 of the Revised Code; 120
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(2) Twenty-five dollars of each fee collected under division (C) of section 1703.031 of the Revised Code; 122
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(3) All fees collected under divisions (I)(2) and (N) of section 111.16 of the Revised Code; 124
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(4) All fees collected under section 1703.08 of the Revised Code; 126
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(5) Each fifty-dollar fee for amendments filed by foreign nonprofit corporations under section 1703.27 of the Revised Code. 128
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(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. 130
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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. 141
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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. 144
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Sec. 111.25. The secretary of state shall prescribe the 150
following forms for persons to use in complying with the 151
requirements of Chapter 1309. of the Revised Code for the filing 152
of financing statements and related documents: 153

(A) The financing statement described in ~~division (A) of~~ 154
section ~~1309.39~~ 1309.502 of the Revised Code; 155

(B) A form for the amendment of a financing statement 156
described in ~~division (C) of~~ section ~~1309.39~~ 1309.512 of the 157
Revised Code; 158

(C) A continuation statement described in ~~division (C) of~~ 159
section ~~1309.40~~ 1309.515 of the Revised Code; 160

(D) A termination statement described in ~~division (A) of~~ 161
section ~~1309.41~~ 1309.513 of the Revised Code; 162

(E) A form for an assignment of rights under a financing 163
statement described in section ~~1309.42~~ 1309.514 of the Revised 164
Code; 165

(F) A statement of release described in section ~~1309.43~~ 166
1309.512 of the Revised Code. 167

Sec. 317.12. Upon the presentation of a deed or other 168
instrument of writing for record, the county recorder shall 169
indorse thereon the date, the precise time of its presentation, 170
and a file number. Such file numbering shall be consecutive and in 171
the order in which the instrument of writing is received for 172
record, except financing statements, which shall have a separate 173
series of file numbers and be filed separately, as provided by 174
sections ~~1309.38~~ 1309.501 to ~~1309.40, inclusive,~~ 1309.527 of the 175
Revised Code. Until recorded, each instrument shall be kept on 176
file in the same numerical order, for easy reference. If required, 177
the recorder shall, without fee, give to the person presenting 178

such instrument a receipt naming the parties thereto, the date 179
thereof, and a brief description of the premises. When a deed or 180
other instrument is recorded, the recorder shall indorse on it the 181
time when recorded, and the number or letter and page of the book 182
in which it is recorded. 183

Sec. 317.32. The county recorder shall charge and collect the 184
following fees for the recorder's services: 185

(A) For recording and indexing an instrument when the 186
photocopy or any similar process is employed, fourteen dollars for 187
the first two pages and four dollars for each subsequent page, 188
size eight and one-half inches by fourteen inches, or fraction of 189
a page, including the caption page, of such instrument; 190

(B) For certifying a photocopy from the record previously 191
recorded, one dollar per page, size eight and one-half inches by 192
fourteen inches, or fraction of a page; for each certification 193
where the recorder's seal is required, except as to instruments 194
issued by the armed forces of the United States, fifty cents; 195

(C) For manual or typewritten recording of assignment or 196
satisfaction of mortgage or lease or any other marginal entry, 197
four dollars; 198

(D) For entering any marginal reference by separate recorded 199
instrument, two dollars for each marginal reference set out in 200
that instrument, in addition to the recording fee set forth in 201
division (A) of this section; 202

(E) For indexing in the real estate mortgage records, 203
pursuant to ~~division (D) of section 1309.40~~ 1309.519 of the 204
Revised Code, financing statements covering crops growing or to be 205
grown, timber to be cut, minerals or the like, including oil and 206
gas, accounts subject to ~~division (E) of section 1309.03~~ 1309.301 207
of the Revised Code, or fixture filings made pursuant to section 208

~~1309.32~~ 1309.334 of the Revised Code, two dollars for each name 209
indexed; 210

(F) For recording manually any plat not exceeding six lines, 211
two dollars, and for each additional line, ten cents; 212

(G) For filing zoning resolutions, including text and maps, 213
in the office of the recorder as required under sections 303.11 214
and 519.11 of the Revised Code, fifty dollars, regardless of the 215
size or length of the resolutions; 216

(H) For filing zoning amendments, including text and maps, in 217
the office of the recorder as required under sections 303.12 and 218
519.12 of the Revised Code, ten dollars for the first page and 219
four dollars for each additional page; 220

(I) For photocopying a document, other than at the time of 221
recording and indexing as provided for in division (A) of this 222
section, one dollar per page, size eight and one-half inches by 223
fourteen inches, or fraction thereof; 224

(J) For local facsimile transmission of a document, one 225
dollar per page, size eight and one-half inches by fourteen 226
inches, or fraction thereof; for long distance facsimile 227
transmission of a document, two dollars per page, size eight and 228
one-half inches by fourteen inches, or fraction thereof; 229

(K) For recording a declaration executed pursuant to section 230
2133.02 of the Revised Code or a durable power of attorney for 231
health care executed pursuant to section 1337.12 of the Revised 232
Code, or both a declaration and a durable power of attorney for 233
health care, at least fourteen dollars but not more than twenty 234
dollars. 235

In any county in which the recorder employs the photostatic 236
or any similar process for recording maps, plats, or prints the 237
recorder shall determine, charge, and collect for the recording or 238
rerecording of any map, plat, or print, a fee of five cents per 239

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 302
in which a proposal is submitted under division (A) of this 303
section, the board of county commissioners shall approve, reject, 304
or modify the proposal and notify the county recorder of its 305
action on the proposal. If the board rejects or modifies the 306
proposal, it shall make a written finding that the request is for 307
a purpose other than for acquiring, leasing, or otherwise 308
obtaining micrographic or other equipment or contracts for use by 309
the county recorder or that the amount requested is excessive as 310
determined by the board. If the board approves the proposal, it 311
shall request the establishment of a special fund under section 312
5705.12 of the Revised Code for any fees designated as "general 313
fund moneys to supplement the equipment needs of the county 314
recorder." 315

(D) The acquisition or maintenance of micrographic or other 316
equipment and the acquisition of contract services shall be 317
specifically governed by sections 307.80 to 307.806, 307.84 to 318
307.846, 307.86 to 307.92, and 5705.38, and by division (D) of 319
section 5705.41 of the Revised Code. 320

Sec. 1301.01. As used in Chapters 1301., 1302., 1303., 1304., 321
1305., 1307., 1308., 1309., and 1310. of the Revised Code, unless 322
the context otherwise requires, and subject to additional 323
definitions contained in those chapters: 324

(A) "Action" in the sense of a judicial proceeding includes 325
recoupment, counterclaim, set-off, suit in equity, and any other 326
proceedings in which rights are determined. 327

(B) "Aggrieved party" means a party entitled to resort to a 328
remedy. 329

(C) "Agreement" means the bargain of the parties in fact as 330
found in their language or by implication from other 331
circumstances, including course of dealing, usage of trade, or 332

course of performance as provided in sections 1301.11 and 1302.11 333
of the Revised Code. Whether an agreement has legal consequences 334
is determined by Chapters 1301., 1302., 1303., 1304., 1305., 335
1307., 1308., 1309., and 1310. of the Revised Code, if applicable; 336
otherwise by the law of contracts. 337

(D) "Bank" means any person engaged in the business of 338
banking. 339

(E) "Bearer" means the person in possession of an instrument, 340
document of title, or certificated security payable to bearer or 341
endorsed in blank. 342

(F) "Bill of lading" means a document evidencing the receipt 343
of goods for shipment issued by a person engaged in the business 344
of transporting or forwarding goods, and includes an airbill. 345
"Airbill" means a document serving for air transportation as a 346
bill of lading does for marine or rail transportation, and 347
includes an air consignment note or air waybill. 348

(G) "Branch" includes a separately incorporated foreign 349
branch of a bank. 350

(H) "Burden of establishing" a fact means the burden of 351
persuading the triers of fact that the existence of the fact is 352
more probable than its nonexistence. 353

(I) "Buyer in ordinary course of business" means a person 354
who, buys goods in good faith ~~and~~, without knowledge that the sale 355
~~to the person is in violation of~~ violates the ~~ownership~~ rights or 356
~~security interest of a third party~~ another person in the goods, 357
~~buys and~~ in the ordinary course from a person, other than a 358
pawnbroker, in the business of selling goods of that kind ~~but does~~ 359
~~not include a pawnbroker. All persons~~ A person buys goods in the 360
ordinary course if the sale to the person comports with the usual 361
or customary practices in the kind of business in which the seller 362
is engaged or with the seller's own usual or customary practices. 363

~~A person who sell~~ sells oil, gas, or other minerals ~~or the like,~~ 364
~~including oil or gas,~~ at the wellhead or minehead ~~shall be deemed~~ 365
~~to be persons~~ is a person in the business of selling goods of that 366
kind. ~~Buying~~ A buyer in the ordinary course of business may ~~be buy~~ 367
for cash, by exchange of other property, or on secured or 368
unsecured credit and ~~includes receiving~~ may acquire goods or 369
documents of title under a preexisting contract for sale ~~but does~~ 370
~~not include.~~ Only a buyer who takes possession of the goods or has 371
a right to recover the goods from the seller under Chapter 1302. 372
of the Revised Code may be a buyer in the ordinary course of 373
business. A person who acquires goods in a transfer in bulk or as 374
security for or in total or partial satisfaction of a money debt 375
is not a buyer in the ordinary course of business. 376

(J) A term or clause is "conspicuous" when it is so written 377
that a reasonable person against whom it is to operate ought to 378
have noticed it. A printed heading in capitals (as: NONNEGOTIABLE 379
BILL OF LADING) is "conspicuous." Language in the body of a form 380
is "conspicuous" if it is in larger or other contrasting type or 381
color. In a telegram, any stated term is "conspicuous." Whether a 382
term or clause is "conspicuous" is for decision by the court. 383

(K) "Contract" means the total legal obligation that results 384
from the parties' agreement as affected by Chapters 1301., 1302., 385
1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised 386
Code, and any other applicable rules of law. 387

(L) "Creditor" includes a general creditor, a secured 388
creditor, a lien creditor, and any representative of creditors, 389
including an assignee for the benefit of creditors, a trustee in 390
bankruptcy, a receiver in equity, and an executor or administrator 391
of an insolvent debtor's or assignor's estate. 392

(M) "Defendant" includes a person in the position of 393
defendant in cross-action or counterclaim. 394

(N) "Delivery" with respect to instruments, documents of 395

title, chattel paper, or certificated securities means voluntary 396
transfer of possession. 397

(O) "Document of title" includes a bill of lading, dock 398
warrant, dock receipt, warehouse receipt, or order for the 399
delivery of goods, and any other document that in the regular 400
course of business or financing is treated as adequately 401
evidencing that the person in possession of it is entitled to 402
receive, hold, and dispose of the document and the goods it 403
covers. To be a document of title, a document must purport to be 404
issued by or addressed to a bailee and purport to cover goods in 405
the bailee's possession that are either identified or are fungible 406
portions of an identified mass. 407

(P) "Fault" means wrongful act, omission, or breach. 408

(Q) "Fungible" with respect to goods or securities means 409
goods or securities of which any unit is, by nature or usage of 410
trade, the equivalent of any other like unit. Goods that are not 411
fungible are fungible for the purposes of Chapters 1301., 1302., 412
1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised 413
Code to the extent that under a particular agreement or document 414
unlike units are treated as equivalents. 415

(R) "Genuine" means free of forgery or counterfeiting. 416

(S) "Good faith" means honesty in fact in the conduct or 417
transaction concerned. 418

(T)(1) "Holder" with respect to a negotiable instrument means 419
either of the following: 420

(a) If the instrument is payable to bearer, a person who is 421
in possession of the instrument; 422

(b) If the instrument is payable to an identified person, the 423
identified person when in possession of the instrument. 424

(2) "Holder" with respect to a document of title means the 425

person in possession if the goods are deliverable to bearer or to 426
the order of the person in possession. 427

(U) To "honor" is to pay or to accept and pay, or where a 428
creditor so engages to purchase or discount a draft complying with 429
the terms of the credit. 430

(V) "Insolvency proceedings" include any assignment for the 431
benefit of the creditors or other proceedings intended to 432
liquidate or rehabilitate the estate of the person involved. 433

(W) A person is "insolvent" who either has ceased to pay the 434
person's debts in the ordinary course of business or cannot pay 435
the person's debts as they become due or is insolvent within the 436
meaning of the federal bankruptcy law. 437

(X) "Money" means a medium of exchange authorized or adopted 438
by a domestic or foreign government and includes a monetary unit 439
of account established by an intergovernmental organization or by 440
agreement between two or more nations. 441

(Y) A person has "notice" of a fact when any of the following 442
applies: 443

(1) The person has actual knowledge of it. 444

(2) The person has received a notice or notification of it. 445

(3) From all the facts and circumstances known to the person 446
at the time in question, the person has reason to know that it 447
exists. 448

A person "knows" or has "knowledge" of the fact when the 449
person has actual knowledge of it. "Discover" or "learn" or a word 450
or phrase of similar import refers to knowledge rather than to 451
reason to know. The time and circumstances under which a notice or 452
notification may cease to be effective are not determined by this 453
section. 454

(Z) A person "notifies" or "gives" a notice or notification 455

to another person by taking the steps that may be reasonably 456
required to inform the other person in ordinary course, whether or 457
not the other person actually comes to know of it. A person 458
"receives" a notice or notification when either of the following 459
applies: 460

(1) It comes to the person's attention. 461

(2) It is duly delivered at the place of business through 462
which the contract was made or at any other place held out by the 463
person as the place for receipt of such communications. 464

(AA) Notice, knowledge, or a notice or notification received 465
by an organization is effective for a particular transaction from 466
the time when it is brought to the attention of the individual 467
conducting that transaction, and in any event from the time when 468
it would have been brought to the individual's attention if the 469
organization had exercised due diligence. An organization 470
exercises due diligence if it maintains reasonable routines for 471
communicating significant information to the person conducting the 472
transaction and there is reasonable compliance with the routine. 473
Due diligence does not require an individual acting for the 474
organization to communicate information unless that communication 475
is part of the individual's regular duties or unless the 476
individual has reason to know of the transaction and that the 477
transaction would be materially affected by the information. 478

(BB) "Organization" includes a corporation, government, 479
governmental subdivision or agency, business trust, estate, trust, 480
partnership, or association, two or more persons having a joint or 481
common interest, or any other legal or commercial entity. 482

(CC) "Party," as distinct from "third party," means a person 483
who has engaged in a transaction or made an agreement within 484
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 485
and 1310. of the Revised Code. 486

(DD) "Person" includes an individual or an organization. 487

(EE) "Presumption" or "presumed" means that the trier of fact 488
must find the existence of the fact presumed unless and until 489
evidence is introduced that would support a finding of its 490
nonexistence. 491

(FF) "Purchase" includes taking by sale, discount, 492
negotiation, mortgage, pledge, lien, security interest, issue or 493
reissue, gift, or any other voluntary transaction creating an 494
interest in property. 495

(GG) "Purchaser" means a person who takes by purchase. 496

(HH) "Remedy" means any remedial right to which an aggrieved 497
party is entitled with or without resort to a tribunal. 498

(II) "Representative" includes an agent, an officer of a 499
corporation or association, a trustee, executor, or administrator 500
of an estate, or any other person empowered to act for another. 501

(JJ) "Rights" includes remedies. 502

(KK)(1) "Security interest" means an interest in personal 503
property or fixtures that secures payment or performance of an 504
obligation. ~~The retention or reservation of title by a seller of~~ 505
~~goods notwithstanding shipment or delivery to the buyer, as~~ 506
~~provided in section 1302.42 of the Revised Code, is limited in~~ 507
~~effect to a reservation of a security interest.~~ "Security 508
interest" also includes any interest of a consignor and a buyer of 509
accounts ~~or~~, chattel paper, which a payment intangible, or a 510
promissory note in a transaction that is subject to ~~sections~~ 511
~~1309.01 to 1309.50~~ Chapter 1309. of the Revised Code. The special 512
property interest of a buyer of goods on identification of those 513
goods to a contract for sale under section 1302.42 of the Revised 514
Code is not a security interest, but a buyer also may acquire a 515
security interest by complying with ~~sections 1309.01 to 1309.50~~ 516
Chapter 1309. of the Revised Code. ~~Unless a consignment is~~ 517

~~intended as security, reservation of title under the consignment~~ 518
~~is not a security interest, but a consignment in any event is~~ 519
~~subject to the provisions on consignment sales under section~~ 520
~~1302.39 of the Revised Code~~ Except as otherwise provided in 521
section 1302.49 of the Revised Code, the right of a seller or 522
lessor of goods under Chapter 1302. or 1310. of the Revised Code 523
is not a security interest, but a seller or lessor also may 524
acquire a security interest by complying with Chapter 1309. of the 525
Revised Code. The retention or reservation of title by a seller of 526
goods notwithstanding shipment or delivery to the buyer under 527
section 1302.42 of the Revised Code is limited to a reservation of 528
a security interest. A lease-purchase agreement as defined in 529
division (F) of section 1351.01 of the Revised Code shall never be 530
intended as security. 531

(2) Whether a transaction, other than a lease-purchase 532
agreement as defined in division (F) of section 1351.01 of the 533
Revised Code, creates a lease or security interest is determined 534
by the facts of each case; however, a transaction creates a 535
security interest if the consideration the lessee is to pay the 536
lessor for the right to possession and use of the goods is an 537
obligation for the term of the lease not subject to termination by 538
the lessee and if any of the following applies: 539

(a) The original term of the lease is equal to or greater 540
than the remaining economic life of the goods. 541

(b) The lessee is bound to renew the lease for the remaining 542
economic life of the goods or is bound to become the owner of the 543
goods. 544

(c) The lessee has an option to renew the lease for the 545
remaining economic life of the goods for no additional 546
consideration or nominal additional consideration upon compliance 547
with the lease agreement. 548

(d) The ~~the~~ lessee has an option to become the owner of the 549

goods for no additional consideration or nominal additional 550
consideration upon compliance with the lease agreement. 551

(3) A transaction does not create a security interest merely 552
because it provides any of the following: 553

(a) That the present value of the consideration the lessee is 554
obligated to pay the lessor for the right to possession and use of 555
the goods is substantially equal to or is greater than the fair 556
market value of the goods at the time the lease is entered into; 557

(b) That the lessee assumes risk of loss of the goods or 558
agrees to pay taxes, insurance, filing, recording, or registration 559
fees, or service or maintenance costs with respect to the goods; 560

(c) That the lessee has an option to renew the lease or to 561
become the owner of the goods; 562

(d) That the lessee has an option to renew the lease for a 563
fixed rent that is equal to or greater than the reasonably 564
predictable fair market rent for the use of the goods for the term 565
of the renewal at the time the option is to be performed; 566

(e) That the lessee has an option to become the owner of the 567
goods for a fixed price that is equal to or greater than the 568
reasonably predictable fair market value of the goods at the time 569
the option is to be performed. 570

(4) For purposes of division (KK) of this section, all of the 571
following apply: 572

(a) Additional consideration is not nominal if, when the 573
option to renew the lease is granted to the lessee, the rent is 574
stated to be the fair market rent for the use of the goods for the 575
term of the renewal determined at the time the option is to be 576
performed or, when the option to become the owner of the goods is 577
granted to the lessee, the price is stated to be the fair market 578
value of the goods determined at the time the option is to be 579
performed. Additional consideration is nominal if it is less than 580

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, 612
implied, or apparent authority and includes a forgery. 613

(RR) Except as otherwise provided with respect to negotiable 614
instruments and bank collections under sections 1303.32, 1304.20, 615
and 1304.21 of the Revised Code, a person gives "value" for rights 616
if the person acquires them in any of the following manners: 617

(1) In return for a binding commitment to extend credit or 618
for the extension of immediately available credit whether or not 619
drawn upon and whether or not a charge-back is provided for in the 620
event of difficulties in collection; 621

(2) As security for or in total or partial satisfaction of a 622
~~pre-existing~~ preexisting claim; 623

(3) By accepting delivery pursuant to a ~~pre-existing~~ 624
preexisting contract for purchase; 625

(4) Generally, in return for any consideration sufficient to 626
support a simple contract. 627

(SS) "Warehouse receipt" means a written or electronic 628
receipt issued by a person engaged in the business of storing 629
goods for hire. 630

(TT) "Written" or "writing" includes printing, typewriting, 631
or any other intentional reduction to tangible form. 632

Sec. 1301.05. (A) Except as otherwise provided in this 633
section, when a transaction bears a reasonable relation to this 634
state and also to another state or nation, the parties may agree 635
that the law either of this state or of the other state or nation 636
shall govern their rights and duties. ~~Failing such~~ In the absence 637
of an agreement of that nature, Chapters 1301., 1302., 1303., 638
1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code 639
apply to transactions bearing an appropriate relation to this 640
state. 641

(B) Where one of the following provisions of Chapters 1301., 642
1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the 643
Revised Code specifies the applicable law, that provision governs 644
and a contrary agreement is effective only to the extent permitted 645
by the law, including the conflict of laws rules, so specified: 646

(1) Rights of creditors against sold goods, as provided in 647
section 1302.43 of the Revised Code; 648

(2) Applicability of sections 1304.01 to 1304.40 of the 649
Revised Code, as provided in section 1304.02 of the Revised Code; 650

(3) Fund transfers under sections 1304.51 to 1304.85 of the 651
Revised Code, as provided in section 1304.85 of the Revised Code; 652

(4) Choice of law as to letters of credit under section 653
1305.15 of the Revised Code; 654

(5) Applicability of Chapter 1308. of the Revised Code, as 655
provided in section 1308.05 of the Revised Code; 656

(6) Perfection provisions, including the effect of perfection 657
or nonperfection, and the priority of security interests and 658
agricultural liens of ~~section 1309.03~~ sections 1309.301 to 659
1309.307 of the Revised Code; 660

(7) Applicability of sections 1310.01 to 1310.78 of the 661
Revised Code, as provided in sections 1310.03 and 1310.04 of the 662
Revised Code. 663

Sec. 1301.12. (A) Except in the cases described in division 664
(B) of this section a contract for the sale of personal property 665
is not enforceable by way of action or defense beyond five 666
thousand dollars in amount or value of remedy unless there is some 667
writing which indicates that a contract for sale has been made 668
between the parties at a defined or stated price, reasonably 669
identifies the subject matter, and is signed by the party against 670
whom enforcement is sought or by that party's authorized agent. 671

(B) Division (A) of this section does not apply to contracts 672
for the sale of goods, section 1302.04 of the Revised Code, nor of 673
securities, section 1308.07 of the Revised Code, nor to security 674
agreements, ~~section 1309.14~~ sections 1309.201 and 1309.203 of the 675
Revised Code. 676

Sec. 1302.01. (A) As used in sections 1302.01 to 1302.98, 677
~~inclusive~~, of the Revised Code, unless the context otherwise 678
requires: 679

(1) "Buyer" means a person who buys or contracts to buy 680
goods. 681

(2) "Good faith" in the case of a merchant means honesty in 682
fact and the observance of reasonable commercial standards of fair 683
dealing in the trade. 684

(3) "Receipt" of goods means taking physical possession of 685
them. 686

(4) "Seller" means a person who sells or contracts to sell 687
goods. 688

(5) "Merchant" means a person who deals in goods of the kind 689
or otherwise by ~~his~~ the person's occupation holds ~~himself~~ self out 690
as having knowledge or skill peculiar to the practices or goods 691
involved in the transaction or to whom such knowledge or skill may 692
be attributed by ~~his~~ the person's employment of an agent or broker 693
or other intermediary who by ~~his~~ the agent's, broker's, or other 694
intermediary's occupation holds ~~himself~~ self out as having such 695
knowledge or skill. 696

(6) "Financing agency" means a bank, finance company, or 697
other person who in the ordinary course of business make advances 698
against goods or documents of title or who by arrangement with 699
either the seller or the buyer intervenes in ordinary course to 700
make or collect payment due or claimed under the contract for 701

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 733
commercial usage is a single whole for purposes of sale and 734
division of which materially impairs its character or value on the 735
market or in use. A commercial unit may be a single article (as a 736
machine) or a set of articles (as a suite of furniture or an 737
assortment of sizes) or a quantity (as a bale, gross, or carload) 738
or any other unit treated in use or in the relevant market as a 739
single whole. 740

(11) "Contract" and "agreement" are limited to those relating 741
to the present or future sale of goods. "Contract for sale" 742
includes both a present sale of goods and a contract to sell goods 743
at a future time. A "sale" consists in the passing of title from 744
the seller to the buyer for a price. A "present sale" means a sale 745
which is accomplished by the making of the contract. 746

(12) Goods or conduct including any part of a performance are 747
"conforming" or conform to the contract when they are in 748
accordance with the obligations under the contract. 749

(13) "Termination" occurs when either party pursuant to a 750
power created by agreement or law puts an end to the contract 751
otherwise than for its breach. On "termination" all obligations 752
which are still executory on both sides are discharged but any 753
right based on prior breach or performance survives. 754

(14) "Cancellation" occurs when either party puts an end to 755
the contract for breach by the other and its effect is the same as 756
that of "termination" except that the cancelling party also 757
retains any remedy for breach of the whole contract or any 758
unperformed balance. 759

(B) Other definitions applying to sections 1302.01 to 760
1302.98, inclusive, of the Revised Code are: 761

(1) "Acceptance", as defined in section 1302.64 of the 762
Revised Code; 763

(2) "Banker's credit", as defined in section 1302.38 of the Revised Code;	764 765
(3) "Confirmed credit", as defined in section 1302.38 of the Revised Code;	766 767
(4) "Cover", as defined in section 1302.86 of the Revised Code;	768 769
(5) "Entrusting", as defined in section 1302.44 of the Revised Code;	770 771
(6) "Identification", as defined in section 1302.45 of the Revised Code;	772 773
(7) "Installment contract", as defined in section 1302.70 of the Revised Code;	774 775
(8) "Letter of credit", as defined in section 1302.38 of the Revised Code;	776 777
(9) "Overseas", as defined in section 1302.36 of the Revised Code;	778 779
(10) "Person in position of a seller", as defined in section 1302.81 of the Revised Code;	780 781
(11) "Sale on approval", as defined in section 1302.39 of the Revised Code;	782 783
(12) "Sale or return", as defined in section 1302.39 of the Revised Code.	784 785
(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 <u>1309.102</u> of the Revised Code, and "dishonor" has the meaning set forth in section 1303.62 of the Revised Code.	786 787 788 789 790 791 792

(D) The terms and principles of construction and 793
interpretation set forth in sections 1301.01 to 1301.14, 794
~~inclusive~~, of the Revised Code, are applicable to sections 1302.01 795
to 1302.98, ~~inclusive~~, of the Revised Code. 796

Sec. 1302.13. (A) A party may perform ~~his~~ the party's duty 797
through a delegate unless otherwise agreed or unless the other 798
party has a substantial interest in having ~~his~~ the original 799
promisor perform or control the acts required by the contract. No 800
delegation of performance relieves the party delegating of any 801
duty to perform or any liability for breach. 802

(B) ~~Unless~~ (1) Except as otherwise provided in section 803
1309.406 of the Revised Code, unless otherwise agreed all rights 804
of either seller or buyer can be assigned except where the 805
assignment would materially change the duty of the other party, or 806
increase materially the burden or risk imposed on ~~him~~ the other 807
party by ~~his~~ the contract, or impair materially ~~his~~ the other 808
party's chance of obtaining return performance. A right to damages 809
for breach of the whole contract or a right arising out of the 810
assignor's due performance of ~~his~~ the assignor's entire obligation 811
can be assigned despite agreement otherwise. 812

(2) The creation, attachment, perfection, or enforcement of a 813
security interest in the seller's interest under a contract is not 814
a transfer that materially changes the duty of or increases 815
materially the burden or risk imposed on the buyer or impairs 816
materially the buyer's chance of obtaining return performance 817
under division (B)(1) of this section unless, and then only to the 818
extent that, enforcement actually results in a delegation of 819
material performance of the seller. In any case, the creation, 820
attachment, perfection, and enforcement of the security interest 821
remain effective, but the seller is liable to the buyer for 822
damages caused by the delegation to the extent that the damages 823

could not reasonably be prevented by the buyer, and a court having 824
jurisdiction may grant other appropriate relief, including 825
cancellation of the contract for sale or an injunction against 826
enforcement of the security interest or consummation of the 827
enforcement. 828

(C) Unless the circumstances indicate the contrary a 829
prohibition of assignment of "the contract" is to be construed as 830
barring only the delegation to the assignee of the assignor's 831
performance. 832

(D) An assignment of "the contract" or of "all my rights 833
under the contract" or an assignment in similar general terms is 834
an assignment of rights and unless the language or the 835
circumstances (as in an assignment for security) indicate the 836
contrary, it is a delegation of performance of the duties of the 837
assignor and its acceptance by the assignee constitutes a promise 838
by ~~him~~ the assignee to perform those duties. This promise is 839
enforceable by either the assignor or the other party to the 840
original contract. 841

(E) The other party may treat any assignment which delegates 842
performance as creating reasonable grounds for insecurity and may 843
without prejudice to ~~his~~ the other party's rights against the 844
assignor demand assurances from the assignee as provided in 845
section 1302.67 of the Revised Code. 846

Sec. 1302.39. (A) Unless otherwise agreed, if delivered goods 847
may be returned by the buyer even though they conform to the 848
contract, the transaction is: 849

(1) a "sale on approval" if the goods are delivered primarily 850
for use, and 851

(2) a "sale or return" if the goods are delivered primarily 852
for resale. 853

(B) ~~Except as provided in division (C) of this section, goods~~ 854
Goods held on approval are not subject to the claims of the 855
buyer's creditors until acceptance ~~of goods.~~ Goods held on sale or 856
return are subject to ~~such~~ the claims of the buyer's creditor's 857
while in the buyer's possession. 858

(C) ~~Where goods are delivered to a person for sale and such~~ 859
~~person maintains a place of business at which he deals in goods of~~ 860
~~the kind involved, under a name other than the name of the person~~ 861
~~making delivery, then with respect to claims of creditors of the~~ 862
~~person conducting the business, the goods are deemed to be on sale~~ 863
~~or return. The provisions of this division are applicable even~~ 864
~~though an agreement purports to reserve title to the person making~~ 865
~~delivery until payment or resale or uses such words as "on~~ 866
~~consignment" or "on memorandum". However, this division is not~~ 867
~~applicable if the person making delivery:~~ 868

(1) ~~complies with an applicable law providing for a~~ 869
~~consignor's interest or the like to be evidenced by a sign, or~~ 870

(2) ~~establishes that the person conducting the business is~~ 871
~~generally known by his creditors to be substantially engaged in~~ 872
~~selling the goods of others, or~~ 873

(3) ~~complies with the filing provisions of sections 1309.01~~ 874
~~to 1309.50, inclusive, of the Revised Code.~~ 875

(D) Any "or return" term of a contract for sale is to be 876
treated as a separate contract for sale within section 1302.04 of 877
the Revised Code and as contradicting the sale aspect of the 878
contract within the provisions of section 1302.05 of the Revised 879
Code. 880

Sec. 1302.42. Each provision of sections 1302.01 to 1302.98 881
of the Revised Code with regard to the rights, obligations, and 882
remedies of the seller, the buyer, purchasers, or other third 883

parties applies irrespective of title to the goods except where 884
the provision refers to that title. Insofar as situations are not 885
covered by the other provisions of sections 1302.01 to 1302.98 of 886
the Revised Code and matters concerning title become material, the 887
following rules apply: 888

(A) Title to goods cannot pass under a contract for sale 889
prior to their identification to the contract pursuant to section 890
1302.45 of the Revised Code, and unless otherwise explicitly 891
agreed the buyer acquires by their identification a special 892
property as limited by Chapters 1301., 1302., 1303., 1304., 1305., 893
1307., 1308., 1309., and 1310. of the Revised Code. Any retention 894
or reservation by the seller of the title (property) in goods 895
shipped or delivered to the buyer is limited in effect to a 896
reservation of a security interest. Subject to these provisions 897
and to the provisions of ~~sections 1309.01 to 1309.50~~ Chapter 1309. 898
of the Revised Code, title to goods passes from the seller to the 899
buyer in any manner and on any conditions explicitly agreed on by 900
the parties. 901

(B) Unless otherwise explicitly agreed, title passes to the 902
buyer at the time and place at which the seller completes 903
performance with reference to the physical delivery of the goods, 904
despite any reservation of a security interest and even though a 905
document of title is to be delivered at a different time or place; 906
and in particular and despite any reservation of a security 907
interest by the bill of lading: 908

(1) If the contract requires or authorized the seller to send 909
the goods to the buyer but does not require the seller to deliver 910
them at destination, title passes to the buyer at the time and 911
place of shipment; but 912

(2) If the contract requires delivery at destination, title 913
passes on tender there. 914

(C) Unless otherwise explicitly agreed where delivery is to 915
be made without moving the goods: 916

(1) If the seller is to deliver a document of title, title 917
passes at the time when and the place where the seller delivers 918
the documents. 919

(2) If the goods are at the time of contracting already 920
identified and no documents are to be delivered, title passes at 921
the time and place of contracting. 922

(D) A rejection or other refusal by the buyer to receive or 923
retain the goods, whether or not justified, or a justified 924
revocation of acceptance revests title to the goods in the seller. 925
The revesting occurs by operation of law and is not a "sale." 926

Sec. 1302.43. (A) Except as provided in divisions (B) and (C) 927
of this section, rights of unsecured creditors of the seller with 928
respect to goods which have been identified to a contract for sale 929
are subject to the buyer's rights to recover the goods pursuant to 930
sections 1302.46 and 1302.90 of the Revised Code. 931

(B) A creditor of the seller may treat a sale or an 932
identification of goods to a contract for sale as void if as 933
against ~~him~~ the seller a retention of possession by the seller is 934
fraudulent under any rule of law of the state where the goods are 935
situated, except that retention of possession in good faith and 936
current course of trade by a merchant-seller for a commercially 937
reasonable time after a sale or identification is not fraudulent. 938

(C) Nothing in sections 1302.01 to 1302.98, ~~inclusive~~, of the 939
Revised Code shall be deemed to impair the rights of creditors of 940
the seller: 941

(1) under the provisions of ~~sections 1309.01 to 1309.50,~~ 942
~~inclusive~~ Chapter 1309. of the Revised Code; or 943

(2) where identification to the contract or delivery is made 944

not in current course of trade but in satisfaction of or as 945
security for a ~~pre-existing~~ preexisting claim for money, security, 946
or the like and is made under circumstances which under any rule 947
of law of the state where the goods are situated would apart from 948
sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code 949
constitute the transaction a fraudulent transfer or voidable 950
preference. 951

Sec. 1302.44. (A) A purchaser of goods acquires all title 952
which the transferor had or had power to transfer except that a 953
purchaser of a limited interest acquires rights only to the extent 954
of the interest purchased. A person with voidable title has power 955
to transfer a good title to a good faith purchaser for value. When 956
goods have been delivered under a transaction of purchase, the 957
purchaser has such power even though: 958

(1) The transferor was deceived as to the identity of the 959
purchaser, or 960

(2) The delivery was in exchange for a check which is later 961
dishonored, or 962

(3) It was agreed that the transaction was to be a "cash 963
sale", or 964

(4) The delivery was procured through fraud punishable as 965
larcenous under the criminal law. 966

(B) Any entrusting of possession of goods to a merchant who 967
deals in goods of that kind gives the merchant power to transfer 968
all rights of the entruster to a buyer in ordinary course of 969
business. 970

(C) "Entrusting" includes any delivery and any acquiescence 971
in retention of possession regardless of any condition expressed 972
between the parties to the delivery or acquiescence and regardless 973
of whether the procurement of the entrusting or the possessor's 974

disposition of the goods have been such as to be larcenous under 975
the criminal law. 976

(D) The rights of other purchasers of goods and of lien 977
creditors are governed by the provisions of ~~sections 1309.01 to~~ 978
~~1309.50, Chapter 1309.~~ and sections 1307.01 to 1307.40 of the 979
Revised Code. 980

Sec. 1302.46. (A) Subject to ~~division~~ divisions (B) and (C) 981
of this section and even though the goods have not been shipped, a 982
buyer who has paid a part or all of the price of goods in which ~~he~~ 983
the buyer has a special property under ~~the provisions of~~ section 984
1302.45 of the Revised Code, may on making and keeping good a 985
tender of any unpaid portion of their price recover them from the 986
seller if either of the following applies: 987

(1) In the case of goods bought for personal, family, or 988
household purposes, the seller repudiates or fails to deliver as 989
required by the contract. 990

(2) In all cases, the seller becomes insolvent within ten 991
days after receipt of the first installment on their price. 992

(B) The buyer's right to recover the goods under division 993
(A)(1) of this section vests upon acquisition of a special 994
property, even if the seller had not then repudiated or failed to 995
deliver. 996

(C) If the identification creating ~~his~~ the buyer's special 997
property has been made by the buyer ~~he,~~ the buyer acquires the 998
right to recover the goods only if they conform to the contract 999
for sale. 1000

Sec. 1302.90. (A) Specific performance may be decreed where 1001
the goods are unique or in other proper circumstances. 1002

(B) The decree for specific performance may include such 1003

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; 1034

(2) In the case of an item for which it has given credit 1035
available for withdrawal as of right, to the extent of the credit 1036
given, whether or not the credit is drawn upon or there is a right 1037
of charge-back; 1038

(3) If it makes an advance on or against the item. 1039

(B) If credit given for several items received at one time or 1040
pursuant to a single agreement is withdrawn or applied in part, 1041
the security interest remains upon all the items, any accompanying 1042
documents, or the proceeds of either. For the purpose of this 1043
section, credits first given are first withdrawn. 1044

(C) Receipt by a collecting bank of a final settlement for an 1045
item is a realization on its security interest in the item, 1046
accompanying documents, and proceeds. So long as the bank does not 1047
receive final settlement for the item or give up possession of the 1048
item or accompanying documents for purposes other than collection, 1049
the security interest continues to that extent and is subject to 1050
~~sections 1309.01 to 1309.50 Chapter 1309.~~ of the Revised Code, 1051
except for all of the following: 1052

(1) No security agreement is necessary to make the security 1053
interest enforceable under division (B)(3)(a) of section 1309.203 1054
of the Revised Code. 1055

(2) No filing is required to perfect the security interest. 1056

(3) The security interest has priority over conflicting 1057
perfected security interests in the item, accompanying documents, 1058
or proceeds. 1059

Sec. 1305.18. (A) An issuer or nominated person has a 1060
security interest in a document presented under a letter of credit 1061
to the extent that the issuer or nominated person honors or gives 1062
value for the presentation. 1063

(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~~ warehouser has a lien against the bailor on the goods covered by a warehouse receipt or on the proceeds thereof in ~~his~~ the warehouser'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~~ warehouser 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~~ warehouser. But against a person to
whom a negotiable warehouse receipt is duly negotiated a
~~warehouseman's~~ warehouser'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~~ warehouser 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~~ warehouser'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~~ warehouser loses ~~his~~ the warehouser's lien
on any goods which ~~he~~ the warehouser voluntarily delivers or which
~~he~~ the warehouser 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 1125
to obtain delivery under section 1307.27 of the Revised Code or 1126
with power of disposition under sections 1302.44 and ~~1309.26~~ 1127
1309.320 of the Revised Code, or other statute or rule of law; nor 1128

(2) acquiesced in the procurement by the bailor or ~~his~~ the 1129
bailor's nominee of any document of title. 1130

(B) Title to goods based upon an unaccepted delivery order is 1131
subject to the rights of anyone to whom a negotiable warehouse 1132
receipt or bill of lading covering the goods has been duly 1133
negotiated. Such a title may be defeated under section 1307.32 of 1134
the Revised Code to the same extent as the rights of the issuer or 1135
a transferee from the issuer. 1136

(C) Title to goods based upon a bill of lading issued to a 1137
freight forwarder is subject to the rights of anyone to whom a 1138
bill issued by the freight forwarder is duly negotiated; but 1139
delivery by the carrier in accordance with sections 1307.25 to 1140
1307.28, ~~inclusive~~, of the Revised Code, pursuant to its own bill 1141
of lading discharges the carrier's obligation to deliver. 1142

Sec. 1308.02. (A) A share or similar equity interest issued 1143
by a corporation, business trust, joint stock company, or similar 1144
entity is a security. 1145

(B) An "investment company security" is a security. 1146
"Investment company security" means a share or similar equity 1147
interest issued by an entity that is registered as an investment 1148
company under the federal investment company laws, an interest in 1149
a unit investment trust that is so registered, or a face-amount 1150
certificate issued by a face-amount certificate company that is so 1151
registered. Investment company security does not include an 1152
insurance policy or endowment policy or annuity contract issued by 1153
an insurance company. 1154

(C) An interest in a partnership or limited liability company 1155

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. 1185
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(B) The local law of the securities intermediary's jurisdiction, as specified in division (E) of this section, governs: 1187
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(1) Acquisition of a security entitlement from the securities intermediary; 1190
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(2) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement; 1192
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(3) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and 1194
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(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. 1196
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(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. 1200
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(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. 1204
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(E) The following rules determine a "securities intermediary's jurisdiction" for purposes of this section: 1211
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(1) If an agreement between the securities intermediary and its entitlement holder ~~specifies that it is governed by the law of~~ 1213
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governing the securities account expressly provides that a 1215
particular jurisdiction is the securities intermediary's 1216
jurisdiction for purposes of Chapter 1308. or 1309. of the Revised 1217
Code, that jurisdiction is the securities intermediary's 1218
jurisdiction. 1219

(2) If division (E)(1) of this section does not apply and an 1220
agreement between the securities intermediary and its entitlement 1221
holder governing the securities account expressly provides that 1222
the agreement is governed by the law of a particular jurisdiction, 1223
that jurisdiction is the securities intermediary's jurisdiction. 1224

(3) If divisions (E)(1) and (2) of this section do not apply 1225
and an agreement between the securities intermediary and its 1226
entitlement holder does not specify the governing law as provided 1227
in division (E)(1) of this section, but the securities account 1228
expressly specifies provides that the securities account is 1229
maintained at an office in a particular jurisdiction, that 1230
jurisdiction is the securities intermediary's jurisdiction. 1231

~~(3)(4)~~ If ~~an agreement between the securities intermediary~~ 1232
~~and its entitlement holder does not specify a jurisdiction as~~ 1233
~~provided in division~~ divisions (E)(1) or, (2), and (3) of this 1234
section do not apply, the securities intermediary's jurisdiction 1235
is the jurisdiction in which ~~is located~~ the office identified in 1236
an account statement as the office serving the entitlement 1237
holder's account is located. 1238

~~(4)(5)~~ If ~~an agreement between the securities intermediary~~ 1239
~~and its entitlement holder does not specify a jurisdiction as~~ 1240
~~provided in division~~ divisions (E)(1) or, (2) of this section and 1241
~~an account statement does not identify an office serving the~~ 1242
~~entitlement holder's account as provided in division (E), (3), and~~ 1243
(4) of this section do not apply, the securities intermediary's 1244
jurisdiction is the jurisdiction in which ~~is located~~ the chief 1245
executive office of the securities intermediary is located. 1246

(F) A securities intermediary's jurisdiction is not 1247
determined by the physical location of certificates representing 1248
financial assets, or by the jurisdiction in which is organized the 1249
issuer of the financial asset with respect to which an entitlement 1250
holder has a security entitlement, or by the location of 1251
facilities for data processing or other record keeping concerning 1252
the account. 1253

Sec. 1308.16. (A) Except as otherwise provided in divisions 1254
(B) and (C) of this section, ~~upon delivery a purchaser~~ of a 1255
certificated or uncertificated security ~~to a purchaser, the~~ 1256
~~purchaser~~ acquires all rights in the security that the transferor 1257
had or had power to transfer. 1258

(B) A purchaser of a limited interest acquires rights only to 1259
the extent of the interest purchased. 1260

(C) A purchaser of a certificated security who as a previous 1261
holder had notice of an adverse claim does not improve its 1262
position by taking from a protected purchaser. 1263

Sec. 1308.24. (A) A purchaser has "control" of a certificated 1264
security in bearer form if the certificated security is delivered 1265
to the purchaser. 1266

(B) A purchaser has "control" of a certificated security in 1267
registered form if the certificated security is delivered to the 1268
purchaser, and: 1269

(1) The certificate is indorsed to the purchaser or in blank 1270
by an effective indorsement; or 1271

(2) The certificate is registered in the name of the 1272
purchaser, upon original issue or registration of transfer by the 1273
issuer. 1274

(C) A purchaser has "control" of an uncertificated security 1275

if: 1276

(1) The uncertificated security is delivered to the 1277
purchaser; or 1278

(2) The issuer has agreed that it will comply with 1279
instructions originated by the purchaser without further consent 1280
by the registered owner. 1281

(D) A purchaser has "control" of a security entitlement if: 1282

(1) The purchaser becomes the entitlement holder; or 1283

(2) The securities intermediary has agreed that it will 1284
comply with entitlement orders originated by the purchaser without 1285
further consent by the entitlement holder; or 1286

(3) Another person has control of the security entitlement on 1287
behalf of the purchaser or, having previously acquired control of 1288
the security entitlement, acknowledges having control on behalf of 1289
the purchaser. 1290

(E) If an interest in a security entitlement is granted by 1291
the entitlement holder to the entitlement holder's own securities 1292
intermediary, the securities intermediary has control. 1293

(F) A purchaser who has satisfied the requirements of 1294
division (C)(2) or (D)(2) of this section has control even if the 1295
registered owner in the case of division (C)(2) of this section or 1296
the entitlement holder in the case of division (D)(2) of this 1297
section retains the right to make substitutions for the 1298
uncertificated security or security entitlement, to originate 1299
instructions or entitlement orders to the issuer or securities 1300
intermediary, or otherwise to deal with the uncertificated 1301
security or security entitlement. 1302

(G) An issuer or a securities intermediary may not enter into 1303
an agreement of the kind described in division (C)(2) or (D)(2) of 1304
this section without the consent of the registered owner or 1305

entitlement holder, but an issuer or a securities intermediary is 1306
not required to enter into such an agreement even though the 1307
registered owner or entitlement holder so directs. An issuer or 1308
securities intermediary that has entered into such an agreement is 1309
not required to confirm the existence of the agreement to another 1310
party unless requested to do so by the registered owner or 1311
entitlement holder. 1312

Sec. 1308.27. (A) Delivery of a certificated security to a 1313
purchaser occurs when: 1314

(1) The purchaser acquires possession of the security 1315
certificate; 1316

(2) Another person, other than a securities intermediary, 1317
either acquires possession of the security certificate on behalf 1318
of the purchaser or, having previously acquired possession of the 1319
certificate, acknowledges that it holds for the purchaser; or 1320

(3) A securities intermediary acting on behalf of the 1321
purchaser acquires possession of the security certificate, only if 1322
the certificate is in registered form and ~~has been~~ is (a) 1323
registered in the name of the purchaser, (b) payable to the order 1324
of the purchaser, or (c) specially indorsed to the purchaser by an 1325
effective indorsement and has not been indorsed to the securities 1326
intermediary or in blank. 1327

(B) Delivery of an uncertificated security to a purchaser 1328
occurs when: 1329

(1) The issuer registers the purchaser as the registered 1330
owner, upon original issue or registration of transfer; or 1331

(2) Another person, other than a securities intermediary, 1332
either becomes the registered owner of the uncertificated security 1333
on behalf of the purchaser or, having previously become the 1334
registered owner, acknowledges that it holds for the purchaser. 1335

Sec. 1308.60. (A) ~~An~~ In a case not covered by the priority 1336
rules in Chapter 1309. of the Revised Code or the rules stated in 1337
division (C) of this section, an action based on an adverse claim 1338
to a financial asset or security entitlement, whether framed in 1339
conversion, replevin, constructive trust, equitable lien, or other 1340
theory, may not be asserted against a person who purchases a 1341
security entitlement, or an interest ~~therein~~ in a security 1342
entitlement, from an entitlement holder if the purchaser gives 1343
value, does not have notice of the adverse claim, and obtains 1344
control. 1345

(B) If an adverse claim could not have been asserted against 1346
an entitlement holder under section 1308.52 of the Revised Code, 1347
the adverse claim cannot be asserted against a person who 1348
purchases a security entitlement, or an interest ~~therein~~ in a 1349
security entitlement, from the entitlement holder. 1350

(C) In a case not covered by the priority rules in Chapter 1351
1309. of the Revised Code, a purchaser for value of a security 1352
entitlement, or an interest ~~therein~~ in a security entitlement, who 1353
obtains control has priority over a purchaser of a security 1354
entitlement, or an interest ~~therein~~ In a security entitlement, who 1355
does not obtain control. ~~Purchasers~~ Except as otherwise provided 1356
in division (D) of this section, purchasers who have control rank 1357
~~equally, except that a~~ according to priority in time of: 1358

(1) The purchaser's becoming the person for whom the 1359
securities account, in which the security entitlement is carried, 1360
is maintained, if the purchaser obtained control under division 1361
(D)(1) of section 1308.24 of the Revised Code; 1362

(2) The securities intermediary's agreement to comply with 1363
the purchaser's entitlement orders with respect to security 1364
entitlements carried or to be carried in the securities account in 1365
which the security entitlement is carried, if the purchaser 1366

obtained control under division (D)(2) of section 1308.24 of the 1367
Revised Code; or 1368

(3) If the purchaser obtained control through another person 1369
under division (D)(3) of section 1308.24 of the Revised Code, the 1370
time on which priority would be based under division (C) of this 1371
section if the other person were the secured party. 1372

(D) A securities intermediary as purchaser has priority over 1373
a conflicting purchaser who has control unless otherwise agreed by 1374
the securities intermediary. 1375

Sec. 1309.101. (A) This chapter may be cited as "Uniform 1376
Commercial Code, secured transactions." 1377

(B) This chapter uses the numbering system of the national 1378
conference of commissioners on uniform state laws. The digits to 1379
the right of the decimal point are sequential and not supplemental 1380
to any preceding Revised Code section. 1381

Sec. 1309.102. (A) As used in this chapter, unless the 1382
context requires otherwise: 1383

(1) "Accession" means goods that are physically united with 1384
other goods in such a manner that the identity of the original 1385
goods is not lost. 1386

(2)(a) "Account," except as used in "account for," means a 1387
right to payment of a monetary obligation, whether or not earned 1388
by performance, (i) for property that has been or is to be sold, 1389
leased, licensed, assigned, or otherwise disposed of, (ii) for 1390
services rendered or to be rendered, (iii) for a policy of 1391
insurance issued or to be issued, (iv) for a secondary obligation 1392
incurred or to be incurred, (v) for energy provided or to be 1393
provided, (vi) for the use or hire of a vessel under a charter or 1394
other contract, (vii) arising out of the use of a credit or charge 1395

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.

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"Account" includes health-care insurance receivables.

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(b) "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.

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(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.

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

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(a) Authenticated by a secured party;

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(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

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

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

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

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<u>(i) Goods or services furnished in connection with a debtor's farming operation; or</u>	1426 1427
<u>(ii) Rent on real property leased by a debtor in connection with its farming operation.</u>	1428 1429
<u>(b) That is created by statute in favor of a person who:</u>	1430
<u>(i) In the ordinary course of business, furnished goods or services to a debtor in connection with the debtor's farming operation; or</u>	1431 1432 1433
<u>(ii) Leased real property to a debtor in connection with the debtor's farming operation; and</u>	1434 1435
<u>(c) Whose effectiveness does not depend on the person's possession of the personal property.</u>	1436 1437
<u>(6) "As-extracted collateral" means:</u>	1438
<u>(a) Oil, gas, or other minerals that are subject to a security interest that:</u>	1439 1440
<u>(i) Is created by a debtor having an interest in the minerals before extraction; and</u>	1441 1442
<u>(ii) Attaches to the minerals as extracted; or</u>	1443
<u>(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.</u>	1444 1445 1446
<u>(7) "Authenticate" means:</u>	1447
<u>(a) To sign; or</u>	1448
<u>(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.</u>	1449 1450 1451 1452
<u>(8) "Bank" means an organization that is engaged in the</u>	1453

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 evidence 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;

<u>(b) Accounts, chattel paper, payment intangibles, and</u>	1484
<u>promissory notes that have been sold; and</u>	1485
<u>(c) Goods that are the subject of a consignment.</u>	1486
<u>(13) "Commercial tort claim" means a claim arising in tort</u>	1487
<u>with respect to which:</u>	1488
<u>(a) The claimant is an organization. or</u>	1489
<u>(b) The claimant is an individual, and the claim:</u>	1490
<u>(i) Arose in the course of the claimant's business or</u>	1491
<u>profession; and</u>	1492
<u>(ii) Does not include damages arising out of personal injury</u>	1493
<u>to or the death of an individual.</u>	1494
<u>(14) "Commodity account" means an account maintained by a</u>	1495
<u>commodity intermediary in which a commodity contract is carried</u>	1496
<u>for a commodity customer.</u>	1497
<u>(15) "Commodity contract" means a commodity futures contract,</u>	1498
<u>an option on a commodity futures contract, a commodity option, or</u>	1499
<u>another contract if the contract or option is:</u>	1500
<u>(a) Traded on or subject to the rules of a board of trade</u>	1501
<u>that has been designated as a contract market for such a contract</u>	1502
<u>pursuant to the federal commodities laws; or</u>	1503
<u>(b) Traded on a foreign commodity board of trade, exchange,</u>	1504
<u>or market and is carried on the books of a commodity intermediary</u>	1505
<u>for a commodity customer.</u>	1506
<u>(16) "Commodity customer" means a person for whom a commodity</u>	1507
<u>intermediary carries a commodity contract on its books.</u>	1508
<u>(17) "Commodity intermediary" means a person who:</u>	1509
<u>(a) Is registered as a futures commission merchant under the</u>	1510
<u>federal commodities laws; or</u>	1511

(b) In the ordinary course of its business provides clearance 1512
or settlement services for a board of trade that has been 1513
designated as a contract market pursuant to the federal 1514
commodities laws. 1515

(18) "Communicate" means: 1516

(a) To send a written or other tangible record; 1517

(b) To transmit a record by any means agreed upon by the 1518
persons sending and receiving the record; or 1519

(c) In the case of transmission of a record to or by a filing 1520
office, to transmit a record by any means prescribed by 1521
filing-office rule. 1522

(19) "Consignee" means a merchant to whom goods are delivered 1523
in a consignment. 1524

(20) "Consignment" means a transaction, regardless of its 1525
form, in which a person delivers goods to a merchant for the 1526
purpose of sale and: 1527

(a) The merchant: 1528

(i) Deals in goods of that kind under a name other than the 1529
name of the person making delivery; 1530

(ii) Is not an auctioneer; and 1531

(iii) Is not generally known by its creditors to be 1532
substantially engaged in selling the goods of others; 1533

(b) With respect to each delivery, the aggregate value of the 1534
goods is one thousand dollars or more at the time of delivery. 1535

(c) The goods are not consumer goods immediately before 1536
delivery. and 1537

(d) The transaction does not create a security interest that 1538
secures an obligation. 1539

<u>(21) "Consignor" means a person who delivers goods to a</u>	1540
<u>consignee in a consignment.</u>	1541
<u>(22) "Consumer debtor" means a debtor in a consumer</u>	1542
<u>transaction.</u>	1543
<u>(23) "Consumer goods" means goods that are used or bought for</u>	1544
<u>use primarily for personal, family, or household purposes.</u>	1545
<u>(24) "Consumer-goods transaction" means a consumer</u>	1546
<u>transaction in which:</u>	1547
<u>(a) An individual incurs an obligation primarily for</u>	1548
<u>personal, family, or household purposes. and</u>	1549
<u>(b) A security interest in consumer goods secures the</u>	1550
<u>obligation.</u>	1551
<u>(25) "Consumer obligor" means an obligor who is an individual</u>	1552
<u>and who incurred the obligation as part of a transaction entered</u>	1553
<u>into primarily for personal, family, or household purposes.</u>	1554
<u>(26) "Consumer transaction" means a transaction in which: (a)</u>	1555
<u>an individual incurs an obligation primarily for personal, family,</u>	1556
<u>or household purposes, (b) a security interest secures the</u>	1557
<u>obligation, and (c) the collateral is held or acquired primarily</u>	1558
<u>for personal, family, or household purposes. "Consumer</u>	1559
<u>transaction" includes consumer-goods transactions.</u>	1560
<u>(27) "Continuation statement" means an amendment of a</u>	1561
<u>financing statement that:</u>	1562
<u>(a) Identifies, by its file number, the initial financing</u>	1563
<u>statement to which it relates; and</u>	1564
<u>(b) Indicates that it is a continuation statement for, or</u>	1565
<u>that it is filed to continue the effectiveness of, the identified</u>	1566
<u>financing statement.</u>	1567
<u>(28) "Debtor" means:</u>	1568

<u>(a) A person having an interest, other than a security</u>	1569
<u>interest or other lien, in the collateral, whether or not the</u>	1570
<u>person is an obligor;</u>	1571
<u>(b) A seller of accounts, chattel paper, payment intangibles,</u>	1572
<u>or promissory notes; or</u>	1573
<u>(c) A consignee.</u>	1574
<u>(29) "Deposit account" means a demand, time, savings,</u>	1575
<u>passbook, or similar account maintained with a bank but does not</u>	1576
<u>include investment property or accounts evidenced by an</u>	1577
<u>instrument.</u>	1578
<u>(30) "Document" means a document of title or a receipt of the</u>	1579
<u>type described in section 1307.06 of the Revised Code.</u>	1580
<u>(31) "Electronic chattel paper" means chattel paper evidenced</u>	1581
<u>by a record consisting of information stored in an electronic</u>	1582
<u>medium.</u>	1583
<u>(32) "Encumbrance" includes real estate mortgages and other</u>	1584
<u>liens on real estate and all other rights in real estate that are</u>	1585
<u>not ownership interests.</u>	1586
<u>(33) "Equipment" means goods other than inventory, farm</u>	1587
<u>products, or consumer goods.</u>	1588
<u>(34) "Farm products" means goods, other than standing timber,</u>	1589
<u>with respect to which the debtor is engaged in a farming operation</u>	1590
<u>and that are:</u>	1591
<u>(a) Crops grown, growing, or to be grown, including:</u>	1592
<u>(i) Crops produced on trees, vines, and bushes; and</u>	1593
<u>(ii) Aquatic goods produced in aquacultural operations;</u>	1594
<u>(b) Livestock, born or unborn, including aquatic goods</u>	1595
<u>produced in aquacultural operations;</u>	1596
<u>(c) Supplies used or produced in a farming operation; or</u>	1597

(d) Products of crops or livestock in their unmanufactured 1598
states. 1599

(35) "Farming operation" means raising, cultivating, 1600
propagating, fattening, grazing, or any other agricultural, 1601
livestock, or aquacultural operation. 1602

(36) "File number" means the number assigned to an initial 1603
financing statement under division (A) of section 1309.519 of the 1604
Revised Code. 1605

(37) "Filing office" means an office designated in section 1606
1309.501 of the Revised Code as the place to file a financing 1607
statement. 1608

(38) "Filing-office rule" means a rule adopted under section 1609
1309.526 of the Revised Code. 1610

(39) "Financing statement" means a record composed of an 1611
initial financing statement and any filed record relating to the 1612
initial financing statement. 1613

(40) "Fixture filing" means the filing of a financing 1614
statement covering goods that are or are to become fixtures and 1615
satisfying divisions (A) and (B) of section 1309.502 of the 1616
Revised Code. "Fixture filing" includes the filing of a financing 1617
statement covering goods of a transmitting utility that are or are 1618
to become fixtures. 1619

(41) "Fixtures" means goods that have become so related to 1620
particular real property that an interest in them arises under 1621
real property law. 1622

(42) "General intangible" means any personal property, 1623
including things in action, other than accounts, chattel paper, 1624
commercial tort claims, deposit accounts, documents, goods, 1625
instruments, investment property, letter-of-credit rights, letters 1626
of credit, money, and oil, gas, or other minerals before 1627

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 1659
or claim under a policy of insurance that is a right to payment of 1660
a monetary obligation for health-care goods or services provided. 1661

(47)(a) "Instrument" means a negotiable instrument or any 1662
other writing that evidences a right to the payment of a monetary 1663
obligation, is not itself a security agreement or lease, and is of 1664
a type that in ordinary course of business is transferred by 1665
delivery with any necessary indorsement or assignment. 1666

(b) "Instrument" does not include (i) investment property, 1667
(ii) letters of credit, or (iii) writings that evidence a right to 1668
payment arising out of the use of a credit or charge card or 1669
information contained on or for use with the card. 1670

(48) "Inventory" means goods, other than farm products, that: 1671

(a) Are leased by a person as lessor; 1672

(b) Are held by a person for sale or lease or to be furnished 1673
under a contract of service; 1674

(c) Are furnished by a person under a contract of service; or 1675
1676

(d) Consist of raw materials, work in process, or materials 1677
used or consumed in a business. 1678

(49) "Investment property" means a security, whether 1679
certificated or uncertificated, a security entitlement, a 1680
securities account, a commodity contract, or a commodity account. 1681

(50) "Jurisdiction of organization," with respect to a 1682
registered organization, means the jurisdiction under whose law 1683
the organization is organized. 1684

(51) "Letter-of-credit right" means a right to payment or 1685
performance under a letter of credit, whether or not the 1686
beneficiary has demanded or is at the time entitled to demand 1687
payment or performance. "Letter-of-credit right" does not include 1688

the right of a beneficiary to demand payment or performance under 1689
a letter of credit. 1690

(52) "Lien creditor" means: 1691

(a) A creditor who has acquired a lien on the property 1692
involved by attachment, levy or the like; 1693

(b) An assignee for benefit of creditors from the time of 1694
assignment; 1695

(c) A trustee in bankruptcy from the date of the filing of 1696
the petition; or 1697

(d) A receiver in equity from the time of appointment. 1698

(53) "Manufactured home" means a structure, transportable in 1699
one or more sections, that, in the traveling mode, is eight body 1700
feet or more in width or forty body feet or more in length, or, 1701
when erected on site, is three hundred twenty or more square feet, 1702
and that is built on a permanent chassis and designed to be used 1703
as a dwelling with or without a permanent foundation when 1704
connected to the required utilities, and includes the plumbing, 1705
heating, air conditioning, and electrical systems contained in the 1706
structure. "Manufactured home" includes any structure that meets 1707
all of the requirements of this paragraph except the size 1708
requirements and with respect to which the manufacturer 1709
voluntarily files a certification required by the United States 1710
secretary of housing and urban development and complies with the 1711
standards established under Title 42 of the United States Code. 1712

(54) "Manufactured-home transaction" means a secured 1713
transaction: 1714

(a) That creates a purchase-money security interest in a 1715
manufactured home, other than a manufactured home held as 1716
inventory; or 1717

(b) In which a manufactured home, other than a manufactured 1718

home held as inventory, is the primary collateral. 1719

(55) "Mortgage" means a consensual interest in real property, 1720
including fixtures, that secures payment or performance of an 1721
obligation. 1722

(56) "New debtor" means a person who becomes bound as debtor 1723
under division (D) of section 1309.203 of the Revised Code by a 1724
security agreement previously entered into by another person. 1725

(57)(a) "New value" means (i) money, (ii) money's worth in 1726
property, services, or new credit, or (iii) release by a 1727
transferee of an interest in property previously transferred to 1728
the transferee. 1729

(b) "New value" does not include an obligation substituted 1730
for another obligation. 1731

(58) "Noncash proceeds" means proceeds other than cash 1732
proceeds. 1733

(59)(a) "Obligor" means a person who, with respect to an 1734
obligation secured by a security interest in collateral or an 1735
agricultural lien on the collateral, (i) owes payment or other 1736
performance of the obligation, (ii) has provided property other 1737
than the collateral to secure payment or other performance of the 1738
obligation, or (iii) is otherwise accountable in whole or in part 1739
for payment or other performance of the obligation. 1740

(b) "Obligor" does not include issuers or nominated persons 1741
under a letter of credit. 1742

(60) "Original debtor," except as used in division (C) of 1743
section 1309.310 of the Revised Code, means a person who, as 1744
debtor, entered into a security agreement to which a new debtor 1745
has become bound under division (D) of section 1309.203 of the 1746
Revised Code. 1747

(61) "Payment intangible" means a general intangible under 1748

which the account debtor's principal obligation is a monetary 1749
obligation. 1750

(62) "Person related to," with respect to an individual, 1751
means: 1752

(a) The spouse of the individual; 1753

(b) A brother, brother-in-law, sister, or sister-in-law of 1754
the individual; 1755

(c) An ancestor or lineal descendant of the individual or the 1756
individual's spouse; or 1757

(d) Any other relative, by blood or marriage, of the 1758
individual or the individual's spouse who shares the same home 1759
with the individual. 1760

(63) "Person related to," with respect to an organization, 1761
means: 1762

(a) A person directly or indirectly controlling, controlled 1763
by, or under common control with the organization; 1764

(b) An officer or director of, or a person performing similar 1765
functions with respect to, the organization; 1766

(c) An officer or director of, or a person performing similar 1767
functions with respect to, a person described in division 1768
(A)(63)(a) of this section; 1769

(d) The spouse of an individual described in division 1770
(A)(63)(a), (b), or (c) of this section; or 1771

(e) An individual who is related by blood or marriage to an 1772
individual described in division (A)(63)(a), (b), (c), or (d) of 1773
this section and shares the same home with the individual. 1774

(64) "Proceeds," except as used in division (B) of section 1775
1309.609 of the Revised Code, means the following property: 1776

(a) Whatever is acquired upon the sale, lease, license, 1777

<u>exchange, or other disposition of collateral;</u>	1778
<u>(b) Whatever is collected on, or distributed on account of,</u>	1779
<u>collateral;</u>	1780
<u>(c) Rights arising out of collateral;</u>	1781
<u>(d) To the extent of the value of collateral, claims arising</u>	1782
<u>out of the loss, nonconformity, or interference with the use of,</u>	1783
<u>defects or infringement of rights in, or damage to the collateral;</u>	1784
<u>or</u>	1785
<u>(e) To the extent of the value of collateral and to the</u>	1786
<u>extent payable to the debtor or the secured party, insurance</u>	1787
<u>payable by reason of the loss or nonconformity of, defects or</u>	1788
<u>infringement of rights in, or damage to the collateral.</u>	1789
<u>(65) "Promissory note" means an instrument that evidences a</u>	1790
<u>promise to pay a monetary obligation, does not evidence an order</u>	1791
<u>to pay, and does not contain an acknowledgment by a bank that the</u>	1792
<u>bank has received for deposit a sum of money or funds.</u>	1793
<u>(66) "Proposal" means a record authenticated by a secured</u>	1794
<u>party that includes the terms on which the secured party is</u>	1795
<u>willing to accept collateral in full or partial satisfaction of</u>	1796
<u>the obligation it secures pursuant to sections 1309.620, 1309.621,</u>	1797
<u>and 1309.622 of the Revised Code.</u>	1798
<u>(67) "Public-finance transaction" means a secured transaction</u>	1799
<u>in connection with which:</u>	1800
<u>(a) Debt securities are issued;</u>	1801
<u>(b) All or a portion of the securities issued have an initial</u>	1802
<u>stated maturity of at least twenty years; and</u>	1803
<u>(c) The debtor, obligor, secured party, account debtor or</u>	1804
<u>other person obligated on collateral, assignor or assignee of a</u>	1805
<u>secured obligation, or assignor or assignee of a security interest</u>	1806
<u>is a state or a governmental unit of a state.</u>	1807

(68) "Pursuant to commitment," with respect to an advance 1808
made or other value given by a secured party, means pursuant to 1809
the secured party's obligation, whether or not a subsequent event 1810
of default or other event not within the secured party's control 1811
has relieved or may relieve the secured party from its obligation. 1812

(69) "Record," except as used in "for record," "of record," 1813
"record or legal title," and "record owner," means information 1814
that is inscribed on a tangible medium or that is stored in an 1815
electronic or other medium and is retrievable in perceivable form. 1816

(70) "Registered organization" means an organization 1817
organized solely under the law of a single state or the United 1818
States and as to which the state or the United States must 1819
maintain a public record showing the organization to have been 1820
organized. 1821

(71) "Secondary obligor" means an obligor to the extent that: 1822
(a) The obligor's obligation is secondary; or 1823
(b) The obligor has a right of recourse with respect to an 1824
obligation secured by collateral against the debtor, another 1825
obligor, or property of either. 1826

(72) "Secured party" means: 1827
(a) A person in whose favor a security interest is created or 1828
provided for under a security agreement, whether or not any 1829
obligation to be secured is outstanding; 1830
(b) A person that holds an agricultural lien; 1831
(c) A consignor; 1832
(d) A person to whom accounts, chattel paper, payment 1833
intangibles, or promissory notes have been sold; 1834
(e) A trustee, indenture trustee, agent, collateral agent, or 1835
other representative in whose favor a security interest or 1836

agricultural lien is created or provided; or 1837

(f) A person who holds a security interest arising under 1838
section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54 of 1839
the Revised Code. 1840

(73) "Security agreement" means an agreement that creates or 1841
provides for a security interest. 1842

(74) "Send," in connection with a record or notification, 1843
means: 1844

(a) To deposit in the mail, deliver for transmission, or 1845
transmit by any other usual means of communication, with postage 1846
or cost of transmission provided for, addressed to any address 1847
reasonable under the circumstances; or 1848

(b) To cause the record or notification to be received within 1849
the time that it would have been received if properly sent under 1850
division (A)(74)(a) of this section. 1851

(75) "Software" means a computer program and any supporting 1852
information provided in connection with a transaction relating to 1853
the program. "Software" does not include a computer program that 1854
is included in the definition of goods. 1855

(76) "State" means a state of the United States, the District 1856
of Columbia, Puerto Rico, the United States Virgin Islands, or any 1857
territory or insular possession subject to the jurisdiction of the 1858
United States. 1859

(77) "Supporting obligation" means a letter-of-credit right 1860
or secondary obligation that supports the payment or performance 1861
of an account, chattel paper, a document, a general intangible, an 1862
instrument, or investment property. 1863

(78) "Tangible chattel paper" means chattel paper evidenced 1864
by a record consisting of information that is inscribed on a 1865
tangible medium. 1866

(79) "Termination statement" means an amendment of a 1867
financing statement that: 1868

(a) Identifies, by its file number, the initial financing 1869
statement to which it relates; and 1870

(b) Indicates either that it is a termination statement or 1871
that the identified financing statement is no longer effective. 1872

(80) "Transmitting utility" means a person primarily engaged 1873
in the business of: 1874

(a) Operating a railroad, subway, street railway, or trolley 1875
bus; 1876

(b) Transmitting communications electrically, 1877
electromagnetically, or by light; 1878

(c) Transmitting goods by pipeline or sewer; or 1879

(d) Transmitting or producing and transmitting electricity, 1880
steam, gas, or water. 1881

(B) Other definitions applying to this chapter are: 1882

(1) "Applicant" has the same meaning as in section 1305.01 of 1883
the Revised Code. 1884

(2) "Beneficiary" has the same meaning as in section 1305.01 1885
of the Revised Code. 1886

(3) "Broker" has the same meaning as in section 1308.01 of 1887
the Revised Code. 1888

(4) "Certificated security" has the same meaning as in 1889
section 1308.01 of the Revised Code. 1890

(5) "Check" has the same meaning as in section 1303.03 of the 1891
Revised Code. 1892

(6) "Clearing corporation" has the same meaning as in section 1893
1308.01 of the Revised Code. 1894

<u>(7) "Contract for sale" has the same meaning as in section</u>	1895
<u>1302.01 of the Revised Code.</u>	1896
<u>(8) "Customer" has the same meaning as in section 1304.01 of</u>	1897
<u>the Revised Code.</u>	1898
<u>(9) "Entitlement holder" has the same meaning as in section</u>	1899
<u>1308.01 of the Revised Code.</u>	1900
<u>(10) "Financial asset" has the same meaning as in section</u>	1901
<u>1308.01 of the Revised Code.</u>	1902
<u>(11) "Holder in due course" has the same meaning as in</u>	1903
<u>section 1303.32 of the Revised Code.</u>	1904
<u>(12) "Issuer," with respect to a letter of credit or</u>	1905
<u>letter-of-credit right, has the same meaning as in section 1305.01</u>	1906
<u>of the Revised Code.</u>	1907
<u>(13) "Issuer," with respect to a security, has the same</u>	1908
<u>meaning as in section 1308.08 of the Revised Code.</u>	1909
<u>(14) "Lease," "lease agreement," "lease contract," "leasehold</u>	1910
<u>interest," "lessee," "lessee in ordinary course of business,"</u>	1911
<u>"lessor," and "lessor's residual interest" have the same meanings</u>	1912
<u>as in section 1310.01 of the Revised Code.</u>	1913
<u>(15) "Letter of credit" has the same meaning as in section</u>	1914
<u>1305.01 of the Revised Code.</u>	1915
<u>(16) "Merchant" has the same meaning as in section 1302.01 of</u>	1916
<u>the Revised Code.</u>	1917
<u>(17) "Negotiable instrument" has the same meaning as in</u>	1918
<u>section 1303.03 of the Revised Code.</u>	1919
<u>(18) "Nominated person" has the same meaning as in section</u>	1920
<u>1305.01 of the Revised Code.</u>	1921
<u>(19) "Note" has the same meaning as in section 1303.03 of the</u>	1922
<u>Revised Code.</u>	1923

(20) "Proceeds of a letter of credit" has the same meaning as 1924
in section 1305.13 of the Revised Code. 1925

(21) "Prove" has the same meaning as in section 1303.01 of 1926
the Revised Code. 1927

(22) "Sale" has the same meaning as in division (A)(11) of 1928
section 1302.01 of the Revised Code. 1929

(23) "Securities account" has the same meaning as in section 1930
1308.51 of the Revised Code. 1931

(24) "Securities intermediary," "security," "security 1932
certificate," "security entitlement," and "uncertificated 1933
security" have the same meanings as in section 1308.01 of the 1934
Revised Code. 1935

(C) The terms and principles of construction and 1936
interpretations set forth in sections 1301.01 to 1301.14 of the 1937
Revised Code are applicable to this chapter. 1938

Sec. 1309.103. (A) As used in this section: 1939

(1) "Purchase-money collateral" means goods or software that 1940
secure a purchase-money obligation incurred with respect to that 1941
collateral; and 1942

(2) "Purchase-money obligation" means an obligation of an 1943
obligor incurred as all or part of the price of the collateral or 1944
for value given to enable the debtor to acquire rights in or the 1945
use of the collateral if the value is in fact so used. 1946

(B) A security interest in goods is a purchase-money security 1947
interest: 1948

(1) To the extent that the goods are purchase-money 1949
collateral with respect to that security interest; 1950

(2) If the security interest is in inventory that is or was 1951
purchase-money collateral, also to the extent that the security 1952

interest secures a purchase-money obligation incurred with respect 1953
to other inventory in which the secured party holds or held a 1954
purchase-money security interest; and 1955

(3) To the extent that the security interest secures a 1956
purchase-money obligation incurred with respect to software in 1957
which the secured party holds or held a purchase-money security 1958
interest. 1959

(C) A security interest in software is a purchase-money 1960
security interest to the extent that the security interest also 1961
secures a purchase-money obligation incurred with respect to goods 1962
in which the secured party holds or held a purchase-money security 1963
interest if: 1964

(1) The debtor acquired its interest in the software in an 1965
integrated transaction in which it acquired an interest in the 1966
goods. and 1967

(2) The debtor acquired its interest in the software for the 1968
principal purpose of using the software in the goods. 1969

(D) The security interest of a consignor in goods that are 1970
the subject of a consignment is a purchase-money security interest 1971
in inventory. 1972

(E) In a transaction other than a consumer-goods transaction, 1973
if the extent to which a security interest is a purchase-money 1974
security interest depends on the application of a payment to a 1975
particular obligation, the payment must be applied: 1976

(1) In accordance with any reasonable method of application 1977
to which the parties agree; 1978

(2) In the absence of the parties' agreement to a reasonable 1979
method, in accordance with any intention of the obligor manifested 1980
at or before the time of payment; or 1981

(3) In the absence of an agreement to a reasonable method and 1982

a timely manifestation of the obligor's intention, in the 1983
following order: 1984

(a) To obligations that are not secured; 1985

(b) If more than one obligation is secured, to obligations 1986
secured by purchase-money security interests in the order in which 1987
those obligations were incurred. 1988

(F) In a transaction other than a consumer-goods transaction, 1989
a purchase-money security interest does not lose its status as a 1990
purchase-money security interest, even if: 1991

(1) The purchase-money collateral also secures an obligation 1992
that is not a purchase-money obligation. 1993

(2) Collateral that is not purchase-money collateral also 1994
secures the purchase-money obligation. or 1995

(3) The purchase-money obligation has been renewed, 1996
refinanced, consolidated, or restructured. 1997

(G) In a transaction other than a consumer-goods transaction, 1998
a secured party claiming a purchase-money security interest has 1999
the burden of establishing the extent to which the security 2000
interest is a purchase-money security interest. 2001

(H) The limitation in divisions (E), (F), and (G) of this 2002
section to transactions other than consumer-goods transactions is 2003
intended to leave to a court the determination of the proper rules 2004
in consumer-goods transactions. The court shall not infer from 2005
that limitation the nature of the proper rule in consumer-goods 2006
transactions and may continue to apply established approaches. 2007

Sec. 1309.104. (A) A secured party has control of a deposit 2008
account if: 2009

(1) The secured party is the bank with which the deposit 2010
account is maintained; 2011

(2) The debtor, secured party, and bank have agreed in an 2012
authenticated record that the bank will comply with instructions 2013
originated by the secured party directing disposition of the funds 2014
in the deposit account without further consent by the debtor; or 2015

(3) The secured party becomes the bank's customer with 2016
respect to the deposit account. 2017

(B) A secured party that has satisfied division (A) of this 2018
section has control of a deposit account, even if the debtor 2019
retains the right to direct the disposition of funds from the 2020
deposit account. 2021

Sec. 1309.105. A secured party has control of electronic 2022
chattel paper if the record or records comprising the chattel 2023
paper are created, stored, and assigned in such a manner that: 2024

(A) A single authoritative copy of the record or records 2025
exists that is unique, identifiable, and, except as otherwise 2026
provided in divisions (D), (E), and (F) of this section, 2027
unalterable; 2028

(B) The authoritative copy identifies the secured party as 2029
the assignee of the record or records; 2030

(C) The authoritative copy is communicated to and maintained 2031
by the secured party or its designated custodian; 2032

(D) Copies or revisions that add or change an identified 2033
assignee of the authoritative copy may be made only with the 2034
participation of the secured party; 2035

(E) Each copy of the authoritative copy and any copy of a 2036
copy is readily identifiable as a copy that is not the 2037
authoritative copy; and 2038

(F) Any revision of the authoritative copy is readily 2039
identifiable as an authorized or unauthorized revision. 2040

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. 2041
2042
2043

(B) A secured party has control over a commodity contract if: 2044
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(1) The secured party is the commodity intermediary with which the commodity contract is carried; or 2046
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(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. 2048
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(C) A secured party having control over all security entitlements or commodity contracts carried in the securities account or commodity account has control over the securities account or commodities account. 2053
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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. 2057
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Sec. ~~1309.08~~ 1309.108. (A) For the purposes of sections 1309.01 to 1309.50, inclusive, of the Revised Code this chapter, 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. 2063
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(B) Except as otherwise provided in division (D) of this 2069

section, a description of collateral reasonably identifies the 2070
collateral if it identifies the collateral by: 2071

(1) Specific listing; 2072

(2) Category; 2073

(3) Except as otherwise provided in division (E) of this 2074
section, a type of collateral defined in Chapters 1301., 1302., 2075
1303., 1304., 1305., 1306., 1307., 1308., 1309., and 1310. of the 2076
Revised Code; 2077

(4) Quantity; 2078

(5) Computational or allocational formula or procedure; or 2079

(6) Except as otherwise provided in division (C) of this 2080
section, any other method, if the identity of the collateral is 2081
objectively determinable. 2082

(C) A description of collateral as "all the debtor's assets" 2083
or "all the debtor's personal property" or using words of similar 2084
import does not reasonably identify the collateral. 2085

(D) Except as otherwise provided in division (E) of this 2086
section, a description of a security entitlement, securities 2087
account, or commodity account is sufficient if it describes: 2088

(1) The collateral by those terms or as investment property; 2089
or 2090

(2) The underlying financial asset or commodity contract. 2091

(E) A description only by type of collateral defined in 2092
Chapters 1301., 1302., 1303., 1304., 1305., 1306., 1307., 1308., 2093
1309., and 1310. of the Revised Code is an insufficient 2094
description of: 2095

(1) A commercial tort claim; or 2096

(2) In a consumer transaction, consumer goods, a security 2097
entitlement, a securities account, or a commodity account. 2098

<u>Sec. 1309.109. (A) Except as otherwise provided in divisions</u>	2099
<u>(C) and (D) of this section, this chapter applies to:</u>	2100
<u>(1) A transaction, regardless of its form, that creates a</u>	2101
<u>security interest in personal property or fixtures by contract;</u>	2102
<u>(2) An agricultural lien;</u>	2103
<u>(3) A sale of accounts, chattel paper, payment intangibles,</u>	2104
<u>or promissory notes;</u>	2105
<u>(4) A consignment;</u>	2106
<u>(5) A security interest arising under section 1302.42,</u>	2107
<u>1302.49, division (C) of section 1302.85, or division (E) of</u>	2108
<u>section 1310.54 of the Revised Code, as provided in section</u>	2109
<u>1309.110 of the Revised Code; and</u>	2110
<u>(6) A security interest arising under section 1304.20 or</u>	2111
<u>1305.18 of the Revised Code.</u>	2112
<u>(B) The application of this chapter to a security interest in</u>	2113
<u>a secured obligation is not affected by the fact that the</u>	2114
<u>obligation is itself secured by a transaction or interest to which</u>	2115
<u>this chapter does not apply.</u>	2116
<u>(C) This chapter does not apply to the extent that:</u>	2117
<u>(1) A statute, regulation, or treaty of the United States</u>	2118
<u>preempts this article;</u>	2119
<u>(2) Another statute of this state expressly governs the</u>	2120
<u>creation, perfection, priority, or enforcement of a security</u>	2121
<u>interest created by this state or a governmental unit of this</u>	2122
<u>state;</u>	2123
<u>(3) A statute of another state, a foreign country, or a</u>	2124
<u>governmental unit of another state or a foreign country, other</u>	2125
<u>than a statute generally applicable to security interests,</u>	2126
<u>expressly governs creation, perfection, priority, or enforcement</u>	2127

<u>of a security interest created by the state, country, or</u>	2128
<u>governmental unit; or</u>	2129
<u>(4) The rights of a transferee beneficiary or nominated</u>	2130
<u>person under a letter of credit are independent and superior under</u>	2131
<u>section 1305.13 of the Revised Code.</u>	2132
<u>(D) This chapter does not apply to:</u>	2133
<u>(1) A landlord's lien, other than an agricultural lien;</u>	2134
<u>(2)(a) A lien, other than an agricultural lien, given by</u>	2135
<u>statute or other rule of law for services or materials, including</u>	2136
<u>any lien created under any provision of Chapter 926., sections</u>	2137
<u>1311.55 to 1311.57, sections 1311.71 to 1311.80, section 1701.66,</u>	2138
<u>or Chapter 4585. of the Revised Code;</u>	2139
<u>(b) Notwithstanding division (D)(2)(a) of this section,</u>	2140
<u>section 1309.333 of the Revised Code applies with respect to</u>	2141
<u>priority of the lien.</u>	2142
<u>(3) An assignment of a claim for wages, salary, or other</u>	2143
<u>compensation of an employee;</u>	2144
<u>(4) A sale of accounts, chattel paper, payment intangibles,</u>	2145
<u>or promissory notes as part of a sale of the business out of which</u>	2146
<u>they arose;</u>	2147
<u>(5) An assignment of accounts, chattel paper, payment</u>	2148
<u>intangibles, or promissory notes that is for the purpose of</u>	2149
<u>collection only;</u>	2150
<u>(6) An assignment of a right to payment under a contract to</u>	2151
<u>an assignee that is also obligated to perform under the contract;</u>	2152
<u>(7) An assignment of a single account, payment intangible, or</u>	2153
<u>promissory note to an assignee in full or partial satisfaction of</u>	2154
<u>a preexisting indebtedness;</u>	2155
<u>(8) A transfer of an interest in or an assignment of a claim</u>	2156

under a policy of insurance, other than an assignment by or to a 2157
health-care provider of a health-care-insurance receivable and any 2158
subsequent assignment of the right to payment, except that 2159
sections 1309.315 and 1309.322 of the Revised Code apply with 2160
respect to proceeds and priorities in proceeds; 2161

(9) An assignment of a right represented by a judgment, other 2162
than a judgment taken on a right to payment that was collateral; 2163
2164

(10) A right of recoupment or set-off, but: 2165

(a) Section 1309.340 of the Revised Code applies with respect 2166
to the effectiveness of rights of recoupment or set-off against 2167
deposit accounts; and 2168

(b) Section 1309.404 of the Revised Code applies with respect 2169
to defenses or claims of an account debtor. 2170

(11) The creation or transfer of an interest in or lien on 2171
real property, including a lease or rents under a lease, except to 2172
the extent that provision is made for: 2173

(a) Liens on real property in sections 1309.203 and 1309.308 2174
of the Revised Code; 2175

(b) Fixtures in section 1309.334 of the Revised Code; 2176

(c) Fixture filings in sections 1309.501, 1309.502, 1309.512, 2177
1309.516, and 1309.519 of the Revised Code; and 2178

(d) Security agreements covering personal and real property 2179
in section 1309.604 of the Revised Code. 2180

(12) An assignment of a claim arising in tort, other than a 2181
commercial tort claim, but sections 1309.315 and 1309.322 of the 2182
Revised Code apply with respect to proceeds and priorities in 2183
proceeds; or 2184

(13) An assignment of a deposit account in a consumer 2185

transaction, but sections 1309.315 and 1309.322 of the Revised
Code apply with respect to proceeds and priorities in proceeds.

Sec. ~~1309.11~~ 1309.110. A security interest arising solely
under sections ~~1302.01 to 1302.98~~ of the Revised Code section
1302.42 or 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., 1306., 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 2215
subject to Chapter 1317., sections 1321.01 to 1321.33 and 2216
divisions (A), (B), and (C) of section 1321.99 of the Revised 2217
Code. 2218

(C) In the event of conflict between the provisions of this 2219
chapter and the provisions of sections 1317.01 to 1317.99, 1321.01 2220
to 1321.33, and divisions (A), (B), and (C) of section 1321.99 of 2221
the Revised Code, the provisions of sections 1317.01 to 1317.99, 2222
1321.01 to 1321.33, and divisions (A), (B), and (C) of section 2223
1321.99 of the Revised Code shall prevail. Failure to comply with 2224
those provisions has only the effect provided in those provisions. 2225

(D) This article does not: 2226

(1) Validate any rate, charge, agreement, or practice that 2227
violates a rule of law, statute, or regulation described in 2228
division (B) of this section; or 2229

(2) Extend the application of the rule of law, statute, or 2230
regulation to a transaction not otherwise subject to it. 2231

Sec. ~~1309.13~~ 1309.202. Each provision Except as otherwise 2232
provided with respect to consignments or sales of accounts, 2233
chattel paper, payment intangibles, or promissory notes, the 2234
provisions of sections ~~1309.01 to 1309.50, inclusive,~~ of the 2235
Revised Code this chapter with regard to rights, and obligations, 2236
and remedies applies apply whether title to collateral is in the 2237
secured party or in the debtor. 2238

Sec. 1309.203. (A) A security interest attaches to collateral 2239
when it becomes enforceable against the debtor with respect to the 2240
collateral, unless an agreement expressly postpones the time of 2241
attachment. 2242

(B) Except as otherwise provided in divisions (C) to (I) of 2243

this section, a security interest is enforceable against the 2244
debtor and third parties with respect to the collateral only if: 2245

(1) Value has been given; 2246

(2) The debtor has rights in the collateral or the power to 2247
transfer rights in the collateral to a secured party; and 2248

(3) One of the following conditions is met: 2249

(a) The debtor has authenticated a security agreement that 2250
provides a description of the collateral and, if the security 2251
interest covers timber to be cut, a description of the land 2252
concerned; 2253

(b) The collateral is not a certificated security and is in 2254
the possession of the secured party under section 1309.313 of the 2255
Revised Code pursuant to the debtor's security agreement; 2256

(c) The collateral is a certificated security in registered 2257
form and the security certificate has been delivered to the 2258
secured party under section 1308.27 of the Revised Code pursuant 2259
to the debtor's security agreement; or 2260

(d) The collateral is deposit accounts, electronic chattel 2261
paper, investment property, or letter-of-credit rights, and the 2262
secured party has control under section 1309.104, 1309.105, 2263
1309.106, or 1309.107 of the Revised Code pursuant to the debtor's 2264
security agreement. 2265

(C) Division (B) of this section is subject to section 2266
1304.20 of the Revised Code on the security interest of a 2267
collecting bank, section 1305.18 of the Revised Code on the 2268
security interest of a letter-of-credit issuer or nominated 2269
person, section 1309.110 of the Revised Code on a security 2270
interest arising under Chapter 1302. or 1310. of the Revised Code, 2271
and section 1309.206 of the Revised Code on security interests in 2272
investment property. 2273

(D) A person becomes bound as debtor by a security agreement 2274
entered into by another person if, by operation of law other than 2275
this article or by contract: 2276

(1) The security agreement becomes effective to create a 2277
security interest in the person's property; or 2278

(2) The person becomes generally obligated for the 2279
obligations of the other person, including the obligation secured 2280
under the security agreement, and acquires or succeeds to all or 2281
substantially all of the assets of the other person. 2282

(E) If a new debtor becomes bound as debtor by a security 2283
agreement entered into by another person: 2284

(1) The agreement satisfies division (B)(3) of this section 2285
with respect to existing or after-acquired property of the new 2286
debtor to the extent the property is described in the agreement; 2287
and 2288

(2) Another agreement is not necessary to make a security 2289
interest in the property enforceable. 2290

(F) The attachment of a security interest in collateral gives 2291
the secured party the rights to proceeds provided by section 2292
1309.315 of the Revised Code and is also attachment of a security 2293
interest in a supporting obligation for the collateral. 2294

(G) The attachment of a security interest in a right to 2295
payment or performance secured by a security interest or other 2296
lien on personal or real property also is attachment of a security 2297
interest in the security interest, mortgage, or other lien. 2298

(H) The attachment of a security interest in a securities 2299
account also is attachment of a security interest in the security 2300
entitlements carried in the securities account. 2301

(I) The attachment of a security interest in a commodity 2302
account also is attachment of a security interest in the commodity 2303

contracts carried in the commodity account.

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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.

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

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(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

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(2) A commercial tort claim.

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(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.

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Sec. ~~1309.16~~ 1309.205. (A) A security interest is not invalid or fraudulent against creditors ~~by reason of liberty in the~~ solely because:

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

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

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

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(c) Accept the return of goods or make repossessions, or to 2332
use; or 2333

(d) Use, commingle, or dispose of proceeds, or by reason of 2334
the failure of the; or 2335

(2) The secured party fails to require the debtor to account 2336
for proceeds or replace collateral. This 2337

(B) This section does not relax the requirements of 2338
possession where if attachment, perfection, or enforcement of a 2339
security interest depends upon possession of the collateral by the 2340
secured party or by a bailee. 2341

Sec. 1309.206. (A) A security interest in favor of a 2342
securities intermediary attaches to a person's security 2343
entitlement if: 2344

(1) The person buys a financial asset through a securities 2345
intermediary in a transaction in which the person is obligated to 2346
pay the purchase price to the securities intermediary at the time 2347
of the purchase; and 2348

(2) The securities intermediary credits the financial asset 2349
to the buyer's securities account before the buyer pays the 2350
securities intermediary. 2351

(B) The security interest described in division (A) of this 2352
section secures the person's obligation to pay for the financial 2353
asset. 2354

(C) A security interest in favor of a person that delivers a 2355
certificated security or other financial asset represented by a 2356
writing attaches to the security or other financial asset if: 2357

(1) The certificated security or other financial asset in the 2358
ordinary course of business is transferred by delivery with any 2359
necessary indorsement or assignment; 2360

(2) Is delivered under an agreement between persons in the 2361
business of dealing with such securities or financial assets; and 2362

(3) The agreement calls for delivery against payment. 2363

(D) The security interest described in division (C) of this 2364
section secures the obligation to make payment for the delivery. 2365

Sec. ~~1309.18~~ 1309.207. (A) A Except as otherwise provided in 2366
division (D) of this section, a secured party must shall use 2367
reasonable care in the custody and preservation of collateral in 2368
~~his~~ the secured party's possession. In the case of an instrument 2369
or chattel paper, reasonable care includes taking necessary steps 2370
to preserve rights against prior parties unless otherwise agreed. 2371

(B) ~~Unless~~ Except as otherwise agreed provided in division 2372
(D) of this section, when collateral is in the if a secured 2373
~~party's~~ party has possession of collateral: 2374

(1) ~~reasonable~~ Reasonable expenses, including the cost of ~~any~~ 2375
insurance and payment of taxes or other charges, incurred in the 2376
custody, preservation, use, or operation of the collateral are 2377
chargeable to the debtor and are secured by the collateral; 2378

(2) ~~the~~ The risk of accidental loss or damage is on the 2379
debtor to the extent of any deficiency in any effective insurance 2380
coverage; 2381

(3) ~~the secured party may hold as additional security any~~ 2382
~~increase or profits, except money, received from the collateral,~~ 2383
~~but money so received, unless remitted to the debtor, shall be~~ 2384
~~applied in reduction of the secured obligation;~~ 2385

~~(4) the~~ The secured party ~~must~~ shall keep the collateral 2386
identifiable but fungible collateral may be commingled; 2387

~~(5) the secured party may repledge the collateral upon terms~~ 2388
~~which do not impair the debtor's right to redeem it.~~ 2389

~~(C) A secured party is liable for any loss caused by his~~ 2390
~~failure to meet any obligation imposed by divisions (B) (1) to (B)~~ 2391
~~(5), inclusive, of this section, but does not lose his security~~ 2392
~~interest.~~ 2393

~~(D) A and~~ 2394

(4) The secured party may use or operate the collateral for: 2395

(a) For the purpose of preserving the collateral or its value 2396
~~or pursuant to the;~~ 2397

(b) As permitted by an order of a court of appropriate having 2398
competent jurisdiction; or, ~~except~~ 2399

(c) Except in the case of consumer goods, in the manner and 2400
to the extent provided in the security agreement agreed by the 2401
debtor. 2402

(C) Except as otherwise provided in division (D) of this 2403
section, a secured party having possession of collateral or 2404
control of collateral under section 1309.104, 1309.105, 1309.106, 2405
or 1309.107 of the Revised Code: 2406

(1) May hold as additional security any proceeds, except 2407
money or funds, received from the collateral; 2408

(2) Shall apply money or funds received from the collateral 2409
to reduce the secured obligation, unless remitted to the debtor; 2410
and 2411

(3) May create a security interest in the collateral. 2412

(D) If the secured party is a buyer of accounts, chattel 2413
paper, payment intangibles, or promissory notes or a consignor: 2414

(1) Division (A) of this section does not apply unless the 2415
secured party is entitled under an agreement: 2416

(a) To charge back uncollected collateral; or 2417

(b) Otherwise to full or limited recourse against the debtor 2418

or a secondary obligor based on the nonpayment or other default of 2419
an account debtor or other obligor on the collateral; and 2420

(2) Divisions (B) and (C) of this section do not apply. 2421

Sec. 1309.208. (A) This section applies to cases in which 2422
there is no outstanding secured obligation and the secured party 2423
is not committed to make advances, incur obligations, or otherwise 2424
give value. 2425

(B) Within ten days after receiving an authenticated demand 2426
by the debtor: 2427

(1) A secured party having control of a deposit account under 2428
division (A)(2) of section 1309.104 of the Revised Code shall send 2429
to the bank with which the deposit account is maintained an 2430
authenticated statement that releases the bank from any further 2431
obligation to comply with instructions originated by the secured 2432
party. 2433

(2) A secured party having control of a deposit account under 2434
division (A)(3) of section 1309.104 of the Revised Code shall: 2435
2436

(a) Pay the debtor the balance on deposit in the deposit 2437
account; or 2438

(b) Transfer the balance on deposit into a deposit account in 2439
the debtor's name; 2440

(3) A secured party, other than a buyer, having control of 2441
electronic chattel paper under section 1309.105 of the Revised 2442
Code shall: 2443

(a) Communicate the authoritative copy of the electronic 2444
chattel paper to the debtor or its designated custodian; 2445

(b) If the debtor designates a custodian that is the 2446
designated custodian with which the authoritative copy of the 2447

electronic chattel paper is maintained for the secured party, 2448
communicate to the custodian an authenticated record releasing the 2449
designated custodian from any further obligation to comply with 2450
instructions originated by the secured party and instructing the 2451
custodian to comply with instructions originated by the debtor; 2452
and 2453

(c) Take appropriate action to enable the debtor or its 2454
designated custodian to make copies of or revisions to the 2455
authoritative copy that add or change an identified assignee of 2456
the authoritative copy without the consent of the secured party. 2457

(4) A secured party having control of investment property 2458
under division (D)(2) of section 1308.24 or division (B) of 2459
section 1309.106 of the Revised Code shall send to the securities 2460
intermediary or commodity intermediary with which the security 2461
entitlement or commodity contract is maintained an authenticated 2462
record that releases the securities intermediary or commodity 2463
intermediary from any further obligation to comply with 2464
entitlement orders or directions originated by the secured party. 2465
and 2466

(5) A secured party having control of a letter-of-credit 2467
right under section 1309.107 of the Revised Code shall send to 2468
each person having an unfulfilled obligation to pay or deliver 2469
proceeds of the letter of credit to the secured party an 2470
authenticated release from any further obligation to pay or 2471
deliver proceeds of the letter of credit to the secured party. 2472

Sec. 1309.209. (A) Except as otherwise provided in division 2473
(C) of this section, this section applies if: 2474

(1) There is no outstanding secured obligation; and 2475

(2) The secured party is not committed to make advances, 2476
incur obligations, or otherwise give value. 2477

(B) Within ten days after receiving an authenticated demand 2478
by the debtor, a secured party shall send to an account debtor 2479
that has received notification of an assignment to the secured 2480
party as assignee under division (A) of section 1309.406 of the 2481
Revised Code an authenticated record that releases the account 2482
debtor from any further obligation to the secured party. 2483

(C) This section does not apply to an assignment constituting 2484
the sale of an account, chattel paper, or payment intangible. 2485
2486

Sec. 1309.210. (A) As used in this section: 2487

(1) "Request" means a record of a type described in division 2488
(A)(2), (3), or (4) of this section. 2489

(2) "Request for an accounting" means a record authenticated 2490
by a debtor requesting that the recipient provide an accounting of 2491
the unpaid obligations secured by collateral and reasonably 2492
identifying the transaction or relationship that is the subject of 2493
the request. 2494

(3) "Request regarding a list of collateral" means a record 2495
authenticated by a debtor requesting that the recipient approve or 2496
correct a list of what the debtor believes to be the collateral 2497
securing an obligation and reasonably identifying the transaction 2498
or relationship that is the subject of the request. 2499

(4) "Request regarding a statement of account" means a record 2500
authenticated by a debtor requesting that the recipient approve or 2501
correct a statement indicating what the debtor believes to be the 2502
aggregate amount of unpaid obligations secured by collateral as of 2503
a specified date and reasonably identifying the transaction or 2504
relationship that is the subject of the request. 2505

(B) Subject to divisions (C), (D), (E), and (F) of this 2506
section, a secured party, other than a buyer of accounts, chattel 2507

paper, payment intangibles, or promissory notes or a consignor, 2508
shall comply with a request within fourteen days after receipt: 2509

(1) In the case of a request for an accounting, by 2510
authenticating and sending to the debtor an accounting; and 2511

(2) In the case of a request regarding a list of collateral 2512
or a request regarding a statement of account, by authenticating 2513
and sending to the debtor an approval or correction. 2514

(C) A secured party that claims a security interest in all of 2515
a particular type of collateral owned by the debtor may comply 2516
with a request regarding a list of collateral by sending to the 2517
debtor an authenticated record including a statement to that 2518
effect within fourteen days after receipt. 2519

(D) A person that receives a request regarding a list of 2520
collateral, claims no interest in the collateral when it receives 2521
the request, and claimed an interest in the collateral at an 2522
earlier time shall comply with the request within fourteen days 2523
after receipt by sending to the debtor an authenticated record: 2524

(1) Disclaiming any interest in the collateral; and 2525

(2) If known to the recipient, providing the name and mailing 2526
address of any assignee of or successor to the recipient's 2527
interest in the collateral. 2528

(E) A person that receives a request for an accounting or a 2529
request regarding a statement of account, claims no interest in 2530
the obligations when it receives the request, and claimed an 2531
interest in the obligations at an earlier time shall comply with 2532
the request within fourteen days after receipt by sending to the 2533
debtor an authenticated record: 2534

(1) Disclaiming any interest in the obligations; and 2535

(2) If known to the recipient, providing the name and mailing 2536
address of any assignee of or successor to the recipient's 2537

interest in the obligations. 2538

(F) A debtor is entitled without charge to one response to a 2539
request under this section during any six-month period. The 2540
secured party may require payment of a charge not exceeding 2541
twenty-five dollars for each additional response. 2542

Sec. 1309.301. Except as otherwise provided in sections 2543
1309.303 to 1309.306 of the Revised Code, the following rules 2544
determine the law governing perfection, the effect of perfection 2545
or nonperfection, and the priority of a security interest in 2546
collateral: 2547

(A) Except as otherwise provided in this section, while a 2548
debtor is located in a jurisdiction, the local law of that 2549
jurisdiction governs perfection, the effect of perfection or 2550
nonperfection, and the priority of a security interest in 2551
collateral. 2552

(B) While collateral is located in a jurisdiction, the local 2553
law of that jurisdiction governs perfection, the effect of 2554
perfection or nonperfection, and the priority of a possessory 2555
security interest in that collateral. 2556

(C) Except as otherwise provided in division (D) of this 2557
section, while negotiable documents, goods, instruments, money, or 2558
tangible chattel paper is located in a jurisdiction, the local law 2559
of that jurisdiction: 2560

(1) Perfection of a security interest in the goods by filing 2561
a fixture filing; 2562

(2) Perfection of a security interest in timber to be cut; 2563
and 2564

(3) The effect of perfection or nonperfection and the 2565
priority of a nonpossessory security interest in the collateral. 2566

(D) The local law of the jurisdiction in which the wellhead 2567
or minehead is located governs perfection, the effect of 2568
perfection or nonperfection, and the priority of a security 2569
interest in as-extracted collateral. 2570

Sec. 1309.302. While farm products are located in a 2571
jurisdiction, the local law of that jurisdiction governs 2572
perfection, the effect of perfection or nonperfection, and the 2573
priority of an agricultural lien on the farm products. 2574

Sec. 1309.303. (A) This section applies to goods covered by a 2575
certificate of title, even if there is no other relationship 2576
between the jurisdiction under whose certificate of title the 2577
goods are covered and the goods or the debtor. 2578

(B) Goods become covered by a certificate of title when a 2579
valid application for the certificate of title and the applicable 2580
fee are delivered to the appropriate authority. Goods cease to be 2581
covered by a certificate of title at the earlier of the time the 2582
certificate of title ceases to be effective under the law of the 2583
issuing jurisdiction or the time the goods become covered 2584
subsequently by a certificate of title issued by another 2585
jurisdiction. 2586

(C) The local law of the jurisdiction under whose certificate 2587
of title the goods are covered governs perfection, the effect of 2588
perfection or nonperfection, and the priority of a security 2589
interest in goods covered by a certificate of title from the time 2590
the goods become covered by the certificate of title until the 2591
goods cease to be covered by the certificate of title. 2592

Sec. 1309.304. (A) The local law of a bank's jurisdiction 2593
governs perfection, the effect of perfection or nonperfection, and 2594
the priority of a security interest in a deposit account 2595

maintained with that bank.

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

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(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 1310. of the Revised Code, that jurisdiction is the bank's jurisdiction.

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(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.

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(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.

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(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.

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(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.

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

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(1) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs

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perfection, the effect of perfection or nonperfection, and the 2625
priority of a security interest in the certificated security. 2626

(2) The local law of the issuer's jurisdiction as specified 2627
in division (D) of section 1308.05 of the Revised Code governs 2628
perfection, the effect of perfection or nonperfection, and the 2629
priority of a security interest in an uncertificated security. 2630

(3) The local law of the securities intermediary's 2631
jurisdiction as specified in division (E) of section 1308.05 of 2632
the Revised Code governs perfection, the effect of perfection or 2633
nonperfection, and the priority of a security interest in a 2634
security entitlement or securities account. 2635

(4) The local law of the commodity intermediary's 2636
jurisdiction governs perfection, the effect of perfection or 2637
nonperfection, and the priority of a security interest in a 2638
commodity contract or commodity account. 2639

(B) The following rules determine a commodity intermediary's 2640
jurisdiction for purposes of sections 1309.301 to 1309.342 of the 2641
Revised Code: 2642

(1) If an agreement between the commodity intermediary and 2643
commodity customer governing the commodity account expressly 2644
provides that a particular jurisdiction is the commodity 2645
intermediary's jurisdiction for purposes of this chapter or 2646
Chapters 1301., 1302., 1303., 1304., 1305., 1306., 1307., 1308., 2647
1309., and 1310. of the Revised Code, that jurisdiction is the 2648
commodity intermediary's jurisdiction. 2649

(2) If division (B)(1) of this section does not apply and an 2650
agreement between the commodity intermediary and commodity 2651
customer governing the commodity account expressly provides that 2652
the agreement is governed by the law of a particular jurisdiction, 2653
that jurisdiction is the commodity intermediary's jurisdiction. 2654

(3) If divisions (B)(1) and (2) of this section do not apply 2655

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 divisions (B)(1), (2), and (3) of this section do not
apply, 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 2686
Revised Code, an issuer's jurisdiction or nominated person's 2687
jurisdiction is the jurisdiction whose law governs the liability 2688
of the issuer or nominated person with respect to the 2689
letter-of-credit right as provided in section 1305.15 of the 2690
Revised Code. 2691

(C) This section does not apply to a security interest that 2692
is perfected only under division (D) of section 1309.308 of the 2693
Revised Code. 2694

Sec. 1309.307. (A) As used in this section, "place of 2695
business" means a place where a debtor conducts the debtor's 2696
affairs. 2697

(B) Except as otherwise provided in this section, the 2698
following rules determine a debtor's location: 2699

(1) A debtor who is an individual is located at the 2700
individual's principal residence. 2701

(2) A debtor that is an organization and has only one place 2702
of business is located at its place of business. 2703

(3) A debtor that is an organization and has more than one 2704
place of business is located at its chief executive office. 2705

(C) Division (B) of this section applies only if a debtor's 2706
residence, place of business, or chief executive office, as 2707
applicable, is located in a jurisdiction whose law generally 2708
requires information concerning the existence of a nonpossessory 2709
security interest to be made generally available in a filing, 2710
recording, or registration system as a condition or result of the 2711
security interest's obtaining priority over the rights of a lien 2712
creditor with respect to the collateral. If division (B) of this 2713
section does not apply, the debtor is located in the District of 2714
Columbia. 2715

(D) A person that ceases to exist, have a residence, or have 2716
a place of business continues to be located in the jurisdiction 2717
specified by divisions (B) and (C) of this section. 2718

(E) A registered organization that is organized under the law 2719
of a state is located in that state. 2720

(F) Except as otherwise provided in division (I) of this 2721
section, a registered organization that is organized under the law 2722
of the United States and a branch or agency of a bank that is not 2723
organized under the law of the United States or a state are 2724
located: 2725

(1) In the state that the law of the United States 2726
designates, if the law designates a state of location; 2727

(2) In the state that the registered organization, branch, or 2728
agency designates, if the law of the United States authorizes the 2729
registered organization, branch, or agency to designate its state 2730
of location; or 2731

(3) In the District of Columbia, if neither division (F)(1) 2732
nor (2) of this section applies. 2733

(G) A registered organization continues to be located in the 2734
jurisdiction specified by division (E) or (F) of this section 2735
notwithstanding: 2736

(1) The suspension, revocation, forfeiture, or lapse of the 2737
registered organization's status in its jurisdiction of 2738
organization; or 2739

(2) The dissolution, winding up, or cancellation of the 2740
existence of the registered organization. 2741

(H) The United States is located in the District of Columbia. 2742
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(I) A branch or agency of a bank that is not organized under 2744
the law of the United States or a state is located in the state in 2745

which the branch or agency is licensed, if all branches and
agencies of the bank are licensed in only one state.

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(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.

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

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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.

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(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.

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(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.

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

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(E) Perfection of a security interest in a right to payment
or performance also perfects a security interest in a security

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<u>interest, mortgage, or other lien on personal or real property</u>	2776
<u>securing the right.</u>	2777
<u>(F) Perfection of a security interest in a securities account</u>	2778
<u>also perfects a security interest in the security entitlements</u>	2779
<u>carried in the securities account.</u>	2780
<u>(G) Perfection of a security interest in a commodity account</u>	2781
<u>also perfects a security interest in the commodity contracts</u>	2782
<u>carried in the commodity account.</u>	2783
<u>Sec. 1309.309. The following security interests are perfected</u>	2784
<u>when they attach:</u>	2785
<u>(A) A purchase money security interest in consumer goods,</u>	2786
<u>except as otherwise provided in division (B) of section 1309.311</u>	2787
<u>of the Revised Code with respect to consumer goods that are</u>	2788
<u>subject to a statute or treaty described in division (A) of</u>	2789
<u>section 1309.311 of the Revised Code;</u>	2790
<u>(B) An assignment of accounts or payment intangibles that</u>	2791
<u>does not by itself or in conjunction with other assignments to the</u>	2792
<u>same assignee transfer a significant part of the assignor's</u>	2793
<u>outstanding accounts or payment intangibles;</u>	2794
<u>(C) A sale of a payment intangible;</u>	2795
<u>(D) A sale of a promissory note;</u>	2796
<u>(E) A security interest created by the assignment of a</u>	2797
<u>health-care-insurance receivable to the provider of the</u>	2798
<u>health-care goods or services;</u>	2799
<u>(F) A security interest arising under section 1302.42,</u>	2800
<u>1302.49, division (C) of section 1302.85, or division (E) of</u>	2801
<u>section 1310.54 of the Revised Code, until the debtor obtains</u>	2802
<u>possession of the collateral;</u>	2803
<u>(G) A security interest of a collecting bank arising under</u>	2804

<u>section 1304.20 of the Revised Code;</u>	2805
<u>(H) A security interest of an issuer or nominated person</u>	2806
<u>arising under section 1305.18 of the Revised Code;</u>	2807
<u>(I) A security interest arising in the delivery of a</u>	2808
<u>financial asset under division (C) of section 1309.206 of the</u>	2809
<u>Revised Code;</u>	2810
<u>(J) A security interest in investment property created by a</u>	2811
<u>broker or securities intermediary;</u>	2812
<u>(K) A security interest in a commodity contract or a</u>	2813
<u>commodity account created by a commodity intermediary;</u>	2814
<u>(L) An assignment for the benefit of all creditors of the</u>	2815
<u>transferor and subsequent transfers by the assignee; and</u>	2816
<u>(M) A security interest created by an assignment of a</u>	2817
<u>beneficial interest in a decedent's estate.</u>	2818
 <u>Sec. 1309.310. (A) Except as otherwise provided in division</u>	2819
<u>(B) of this section and division (B) of section 1309.312 of the</u>	2820
<u>Revised Code, a financing statement must be filed to perfect all</u>	2821
<u>security interests and agricultural liens.</u>	2822
 <u>(B) The filing of a financing statement is not necessary to</u>	2823
<u>perfect a security interest:</u>	2824
 <u>(1) That is perfected under division (D), (E), (F), or (G) of</u>	2825
<u>section 1309.308 of the Revised Code;</u>	2826
 <u>(2) That is perfected under section 1309.309 of the Revised</u>	2827
<u>Code when it attaches;</u>	2828
 <u>(3) In property subject to a statute, regulation, or treaty</u>	2829
<u>described in division (A) of section 1309.311 of the Revised Code;</u>	2830
 <u>(4) In goods in possession of a bailee perfected under</u>	2831
<u>division (D)(1) or (2) of section 1309.312 of the Revised Code;</u>	2832

<u>(5) In certificated securities, documents, goods, or</u>	2833
<u>instruments perfected without filing or possession under division</u>	2834
<u>(E), (F), or (G) of section 1309.312 of the Revised Code;</u>	2835
<u>(6) In collateral in the secured party's possession under</u>	2836
<u>section 1309.313 of the Revised Code;</u>	2837
<u>(7) In a certificated security perfected by delivery of the</u>	2838
<u>security certificate to the secured party under section 1309.313</u>	2839
<u>of the Revised Code;</u>	2840
<u>(8) In deposit accounts, electronic chattel paper, investment</u>	2841
<u>property, or letter-of-credit rights perfected by control under</u>	2842
<u>section 1309.314 of the Revised Code;</u>	2843
<u>(9) In proceeds perfected under section 1309.315 of the</u>	2844
<u>Revised Code; or</u>	2845
<u>(10) That is perfected under section 1309.316 of the Revised</u>	2846
<u>Code.</u>	2847
<u>(C) If a secured party assigns a perfected security interest</u>	2848
<u>or agricultural lien, a filing under this chapter is not required</u>	2849
<u>to continue the perfected status of the security interest against</u>	2850
<u>creditors of and transferees from the original debtor.</u>	2851
<u>Sec. 1309.311.</u> <u>(A) Except as otherwise provided in division</u>	2852
<u>(D) of this section, the filing of a financing statement is not</u>	2853
<u>necessary or effective to perfect a security interest in property</u>	2854
<u>subject to:</u>	2855
<u>(1) A statute, regulation, or treaty of the United States</u>	2856
<u>whose requirements for a security interest's obtaining priority</u>	2857
<u>over the rights of a lien creditor with respect to the property</u>	2858
<u>preempt division (A) of section 1309.310 of the Revised Code;</u>	2859
<u>(2) Chapters 1547., 1548., 4505., 4519., and 5309. of the</u>	2860
<u>Revised Code;</u>	2861

(3) A certificate-of-title statute of another jurisdiction 2862
that provides for a security interest to be indicated on the 2863
certificate as a condition or result of the security interest's 2864
obtaining priority over the rights of a lien creditor with respect 2865
to the property. 2866

(B) Compliance with the requirements of a statute, 2867
regulation, or treaty described in division (A) of this section 2868
for obtaining priority over the rights of a lien creditor is 2869
equivalent to the filing of a financing statement under this 2870
chapter. Except as otherwise provided in division (D) of this 2871
section, section 1309.313, and divisions (D) and (E) of section 2872
1309.316 of the Revised Code for goods covered by a certificate of 2873
title, a security interest in property subject to a statute, 2874
regulation, or treaty described in division (A) of this section 2875
may be perfected only by compliance with those requirements, and a 2876
security interest so perfected remains perfected notwithstanding a 2877
change in the use or transfer of possession of the collateral. 2878

(C) Except as otherwise provided in division (D) of this 2879
section and divisions (D) and (E) of section 1309.316 of the 2880
Revised Code, duration and renewal of perfection of a security 2881
interest perfected by compliance with the requirements prescribed 2882
by a statute, regulation, or treaty described in division (A) of 2883
this section are governed by the statute, regulation, or treaty. 2884
Otherwise, the security interest is subject to this chapter. 2885

(D) During any period in which collateral subject to a 2886
statute specified in division (A)(2) of this section is inventory 2887
held for sale or lease by a person or leased by that person as 2888
lessor and that person is in the business of selling goods of that 2889
kind, this section does not apply to a security interest in that 2890
collateral created by that person. 2891

Sec. ~~1309.23~~ 1309.312. (A) A security interest in chattel 2892

paper ~~or~~, negotiable documents, instruments, or investment 2893
~~property~~ may be perfected by filing. A 2894

(B) Except as otherwise provided in divisions (C) and (D) of 2895
section 1309.315 of the Revised Code for proceeds: 2896

(1) A security interest in a deposit account may be perfected 2897
only by control under section 1309.314 of the Revised Code; 2898
2899

(2) Except as otherwise provided in division (D) of section 2900
1309.308 of the Revised Code, a security interest in the right to 2901
proceeds of a letter of credit can right may be perfected only by 2902
the secured party's taking possession of the letter of credit. A 2903
control under section 1309.314 of the Revised Code; and 2904

(3) A security interest in money or instruments, other than 2905
instruments which constitute part of chattel paper, can may be 2906
perfected only by the secured party's taking possession, ~~except as~~ 2907
~~provided in divisions (D) and (E) of this section and divisions~~ 2908
~~(B) and (C) of~~ under section 1309.25 1309.313 of the Revised Code 2909
~~on proceeds.~~ 2910

~~(B) During the period that~~ (C) While goods are in the 2911
possession of ~~the issuer of a bailee that has issued~~ a negotiable 2912
document ~~therefor, a~~ covering the goods: 2913

(1) A security interest in the goods is may be perfected by 2914
perfecting a security interest in the document, ~~and any; and~~ 2915

(2) A security interest in the goods otherwise perfected 2916
during such period is subject thereto in the document has priority 2917
over any security interest that becomes perfected in the goods by 2918
another method during that time. 2919

~~(C) A security interest in~~ (D) While goods are in the 2920
possession of a bailee ~~other than one who has issued a negotiable~~ 2921
that has issued a non-negotiable document therefor is covering the 2922

goods, a security interest in the goods may be perfected by 2923
issuance: 2924

(1) Issuance of a document in the name of the secured party 2925
~~or by the~~ 2926

(2) The bailee's receipt of notification of the secured 2927
party's interest ~~or by filing; or~~ 2928

(3) Filing as to the goods. 2929

~~(D)~~(E) A security interest in instruments, certificated 2930
securities, or negotiable documents is perfected without filing or 2931
the taking of possession for a period of ~~twenty-one~~ twenty days 2932
from the time it attaches to the extent that it arises for new 2933
value given under ~~a written~~ an authenticated security agreement. 2934

~~(E)~~(F) A perfected security interest in a negotiable document 2935
or goods in possession of a bailee, other than one that has issued 2936
a negotiable document for the goods, remains perfected for a 2937
period of ~~twenty-one~~ twenty days without filing ~~where a~~ if the 2938
secured party ~~having a perfected security interest in an~~ 2939
~~instrument, a certificated security, a negotiable document, or~~ 2940
~~goods in possession of a bailee other than one who has issued a~~ 2941
~~negotiable document therefor:~~ 2942

~~(1) Makes~~ makes available to the debtor the goods or 2943
documents representing the goods for the purpose of ~~ultimate:~~ 2944

(1) Ultimate sale or exchange ~~or for the purpose of loading;~~ 2945
or 2946

(2) Loading, unloading, storing, shipping, trans-shipping, 2947
manufacturing, processing, or otherwise dealing with them in a 2948
manner preliminary to their sale or exchange, ~~but priority between~~ 2949
~~conflicting security interests in the goods is subject to division~~ 2950
~~(C) of section 1309.31 of the Revised Code; or~~ 2951

~~(2) Delivers.~~ 2952

(G) A perfected security interest in an instrument or 2953
certificated security remains perfected for twenty days without 2954
filing if the secured party delivers the instrument or 2955
certificated security to the debtor for the purpose of ultimate: 2956

(1) Ultimate sale or exchange or of presentation; or 2957

(2) Presentation, collection, renewal, or registration of 2958
transfer. 2959

~~(F)~~(H) After the ~~twenty-one~~ twenty-day period set forth 2960
specified in divisions ~~(D)~~ and (E), (F), or (G) of this section 2961
expires, perfection depends upon compliance with applicable 2962
provisions of sections 1309.01 to 1309.50 of the Revised Code this 2963
chapter. 2964

Sec. 1309.313. (A) Except as otherwise provided in division 2965
(B) of this section, a secured party may perfect a security 2966
interest in negotiable documents, goods, instruments, money, or 2967
tangible chattel paper by taking possession of the collateral. A 2968
secured party may perfect a security interest in certificated 2969
securities by taking delivery of the certificated securities under 2970
section 1308.27 of the Revised Code. 2971

(B) With respect to goods covered by a certificate of title 2972
issued by this state, a secured party may perfect a security 2973
interest in the goods by taking possession of the goods only in 2974
the circumstances described in division (D) of section 1309.316 of 2975
the Revised Code. 2976

(C) With respect to collateral other than certificated 2977
securities and goods covered by a document, a secured party takes 2978
possession of collateral in the possession of a person other than 2979
the debtor, the secured party, or a lessee of the collateral from 2980
the debtor in the ordinary course of the debtor's business, when: 2981

(1) The person in possession authenticates a record 2982

<u>acknowledging that the person holds possession of the collateral</u>	2983
<u>for the secured party's benefit; or</u>	2984
<u>(2) The person takes possession of the collateral after</u>	2985
<u>having authenticated a record acknowledging that the person will</u>	2986
<u>hold possession of the collateral for the secured party's benefit.</u>	2987
<u>(D) If perfection of a security interest depends upon</u>	2988
<u>possession of the collateral by a secured party, perfection occurs</u>	2989
<u>no earlier than the time the secured party takes possession and</u>	2990
<u>continues only while the secured party retains possession.</u>	2991
<u>(E) A security interest in a certificated security in</u>	2992
<u>registered form is perfected by delivery when delivery of the</u>	2993
<u>certificated security occurs under section 1308.27 of the Revised</u>	2994
<u>Code and remains perfected by delivery until the debtor obtains</u>	2995
<u>possession of the security certificate.</u>	2996
<u>(F) A person in possession of collateral is not required to</u>	2997
<u>acknowledge that the person holds possession for a secured party's</u>	2998
<u>benefit.</u>	2999
<u>(G) If a person acknowledges that the person holds possession</u>	3000
<u>for the secured party's benefit:</u>	3001
<u>(1) The acknowledgment is effective under division (C) of</u>	3002
<u>this section or division (A) of section 1308.27 of the Revised</u>	3003
<u>Code, even if the acknowledgment violates the rights of a debtor;</u>	3004
<u>and</u>	3005
<u>(2) Unless the person otherwise agrees or law other than this</u>	3006
<u>chapter otherwise provides, the person does not owe any duty to</u>	3007
<u>the secured party and is not required to confirm the</u>	3008
<u>acknowledgment to another person.</u>	3009
<u>(H) A secured party having possession of collateral does not</u>	3010
<u>relinquish possession by delivering the collateral to a person</u>	3011
<u>other than the debtor or a lessee of the collateral from the</u>	3012

debtor in the ordinary course of the debtor's business if the 3013
person was instructed before the delivery: 3014

(1) To hold possession of the collateral for the secured 3015
party's benefit; or 3016

(2) To redeliver the collateral to the secured party. 3017

(I) A secured party does not relinquish possession, even if a 3018
delivery under division (H) of this section violates the rights of 3019
a debtor. A person to whom collateral is delivered under division 3020
(H) of this section does not owe any duty to the secured party and 3021
is not required to confirm the delivery to another person unless 3022
the person otherwise agrees or law other than this chapter 3023
otherwise provides. 3024

Sec. 1309.314. (A) A security interest in investment 3025
property, deposit accounts, letter-of-credit rights, or electronic 3026
chattel paper may be perfected by control of the collateral under 3027
section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised 3028
Code. 3029

(B) A security interest in deposit accounts, electronic 3030
chattel paper, or letter-of-credit rights is perfected by control 3031
under section 1309.104, 1309.105, or 1309.107 of the Revised Code 3032
when the secured party obtains control and remains perfected by 3033
control only while the secured party retains control. 3034

(C) A security interest in investment property is perfected 3035
by control under Section 1309.106 of the Revised Code from the 3036
time the secured party obtains control and remains perfected by 3037
control until: 3038

(1) The secured party does not have control; and 3039

(2) One of the following occurs: 3040

(a) If the collateral is a certificated security, the debtor 3041

has or acquires possession of the security certificate; 3042

(b) If the collateral is an uncertificated security, the 3043
issuer has registered or registers the debtor as the registered 3044
owner; or 3045

(c) If the collateral is a security entitlement, the debtor 3046
is or becomes the entitlement holder. 3047

Sec. 1309.25 1309.315. (A) ~~"Proceeds" includes whatever is~~ 3048
~~received upon the sale, exchange, collection, or other disposition~~ 3049
~~of collateral or proceeds. Insurance payable by reason of loss or~~ 3050
~~damage to the collateral is proceeds, except to the extent that it~~ 3051
~~is payable to a person other than a party to the security~~ 3052
~~agreement. Any payments or distributions made with respect to~~ 3053
~~investment property collateral are proceeds. Money, checks,~~ 3054
~~deposit accounts, and the like are "cash proceeds." All other~~ 3055
~~proceeds are "non-cash proceeds."~~ 3056

~~(B) Except where sections 1309.01 to 1309.50 of the Revised~~ 3057
~~Code as otherwise provide, a provided in this chapter and in~~ 3058
division (B) of section 1302.44 of the Revised Code: 3059

(1) A security interest or agricultural lien continues in 3060
collateral notwithstanding sale, lease, license, exchange, or 3061
other disposition thereof unless the disposition was authorized by 3062
the secured party in the security agreement or otherwise, and also 3063
continues in authorized the disposition free of the security 3064
interest or agricultural lien; and 3065

(2) A security interest attaches to any identifiable proceeds 3066
including collections received by the debtor of collateral. 3067

(B) Proceeds that are commingled with other property are 3068
identifiable proceeds: 3069

(1) If the proceeds are goods, to the extent provided by 3070
section 1309.336 of the Revised Code; and 3071

(2) If the proceeds are not goods, to the extent that the 3072
secured party identifies the proceeds by a method of tracing, 3073
including application of equitable principles, that is permitted 3074
under law other than this chapter with respect to commingled 3075
property of the type involved. 3076

(C) ~~The~~ A security interest in proceeds is a ~~continuously~~ 3077
perfected security interest if the security interest in the 3078
original collateral was perfected ~~but it ceases to be a~~. 3079

(D) A perfected security interest and in proceeds becomes 3080
unperfected ten days after receipt of the proceeds by the debtor 3081
on the twenty-first day after the security interest attaches to 3082
the proceeds unless: 3083

(1) The following conditions are satisfied: 3084

(a) A filed financing statement covers the original 3085
collateral ~~and the~~; 3086

(b) The proceeds are collateral in which a security interest 3087
may be perfected by filing in the office or offices where the 3088
financing statement has been filed ~~and, if the;~~ and 3089

(c) The proceeds are not acquired with cash proceeds, the 3090
~~description of the collateral in the financing statement indicates~~ 3091
~~the types of property constituting the proceeds; or.~~ 3092

~~(2) A filed financing statement covers the original~~ 3093
~~collateral and the~~ The proceeds are identifiable cash proceeds; or 3094

~~(3) The original collateral was investment property and the~~ 3095
~~proceeds are identifiable cash proceeds; or~~ 3096

~~(4) The security interest in the proceeds is perfected before~~ 3097
~~the expiration of the ten day period. Except as provided in this~~ 3098
~~section, a security interest in proceeds can be perfected only by~~ 3099
~~the methods or under the circumstances permitted in sections~~ 3100
~~1309.01 to 1309.50 of the Revised Code for original collateral of~~ 3101

~~the same type.~~ 3102

~~(D) In the event of insolvency proceedings instituted by or 3103
against a debtor, a secured party with a perfected security 3104
interest in proceeds has a perfected security interest only in the 3105
following proceeds: 3106~~

~~(1) In identifiable non-cash proceeds and in separate deposit 3107
accounts containing only proceeds; 3108~~

~~(2) In identifiable cash proceeds in the form of money which 3109
is neither commingled with other money nor deposited in a deposit 3110
account prior to the insolvency proceedings; 3111~~

~~(3) In identifiable cash proceeds in the form of checks and 3112
the like which are not deposited in a deposit account prior to the 3113
insolvency proceedings; and 3114~~

~~(4) In all cash and deposit accounts of the debtor in which 3115
proceeds have been commingled with other funds, but the perfected 3116
security interest under this division is: 3117~~

~~(a) Subject to any right of set-off; and 3118~~

~~(b) Limited to an amount not greater than the amount of any 3119
cash proceeds received by the debtor within ten days before the 3120
institution of the insolvency proceedings, less the sum of (i) the 3121
payments to the secured party on account of cash proceeds received 3122
by the debtor; and (ii) the cash proceeds received by the debtor 3123
during such period to which the secured party is entitled under 3124
divisions (D)(1) to (3) of this section. 3125~~

~~(E) If a sale of goods results in an account or chattel paper 3126
which is transferred by the seller to a secured party, and if the 3127
goods are returned to or are repossessed by the seller or the 3128
secured party, the following rules determine priorities: 3129~~

~~(1) If the goods were collateral at the time of sale for an 3130
indebtedness of the seller which is still unpaid, the original 3131~~

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. 3163

Sec. 1309.316. (A) A security interest perfected pursuant to 3164
the law of the jurisdiction designated in division (A) of section 3165
1309.301 or division (C) of section 1309.305 of the Revised Code 3166
remains perfected until the earliest of: 3167

(1) The time perfection would have ceased under the law of 3168
that jurisdiction; 3169

(2) The expiration of four months after a change of the 3170
debtor's location to another jurisdiction; or 3171

(3) The expiration of one year after a transfer of collateral 3172
to a person that thereby becomes a debtor and is located in 3173
another jurisdiction. 3174

(B) If a security interest described in division (A) of this 3175
section becomes perfected under the law of the other jurisdiction 3176
before the earliest time or event described in that division, it 3177
remains perfected. If the security interest does not become 3178
perfected under the law of the other jurisdiction before that 3179
earliest time or event, it becomes unperfected and is deemed never 3180
to have been perfected as against a purchaser of the collateral 3181
for value. 3182

(C) A possessory security interest in collateral, other than 3183
goods covered by a certificate of title and as-extracted 3184
collateral consisting of goods, remains continuously perfected if: 3185

(1) The collateral is located in one jurisdiction and subject 3186
to a security interest perfected under the law of that 3187
jurisdiction; 3188

(2) The collateral is then brought into another jurisdiction; 3189
and 3190

(3) Upon entry into the other jurisdiction, the security 3191

interest is perfected under the law of the other jurisdiction. 3192

(D) Except as otherwise provided in division (E) of this 3193
section, a security interest in goods covered by a certificate of 3194
title that is perfected by any method under the law of another 3195
jurisdiction when the goods become covered by a certificate of 3196
title from this state remains perfected until the security 3197
interest would have become unperfected under the law of the other 3198
jurisdiction had the goods not become so covered. 3199

(E) A security interest described in division (D) of this 3200
section becomes unperfected as against a purchaser of the goods 3201
for value and is deemed never to have been perfected as against a 3202
purchaser of the goods for value if the applicable requirements 3203
for perfection under division (B) of section 1309.311 or section 3204
1309.313 of the Revised Code are not satisfied before the earlier 3205
of: 3206

(1) The time the security interest would have become 3207
unperfected under the law of the other jurisdiction had the goods 3208
not become covered by a certificate of title from this state; or 3209

(2) The expiration of four months after the goods had become 3210
so covered. 3211

(F) A security interest in deposit accounts, letter-of-credit 3212
rights, or investment property that is perfected under the law of 3213
the bank's jurisdiction, the issuer's jurisdiction, a nominated 3214
person's jurisdiction, the securities intermediary's jurisdiction, 3215
or the commodity intermediary's jurisdiction, as applicable, 3216
remains perfected until the earlier of: 3217

(1) The time the security interest would have become 3219
unperfected under the law of that jurisdiction; or 3220

(2) The expiration of four months after a change of the 3221
applicable jurisdiction to another jurisdiction. 3222

(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. 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 3253
knowledge of the security interest and before it is perfected. 3254

(B) ~~If the secured party~~ Except as otherwise provided in 3255
division (E) of this section, a buyer, other than a secured party, 3256
of tangible chattel paper, documents, goods, instruments, or a 3257
security certificate takes free of a security interest or 3258
agricultural lien if the buyer gives value and receives delivery 3259
of the collateral without knowledge of the security interest or 3260
agricultural lien and before it is perfected. 3261

(C) Except as otherwise provided in division (E) of this 3262
section, a lessee of goods takes free of a security interest or 3263
agricultural lien if the lessee gives value and receives delivery 3264
of the collateral without knowledge of the security interest or 3265
agricultural lien and before it is perfected. 3266

(D) A licensee of a general intangible or a buyer, other than 3267
a secured party, of accounts, electronic chattel paper, general 3268
intangibles, or investment property other than a certificated 3269
security takes free of a security interest if the licensee or 3270
buyer gives value without knowledge of the security interest and 3271
before it is perfected. 3272

(E) Except as otherwise provided in sections 1309.320 and 3273
1309.321 of the Revised Code, if a person files a financing 3274
statement with respect to a purchase money security interest 3275
before or within twenty days after the debtor receives possession 3276
delivery of the collateral, the secured party security interest 3277
takes priority over the rights of a transferee in bulk or of a 3278
buyer, lessee, or lien creditor which that arise between the time 3279
the security interest attaches and the time of filing. 3280

~~(C) A "lien creditor" means a creditor who has acquired a~~ 3281
~~lien on the property involved by attachment, levy or the like and~~ 3282
~~includes an assignee for benefit of creditors from the time of~~ 3283

~~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 3314
(E) of this section, a buyer in ordinary course of business, other 3315
than a person buying farm products from a person engaged in 3316
farming operations, takes free of a security interest created by 3317
the seller even though the security interest is perfected and even 3318
though the buyer knows of its existence. 3319

(B) Except as otherwise provided in division (E) of this 3320
section, a buyer of goods from a person who used or bought the 3321
goods for use primarily for personal, family, or household 3322
purposes takes free of a security interest, even if perfected, if 3323
the buyer buys: 3324

(1) Without knowledge of the security interest; 3325

(2) For value; 3326

(3) Primarily for the buyer's personal, family, or household 3327
purposes; and 3328

(4) Before the filing of a financing statement covering the 3329
goods. 3330

(C) To the extent that it affects the priority of a security 3331
interest over a buyer of goods under division (B) of this section, 3332
the period of effectiveness of a filing made in the jurisdiction 3333
in which the seller is located is governed by divisions (A) and 3334
(B) of section 1309.316 of the Revised Code. 3335

(D) A buyer in the ordinary course of business buying oil, 3336
gas, or other minerals at the wellhead or minehead or after 3337
extraction takes free of an interest arising out of an 3338
encumbrance. 3339

(E) Divisions (A) and (B) of this section do not affect a 3340
security interest in goods in the possession of the secured party 3341
under section 1309.313 of the Revised Code. 3342

Sec. 1309.321. (A) As used in this section, "licensee in the 3343
ordinary course of business" means a person that becomes a 3344
licensee of a general intangible in good faith, without knowledge 3345
that the license violates the rights of another person in the 3346
general intangible, and in the ordinary course of business from a 3347
person in the business of licensing general intangibles of that 3348
kind. A person becomes a licensee in the ordinary course of 3349
business if the license to the person comports with the usual or 3350
customary practices in the kind of business in which the licensor 3351
is engaged or with the licensor's own usual or customary 3352
practices. 3353

(B) A licensee in the ordinary course of business takes its 3354
rights under a nonexclusive license free of a security interest in 3355
the general intangible created by the licensor, even if the 3356
security interest is perfected and the licensee knows of its 3357
existence. 3358

(C) A lessee in ordinary course of business takes its 3359
leasehold interest free of a security interest in the goods 3360
created by the lessor, even if the security interest is perfected 3361
and the lessee knows of its existence. 3362

Sec. 1309.322. (A) Except as otherwise provided in this 3363
section, priority between conflicting security interests and 3364
agricultural liens in the same collateral shall be determined 3365
according to the following rules: 3366

(1) Conflicting perfected security interests and agricultural 3367
liens rank according to priority in time of filing or perfection. 3368
Priority dates from the earlier of the time a filing covering the 3369
collateral is first made or the security interest or agricultural 3370
lien is first perfected, if there is no period thereafter when 3371
there is neither filing nor perfection. 3372

(2) A perfected security interest or agricultural lien has 3373
priority over a conflicting unperfected security interest or 3374
agricultural lien. 3375

(3) The first security interest or agricultural lien to 3376
attach or become effective has priority if conflicting security 3377
interests and agricultural liens are unperfected. 3378

(B) For the purpose of division (A)(1) of this section: 3379

(1) The time of filing or perfection as to a security 3380
interest in collateral is also the time of filing or perfection as 3381
to a security interest in proceeds; and 3382

(2) The time of filing or perfection as to a security 3383
interest in collateral supported by a supporting obligation is 3384
also the time of filing or perfection as to a security interest in 3385
the supporting obligation. 3386

(C) Except as otherwise provided in division (F) of this 3387
section, a security interest in collateral which qualifies for 3388
priority over a conflicting security interest under section 3389
1309.327, 1309.328, 1309.329, 1309.330, or 1309.331 of the Revised 3390
Code also has priority over a conflicting security interest in: 3391

(1) Any supporting obligation for the collateral; and 3392

(2) Proceeds of the collateral if: 3393

(a) The security interest in proceeds is perfected. 3394

(b) The proceeds are cash proceeds or of the same type as the 3395
collateral; and 3396

(c) In the case of proceeds that are proceeds of proceeds, 3397
all intervening proceeds are cash proceeds, proceeds of the same 3398
type as the collateral, or an account relating to the collateral. 3399

(D) Subject to division (E) of this section and except as 3400
otherwise provided in division (F) of this section, if a security 3401

interest in chattel paper, deposit accounts, negotiable documents, 3402
instruments, investment property, or letter-of-credit rights is 3403
perfected by a method other than filing, conflicting perfected 3404
security interests in proceeds of the collateral rank according to 3405
priority in time of filing. 3406

(E) Division (D) of this section applies only if the proceeds 3407
of the collateral are not cash proceeds, chattel paper, negotiable 3408
documents, instruments, investment property, or letter-of-credit 3409
rights. 3410

(F) Divisions (A) to (E) of this section are subject to: 3411

(1) Division (G) of this section and the other provisions of 3412
sections 1309.301 to 1309.342 of the Revised Code; 3413

(2) Section 1304.20 of the Revised Code with respect to a 3414
security interest of a collecting bank; 3415

(3) Section 1305.18 of the Revised Code with respect to a 3416
security interest of an issuer or nominated person; and 3417

(4) Section 1309.110 of the Revised Code with respect to a 3418
security interest arising under Chapter 1302. or 1310. of the 3419
Revised Code. 3420

(G) A perfected agricultural lien on collateral has priority 3421
over a conflicting security interest in or agricultural lien on 3422
the same collateral if the statute creating the agricultural lien 3423
so provides. 3424

Sec. 1309.323. (A) Except as otherwise provided in division 3425
(C) of this section, for purposes of determining the priority of a 3426
perfected security interest under division (A)(1) of section 3427
1309.322 of the Revised Code, perfection of the security interest 3428
dates from the time an advance is made to the extent that the 3429
security interest secures an advance that: 3430

<u>(1) Is made while the security interest is perfected only:</u>	3431
<u>(a) Under section 1309.309 of the Revised Code when it</u>	3432
<u>attaches; or</u>	3433
<u>(b) Temporarily under division (E), (F), or (G) of section</u>	3434
<u>1309.312 of the Revised Code.</u>	3435
<u>(2) Is not made pursuant to a commitment entered into before</u>	3436
<u>or while the security interest is perfected by a method other than</u>	3437
<u>under section 1309.309 or division (E), (F), or (G) of section</u>	3438
<u>1309.312 of the Revised Code.</u>	3439
<u>(B) Except as otherwise provided in division (C) of this</u>	3440
<u>section, a security interest is subordinate to the rights of a</u>	3441
<u>person that becomes a lien creditor to the extent that the</u>	3442
<u>security interest secures advances made more than forty-five days</u>	3443
<u>after the person becomes a lien creditor unless the advance is</u>	3444
<u>made:</u>	3445
<u>(1) Without knowledge of the lien; or</u>	3446
<u>(2) Pursuant to a commitment entered into without knowledge</u>	3447
<u>of the lien.</u>	3448
<u>(C) Divisions (A) and (B) of this section do not apply to a</u>	3449
<u>security interest held by a secured party that is a consignor or a</u>	3450
<u>buyer of accounts, chattel paper, payment intangibles, or</u>	3451
<u>promissory notes.</u>	3452
<u>(D) Except as otherwise provided in division (E) of this</u>	3453
<u>section, a buyer of goods other than a buyer in ordinary course of</u>	3454
<u>business under division (A) of this section takes free of a</u>	3455
<u>security interest to the extent that it secures advances made</u>	3456
<u>after the earlier of:</u>	3457
<u>(1) The time the secured party acquires knowledge of the</u>	3458
<u>buyer's purchase; or</u>	3459
<u>(2) Forty-five days after the purchase.</u>	3460

(E) Division (D) of this section does not apply if the 3461
advance is made pursuant to a commitment entered into without 3462
knowledge of the buyer's purchase and before the expiration of the 3463
forty-five-day period. 3464

(F) Except as otherwise provided in division (G) of this 3465
section, a lessee of goods, other than a lessee in ordinary course 3466
of business, takes the leasehold interest free of a security 3467
interest to the extent that it secures advances made after the 3468
earlier of: 3469

(1) The time the secured party acquires knowledge of the 3470
lease; or 3471

(2) Forty-five days after the lease contract becomes 3472
enforceable. 3473

(G) Division (F) of this section does not apply if the 3474
advance is made pursuant to a commitment entered into without 3475
knowledge of the lease and before the expiration of the 3476
forty-five-day period. 3477

Sec. 1309.324. (A) Except as otherwise provided in division 3478
(G) of this section, a perfected purchase money security interest 3479
in goods other than inventory or livestock has priority over a 3480
conflicting security interest in the same goods, and, except as 3481
otherwise provided in section 1309.327 of the Revised Code, a 3482
perfected security interest in its identifiable proceeds also has 3483
priority, if the purchase money security interest is perfected 3484
when the debtor receives possession of the collateral or within 3485
twenty days thereafter. 3486

(B) Subject to division (C) of this section and except as 3487
otherwise provided in division (G) of this section, a perfected 3488
purchase money security interest in inventory has priority over a 3489
conflicting security interest in the same inventory, has priority 3490

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 and:

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

(2) 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 3521
1309.327 of the Revised Code, a perfected security interest in 3522
their identifiable proceeds and identifiable products in their 3523
unmanufactured states also has priority, if: 3524

(1) The purchase money security interest is perfected when 3525
the debtor receives possession of the livestock; 3526

(2) The purchase money secured party sends an authenticated 3527
notification to the holder of the conflicting security interest; 3528

(3) The holder of the conflicting security interest receives 3529
the notification within six months before the debtor receives 3530
possession of the livestock; and 3531

(4) The notification describes the livestock and states that 3532
the person sending the notification has or expects to acquire a 3533
purchase money security interest in livestock of the debtor. 3534

(E) Divisions (D)(2), (3), and (4) of this section apply only 3535
if the holder of the conflicting security interest filed a 3536
financing statement covering the same types of livestock: 3537

(1) If the purchase money security interest is perfected by 3538
filing, before the date of the filing; or 3539

(2) If the purchase money security interest is temporarily 3540
perfected without filing or possession under division (F) of 3541
section 1309.312 of the Revised Code, before the beginning of the 3542
twenty-day period. 3543

(F) Except as otherwise provided in division (G) of this 3544
section, a perfected purchase money security interest in software 3545
has priority over a conflicting security interest in the same 3546
collateral, and, except as otherwise provided in section 1309.327 3547
of the Revised Code, a perfected security interest in its 3548
identifiable proceeds also has priority, to the extent that the 3549
purchase money security interest in the goods in which the 3550

software was acquired for use has priority in the goods and 3551
proceeds of the goods under this section. 3552

(G) If more than one security interest qualifies for priority 3553
in the same collateral under division (A), (B), (D), or (F) of 3554
this section: 3555

(1) A security interest securing an obligation incurred as 3556
all or part of the price of the collateral has priority over a 3557
security interest securing an obligation incurred for value given 3558
to enable the debtor to acquire rights in or the use of 3559
collateral; and 3560

(2) In all other cases, division (A) of section 1309.322 of 3561
the Revised Code applies to the qualifying security interests. 3562

Sec. 1309.325. (A) Except as otherwise provided in division 3563
(B) of this section, a security interest created by a debtor is 3564
subordinate to a security interest in the same collateral created 3565
by another person if: 3566

(1) The debtor acquired the collateral subject to the 3567
security interest created by the other person; 3568

(2) The security interest created by the other person was 3569
perfected when the debtor acquired the collateral; and 3570

(3) There is no period thereafter when the security interest 3571
is unperfected. 3572

(B) Division (A) of this section subordinates a security 3573
interest only if the security interest: 3574

(1) Otherwise would have priority solely under division (A) 3575
of section 1309.322 or section 1309.324 of the Revised Code; or 3576

(2) Arose solely under division (C) of section 1302.85 or 3577
division (E) of section 1310.54 of the Revised Code. 3578

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 3609
(A)(3) of section 1309.104 of the Revised Code has priority over a 3610
security interest held by the bank with which the deposit account 3611
is maintained. 3612

Sec. 1309.328. Priority between conflicting security 3613
interests in the same investment property is governed by the 3614
following rules: 3615

(A) A security interest held by a secured party that has 3616
control over investment property under section 1309.106 of the 3617
Revised Code has priority over a security interest held by a 3618
secured party that does not have control over the investment 3619
property. 3620

(B) Except as otherwise provided in divisions (C) and (D) of 3621
this section, conflicting security interests held by secured 3622
parties each of which has control under section 1309.106 of the 3623
Revised Code rank according to priority in time of: 3624

(1) If the collateral is a security, obtaining control; 3625

(2) If the collateral is a security entitlement carried in a 3626
securities account and: 3627

(a) If the secured party obtained control under division 3628
(D)(1) of section 1308.24 of the Revised Code, the secured party's 3629
becoming the person for which the securities account is 3630
maintained; or 3631

(b) If the secured party obtained control under division 3632
(D)(2) of section 1308.24 of the Revised Code, the securities 3633
intermediary's agreement to comply with the secured party's 3634
entitlement orders with respect to security entitlements carried 3635
or to be carried in the securities account; 3636

(c) If the secured party obtained control through another 3637
person under division (D)(3) of section 1308.24 of the Revised 3638

Code, the time on which priority would be based under this 3639
paragraph if the other person were the secured party; or 3640

(3) If the collateral is a commodity contract carried with a 3641
commodity intermediary, the satisfaction of the requirement for 3642
control specified in division (B)(2) of section 1309.106 of the 3643
Revised Code with respect to commodity contracts carried or to be 3644
carried with the commodity intermediary. 3645

(C) A security interest held by a securities intermediary in 3646
a security entitlement or a securities account maintained with the 3647
securities intermediary has priority over a conflicting security 3648
interest held by another secured party. 3649

(D) A security interest held by a commodity intermediary in a 3650
commodity contract or a commodity account maintained with the 3651
commodity intermediary has priority over a conflicting security 3652
interest held by another secured party. 3653

(E) A security interest in a certificated security in 3654
registered form that is perfected by taking delivery under 3655
division (A) of section 1309.313 of the Revised Code and not by 3656
control under section 1309.314 of the Revised Code has priority 3657
over a conflicting security interest perfected by a method other 3658
than control. 3659

(F) Conflicting security interests created by a broker, a 3660
securities intermediary, or a commodity intermediary that are 3661
perfected without control under section 1309.106 of the Revised 3662
Code rank equally. 3663

(G) In all other cases, priority between conflicting security 3664
interests in investment property is governed by sections 1309.322 3665
and 1309.323 of the Revised Code. 3666

Sec. 1309.329. The following govern priority among 3667
conflicting security interests in the same letter-of-credit right: 3668

(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 3699
priority in the proceeds; or 3700

(2) The proceeds consist of the specific goods covered by the 3701
chattel paper or cash proceeds of the specific goods, even if the 3702
purchaser's security interest in the proceeds is unperfected. 3703

(D) Except as otherwise provided in division (A) of section 3704
1309.331 of the Revised Code, a purchaser of an instrument has 3705
priority over a security interest in the instrument perfected by a 3706
method other than possession if the purchaser gives value and 3707
takes possession of the instrument in good faith and without 3708
knowledge that the purchase violates the rights of the secured 3709
party. 3710

(E) For purposes of divisions (A) and (B) of this section, 3711
the holder of a purchase money security interest in inventory 3712
gives new value for chattel paper constituting proceeds of the 3713
inventory. 3714

(F) For purposes of divisions (B) and (D) of this section, if 3715
chattel paper or an instrument indicates that it has been assigned 3716
to an identified secured party other than the purchaser, a 3717
purchaser of the chattel paper or instrument has knowledge that 3718
the purchase violates the rights of the secured party. 3719

Sec. ~~1309.28~~ 1309.331. (A) Nothing in ~~sections 1309.01 to~~ 3720
~~1309.50 of the Revised Code~~ this chapter limits the rights of a 3721
holder in due course of a negotiable instrument, as defined in 3722
section 1303.32 of the Revised Code, or a holder to whom a 3723
negotiable document of title has been duly negotiated under 3724
section 1307.29 of the Revised Code, or a protected purchaser of a 3725
security under section 1308.17 of the Revised Code, ~~and such.~~ 3726
These holders or purchasers take priority over an earlier security 3727
interest, even though perfected, to the extent provided in 3728
Chapters 1303., 1307., and 1308. of the Revised Code. Filing 3729

(B) This chapter does not limit the rights of or impose 3730
liability on a person to the extent that the person is protected 3731
against the assertion of a claim under Chapter 1308. of the 3732
Revised Code. 3733

(C) Filing under ~~sections 1309.01 to 1309.50 of the Revised~~ 3734
Code, this chapter does not constitute notice of the security 3735
interest a claim or defense to ~~such~~ the holders ~~or~~, purchasers, or 3736
persons described in divisions (A) and (B) of this section. 3737

Sec. 1309.332. (A) A transferee of money takes the money free 3738
of a security interest unless the transferee acts in collusion 3739
with the debtor in violating the rights of the secured party. 3740
3741

(B) A transferee of funds from a deposit account takes the 3742
funds free of a security interest in the deposit account unless 3743
the transferee acts in collusion with the debtor in violating the 3744
rights of the secured party. 3745

Sec. 1309.333. (A) As used in this section, "possessory lien" 3746
means an interest, other than a security interest or an 3747
agricultural lien: 3748

(1) That secures payment or performance of an obligation for 3749
services or materials furnished with respect to goods by a person 3750
in the ordinary course of the person's business; 3751

(2) That is created by statute or rule of law in favor of the 3752
person; and 3753

(3) Whose effectiveness depends on the person's possession of 3754
the goods. 3755

(B) A possessory lien on goods has priority over a security 3756
interest in the goods unless the lien is created by a statute that 3757
expressly provides otherwise. 3758

~~Sec. 1309.32 1309.334.~~ (A) ~~In this section and in the~~ 3759
~~provisions of sections 1309.38 to 1309.43 of the Revised Code~~ 3760
~~referring to fixture filing, unless the context otherwise~~ 3761
~~requires:~~ 3762

~~(1) Goods are "fixtures" when they become so related to~~ 3763
~~particular real estate that an interest in them arises under real~~ 3764
~~estate law.~~ 3765

~~(2) A "fixture filing" is the filing in the office where a~~ 3766
~~mortgage on the real estate would be filed or recorded of a~~ 3767
~~financing statement covering goods that are or are to become~~ 3768
~~fixtures and conforming to the requirements of division (D) of~~ 3769
~~section 1309.39 of the Revised Code.~~ 3770

~~(3) A mortgage is a "construction mortgage" to the extent~~ 3771
~~that it secures an obligation incurred for the construction of an~~ 3772
~~improvement on land including the acquisition cost of the land, if~~ 3773
~~the recorded writing so indicates.~~ 3774

~~(B) A security interest under sections 1309.01 to 1309.50 of~~ 3775
~~the Revised Code this chapter may be created in goods which that~~ 3776
~~are fixtures or may continue in goods which that become fixtures,~~ 3777
~~but no. A security interest exists does not exist under sections~~ 3778
~~1309.01 to 1309.50 of the Revised Code this chapter in ordinary~~ 3779
~~building materials incorporated into an improvement on land.~~ 3780

~~(C) Sections 1309.01 to 1309.50 of the Revised Code do (B)~~ 3781
~~This chapter does not prevent creation of an encumbrance upon~~ 3782
~~fixtures pursuant to real estate property law.~~ 3783

~~(C) In cases not governed by divisions (D) to (H) of this~~ 3784
~~section, a security interest in fixtures is subordinate to a~~ 3785
~~conflicting interest of an encumbrancer or owner of the related~~ 3786
~~real property other than the debtor.~~ 3787

~~(D)(1) A Except as otherwise provided in division (H) of this~~ 3788

section, a perfected security interest in fixtures has priority 3789
over the conflicting interest of an encumbrancer or owner of the 3790
real estate where property if the debtor has an interest of record 3791
in or is in possession of the real property and: 3792

~~(a)(1)~~ The security interest is a purchase money security 3793
interest, ~~the;~~ 3794

(2) The interest of the encumbrancer or owner arises before 3795
the goods become fixtures, the; and 3796

(3) The security interest is perfected by a fixture filing 3797
before the goods become fixtures or within ten twenty days 3798
thereafter, and the after the goods become fixtures. 3799

(E) A perfected security interest in fixtures has priority 3800
over a conflicting interest of an encumbrancer or owner of the 3801
real property if: 3802

(1) The debtor has an interest of record in the real estate 3803
property or is in possession of the real estate; or 3804

~~(b) The property, and the security interest is:~~ 3805

(a) Is perfected by a fixture filing before the interest of 3806
the encumbrancer or owner is of record, ~~the security interest has;~~ 3807
and 3808

(b) Has priority over any conflicting interest of a 3809
predecessor in title of the encumbrancer or owner, ~~and the debtor~~ 3810
~~has an interest of record in the real estate or is in possession~~ 3811
~~of the real estate; or~~ 3812

(2) Before the goods became fixtures, the security interest 3813
is perfected by any method permitted by this chapter, and the 3814
fixtures are any of the following: 3815

(a) Factory of office machines; 3816

(b) Equipment that is not primarily used or leased for use in 3817
the operation of the real property; or 3818

(c) Replacements of domestic appliances that are consumer 3819
goods; 3820

~~(c)(3)~~ The conflicting interest is a lien on the real ~~estate~~ 3821
property obtained by legal or equitable proceedings after the 3822
security interest was perfected by any method permitted by 3823
~~sections 1309.01 to 1309.50 of the Revised Code. this chapter; or~~ 3824

~~(2) Whether or not the property is a fixture, a security~~ 3825
~~interest in readily removable factory or office machines or~~ 3826
~~readily removable replacements of domestic appliances that are~~ 3827
~~consumer goods, which~~ 3828

(4) The security interest has been perfected by any method 3829
permitted by sections 1309.01 to 1309.50 is: 3830

(a) Created in a manufactured home in a manufactured home 3831
transaction; and 3832

(b) Perfected pursuant to a section listed in division (A)(2) 3833
of section 1309.311 of the Revised Code and has been perfected 3834
before the property was installed in the real estate, has priority 3835
over the conflicting interest of an encumbrancer or owner of the 3836
real estate. 3837

~~(E)(F)~~ A security interest in fixtures, whether or not 3838
perfected, has priority over the conflicting interest of an 3839
encumbrancer or owner of the real estate ~~where~~ if: 3840

(1) The encumbrancer or owner has, in an authenticated 3841
record, consented ~~in writing~~ to the security interest or ~~has~~ 3842
~~disclaimed in writing~~ an interest in the goods as fixtures; or 3843

(2) The debtor has a right to remove the goods as against the 3844
encumbrancer or owner. ~~If the debtor's right terminates, the~~ 3845

(G) The priority of the security interest under division 3846
(F)(2) of this section continues for a reasonable time if the 3847
debtor's right to remove the goods as against the encumbrancer or 3848

owner terminates. 3849

~~(F) Notwithstanding division (D)(1) of this section but~~ 3850
~~otherwise subject to division (D) and~~ 3851

(H) A mortgage is a construction mortgage to the extent that 3852
it secures an obligation incurred for the construction of an 3853
improvement on real property, including the acquisition cost of 3854
the real property, if a recorded record of the mortgage so 3855
indicates. Except as otherwise provided in divisions (E) and (F) 3856
of this section, a security interest in fixtures is subordinate to 3857
a construction mortgage if a record of the mortgage is recorded 3858
before the goods become fixtures and if the goods become fixtures 3859
before the completion of the construction. To the extent that it 3860
is given to refinance a construction mortgage, a mortgage has this 3861
priority to the same extent as the a construction mortgage. 3862

~~(G) In cases not within the preceding divisions, a security~~ 3863
~~interest in fixtures is subordinate to the conflicting interest of~~ 3864
~~an encumbrancer or owner of the related real estate who is not the~~ 3865
~~debtor.~~ 3866

~~(H) When the secured party has priority over all owners and~~ 3867
~~encumbrancers of the real estate, the secured party may, on~~ 3868
~~default, subject to the provisions of sections 1309.44 to 1309.50~~ 3869
~~of the Revised Code, remove the secured party's collateral from~~ 3870
~~the real estate but the secured party must reimburse any~~ 3871
~~encumbrancer or owner of the real estate who is not the debtor and~~ 3872
~~who has not otherwise agreed for the cost of repair of any~~ 3873
~~physical injury, but not for any diminution in value of the real~~ 3874
~~estate caused by the absence of the goods removed or by any~~ 3875
~~necessity for replacing them. A person entitled to reimbursement~~ 3876
~~may refuse permission to remove until the secured party gives~~ 3877
~~adequate security for the performance of this obligation. The~~ 3878
~~secured party shall give reasonable notification of the secured~~ 3879
~~party's intention to remove the collateral to all persons entitled~~ 3880

to reimbursement	3881
<u>(I) A perfected security interest in crops growing on real</u>	3882
<u>property has priority over a conflicting interest of an</u>	3883
<u>encumbrancer or owner of the real property if the debtor has an</u>	3884
<u>interest of record in or is in possession of the real property.</u>	3885
<u>(J) Division (I) of this section prevails over any</u>	3886
<u>inconsistent statutes.</u>	3887
<u>Sec. 1309.335. (A) A security interest may be created in an</u>	3888
<u>accession and continues in collateral that becomes an accession.</u>	3889
<u>(B) If a security interest is perfected when the collateral</u>	3890
<u>becomes an accession, the security interest remains perfected in</u>	3891
<u>the collateral.</u>	3892
<u>(C) Except as otherwise provided in division (D) of this</u>	3893
<u>section, the other provisions of sections 1309.301 to 1309.342 of</u>	3894
<u>the Revised Code determine the priority of a security interest in</u>	3895
<u>an accession.</u>	3896
<u>(D) A security interest in an accession is subordinate to a</u>	3897
<u>security interest in the whole that is perfected by compliance</u>	3898
<u>with the requirements of a certificate-of-title statute under</u>	3899
<u>division (B) of section 1309.311 of the Revised Code.</u>	3900
<u>(E) After default, subject to sections 1309.601 to 1309.628</u>	3901
<u>of the Revised Code, a secured party may remove an accession from</u>	3902
<u>other goods if the security interest in the accession has priority</u>	3903
<u>over the claims of every person having an interest in the whole.</u>	3904
<u>(F) A secured party that removes an accession from other</u>	3905
<u>goods under division (E) of this section shall promptly reimburse</u>	3906
<u>any holder of a security interest or other lien on, or owner of,</u>	3907
<u>the whole or of the other goods, other than the debtor, for the</u>	3908
<u>cost of repair of any physical injury to the whole or the other</u>	3909
<u>goods. The secured party need not reimburse the holder or owner</u>	3910

for any diminution in value of the whole or the other goods caused 3911
by the absence of the accession removed or by any necessity for 3912
replacing it. A person entitled to reimbursement may refuse 3913
permission to remove until the secured party gives adequate 3914
assurance for the performance of the obligation to reimburse. 3915

Sec. 1309.336. (A) As used in this section, "commingled 3916
goods" means goods that are physically united with other goods in 3917
such a manner that their identity is lost in a product or mass. 3918

(B) A security interest does not exist in commingled goods as 3919
such. However, a security interest may attach to a product or mass 3920
that results when goods become commingled goods. 3921

(C) If collateral becomes commingled goods, a security 3922
interest attaches to the product or mass. 3923

(D) If a security interest in collateral is perfected before 3924
the collateral becomes commingled goods, the security interest 3925
that attaches to the product or mass under division (C) of this 3926
section is perfected. 3927

(E) Except as otherwise provided in division (F) of this 3928
section, the other provisions of sections 1309.301 to 1309.342 of 3929
the Revised Code determine the priority of a security interest 3930
that attaches to the product or mass under division (C) of this 3931
section. 3932

(F) If more than one security interest attaches to the 3933
product or mass under division (C) of this section, the following 3934
rules determine priority: 3935

(1) A security interest that is perfected under division (D) 3936
of this section has priority over a security interest that is 3937
unperfected at the time the collateral becomes commingled goods. 3938

(2) If more than one security interest is perfected under 3939
division (D) of this section, the security interests rank equally 3940

in proportion to the value of the collateral at the time it became 3941
commingled goods. 3942

Sec. 1309.337. If, while a security interest in goods is 3943
perfected by any method under the law of another jurisdiction, 3944
this state issues a certificate of title that does not show that 3945
the goods are subject to the security interest or contain a 3946
statement that they may be subject to security interests not shown 3947
on the certificate: 3948

(A) A buyer of the goods, other than a person in the business 3949
of selling goods of that kind, takes free of the security interest 3950
if the buyer gives value and receives delivery of the goods after 3951
issuance of the certificate and without knowledge of the security 3952
interest. 3953

(B) The security interest is subordinate to a conflicting 3954
security interest in the goods that attaches, and is perfected 3955
under division (B) of section 1309.311 of the Revised Code, after 3956
issuance of the certificate and without the conflicting secured 3957
party's knowledge of the security interest. 3958

Sec. 1309.338. If a security interest or agricultural lien is 3959
perfected by a filed financing statement providing information 3960
described in division (B)(5) of section 1309.516 of the Revised 3961
Code that is incorrect at the time the financing statement is 3962
filed: 3963

(A) The security interest or agricultural lien is subordinate 3964
to a conflicting perfected security interest in the collateral to 3965
the extent that the holder of the conflicting security interest 3966
gives value in reasonable reliance upon the incorrect information; 3967
and 3968

(B) A purchaser, other than a secured party, of the 3969
collateral takes free of the security interest or agricultural 3970

lien to the extent that, in reasonable reliance upon the incorrect 3971
information, the purchaser gives value and, in the case of chattel 3972
paper, documents, goods, instruments, or a security certificate, 3973
receives delivery of the collateral. 3974

Sec. ~~1309.35~~ 1309.339. Nothing in ~~sections 1309.01 to~~ 3975
~~1309.50, inclusive, of the Revised Code~~ this chapter prevents 3976
subordination by agreement by any person entitled to priority. 3977

Sec. 1309.340. (A) Except as otherwise provided in division 3978
(C) of this section, a bank with which a deposit account is 3979
maintained may exercise any right of recoupment or set-off against 3980
a secured party that holds a security interest in the deposit 3981
account. 3982

(B) Except as otherwise provided in division (C) of this 3983
section, the application of this chapter to a security interest in 3984
a deposit account does not affect a right of recoupment or set-off 3985
of the secured party as to a deposit account maintained with the 3986
secured party. 3987

(C) The exercise by a bank of a set-off against a deposit 3988
account is ineffective against a secured party that holds a 3989
security interest in the deposit account that is perfected by 3990
control under division (A)(3) of section 1309.104 of the Revised 3991
Code, if the set-off is based on a claim against the debtor. 3992

Sec. 1309.341. Except as otherwise provided in division (C) 3993
of section 1309.340 of the Revised Code, and unless the bank 3994
otherwise agrees in an authenticated record, a bank's rights and 3995
duties with respect to a deposit account maintained with the bank 3996
are not terminated, suspended, or modified by: 3997

(A) The creation, attachment, or perfection of a security 3998
interest in the deposit account; 3999

(B) The bank's knowledge of the security interest; or 4000

(C) The bank's receipt of instructions from the secured 4001
party. 4002

Sec. 1309.342. This chapter does not require a bank to enter 4003
into an agreement of the kind described in division (A)(2) of 4004
section 1309.104 of the Revised Code, even if its customer so 4005
requests or directs. A bank that has entered into an agreement of 4006
the kind described in division (A)(2) of that section is not 4007
required to confirm the existence of the agreement to another 4008
person unless requested to do so by its customer. 4009

Sec. ~~1309.30~~ 1309.401. The (A) Except as provided in division 4010
(B) of this section and sections 1309.406, 1309.407, 1309.408, and 4011
1309.409 of the Revised Code, whether a debtor's rights in 4012
collateral may be voluntarily or involuntarily transferred, by way 4013
of sale, creation of a security interest, attachment, levy, 4014
garnishment, or other judicial process, notwithstanding a 4015
provision in the security agreement prohibiting any transfer or 4016
making is governed by law other than this chapter. 4017

(B) An agreement between the debtor and secured party that 4018
prohibits a transfer of the debtor's rights in collateral or makes 4019
the transfer constitute a default does not prevent the transfer 4020
from taking effect. 4021

Sec. ~~1309.36~~ 1309.402. The mere existence of a security 4022
interest, agricultural lien, or authority given to the a debtor to 4023
dispose of or use collateral, without more, does not impose 4024
contract or tort subject a secured party to liability upon the 4025
secured party in contract or tort for the debtor's acts or 4026
omissions. 4027

Sec. 1309.403. (A) As used in this section, "value" has the 4028
same meaning as in section 1303.33 of the Revised Code. 4029

(B) Except as provided in this section, an agreement between 4030
an account debtor and an assignor not to assert against an 4031
assignee any claim or defense that the account debtor may have 4032
against the assignor is enforceable by an assignee that takes an 4033
assignment: 4034

(1) For value; 4035

(2) In good faith; 4036

(3) Without notice of a claim of a property or possessory 4037
right to the property assigned; and 4038

(4) Without notice of a defense or claim in recoupment of the 4039
type that may be asserted against a person entitled to enforce a 4040
negotiable instrument under section 1303.35 of the Revised Code. 4041

(C) Division (B) of this section does not apply to defenses 4042
of a type that may be asserted against a holder in due course of a 4043
negotiable instrument under division (B) of section 1303.34 of the 4044
Revised Code. 4045

(D) In a consumer transaction, if a record evidences the 4046
account debtor's obligation, if law other than this chapter 4047
requires that the record include a statement to the effect that 4048
the rights of an assignee are subject to claims or defenses that 4049
the account debtor could assert against the original obligee, and 4050
if the record does not include the required statement: 4051

(1) The record has the same effect as if the record included 4052
the required statement. and 4053

(2) The account debtor may assert against an assignee those 4054
claims and defenses that would have been available if the record 4055
included the required statement. 4056

(E) This section is subject to law other than this chapter 4057
that establishes a different rule for an account debtor who is an 4058
individual and who incurred the obligation primarily for personal, 4059
family, or household purposes. 4060

(F) Except as provided in division (D) of this section, this 4061
section does not displace law other than this chapter that gives 4062
effect to an agreement by an account debtor not to assert a claim 4063
or defense against an assignee. 4064

Sec. 1309.404. (A) Unless an account debtor has made an 4065
enforceable agreement not to assert defenses or claims, and 4066
subject to divisions (B) to (E) of this section, the rights of an 4067
assignee are subject to: 4068

(1) All terms of the agreement between the account debtor and 4069
assignor and any defense or claim in recoupment arising from the 4070
transaction that gave rise to the contract; and 4071

(2) Any other defense or claim of the account debtor against 4072
the assignor that accrues before the account debtor receives a 4073
notification of the assignment authenticated by the assignor or 4074
the assignee. 4075

(B) Subject to division (C) of this section and except as 4076
provided in division (D) of this section, the claim of an account 4077
debtor against an assignor may be asserted against an assignee 4078
under division (A) of this section only to reduce the amount the 4079
account debtor owes. 4080

(C) This section is subject to law other than this chapter 4081
that establishes a different rule for an account debtor who is an 4082
individual and who incurred the obligation primarily for personal, 4083
family, or household purposes. 4084

(D) In a consumer transaction, if a record evidences the 4085
account debtor's obligation, if law other than this chapter 4086

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 4117
section, an account debtor on an account, chattel paper, or 4118
payment intangible may discharge its obligation by paying the 4119
assignor until, but not after, the account debtor receives a 4120
notification, authenticated by the assignor or the assignee, that 4121
the amount due or to become due has been assigned and that payment 4122
is to be made to the assignee. After receipt of the notification, 4123
the account debtor may discharge its obligation by paying the 4124
assignee and may not discharge the obligation by paying the 4125
assignor. 4126

(B) Subject to division (H) of this section, notification 4127
under division (A) of this section is not effective: 4128

(1) If the notification does not reasonably identify the 4129
rights assigned; 4130

(2) To the extent that an agreement between an account debtor 4131
and a seller of a payment intangible limits the account debtor's 4132
duty to pay a person other than the seller and the limitation is 4133
effective under law other than this chapter; or 4134

(3) At the option of an account debtor, if the notification 4135
notifies the account debtor to make less than the full amount of 4136
any installment or other periodic payment to the assignee, even 4137
if: 4138

(a) Only a portion of the account, chattel paper, or payment 4139
intangible has been assigned to that assignee; 4140

(b) A portion has been assigned to another assignee; or 4141

(c) The account debtor knows that the assignment to that 4142
assignee is limited. 4143

(C) Subject to division (H) of this section, if requested by 4144
the account debtor, an assignee shall seasonably furnish 4145
reasonable proof that the assignment has been made. Unless the 4146

assignee complies, the account debtor may discharge its obligation 4147
by paying the assignor, even if the account debtor has received a 4148
notification under division (A) of this section. 4149

(D) Except as provided in division (E) of this section and 4150
sections 1309.407 and 1310.31 of the Revised Code, and subject to 4151
division (H) of this section, a term in an agreement between an 4152
account debtor and an assignor or in a promissory note is 4153
ineffective to the extent that it: 4154

(1) Prohibits, restricts, or requires the consent of the 4155
account debtor or person obligated on the promissory note to the 4156
assignment or transfer of, or the creation, attachment, 4157
perfection, or enforcement of a security interest in, the account, 4158
chattel paper, payment intangible, or promissory note; or 4159

(2) Provides that the assignment or transfer or the creation, 4160
attachment, perfection, or enforcement of the security interest 4161
may give rise to a default, breach, right of recoupment, claim, 4162
defense, termination, right of termination, or remedy under the 4163
account, chattel paper, payment intangible, or promissory note. 4164

(E) Division (D) of this section does not apply to the sale 4166
of a payment intangible or promissory note. 4167

(F) Except as provided in sections 1309.407 and 1310.31 of 4168
the Revised Code and subject to divisions (H) and (I) of this 4169
section, a rule of law, statute, or regulation that prohibits, 4170
restricts, or requires the consent of a government, governmental 4171
body or official, or account debtor to the assignment or transfer 4172
of, or creation of a security interest in, an account or chattel 4173
paper is not effective to the extent that the rule of law, 4174
statute, or regulation: 4175

(1) Prohibits, restricts, or requires the consent of the 4176
government, governmental body or official, or account debtor to 4177

the assignment or transfer of, or the creation, attachment, 4178
perfection, or enforcement of a security interest in the account 4179
or chattel paper; or 4180

(2) Provides that the assignment or transfer or the creation, 4181
attachment, perfection, or enforcement of the security interest 4182
may give rise to a default, breach, right of recoupment, claim, 4183
defense, termination, right of termination, or remedy under the 4184
account or chattel paper. 4185

(G) Subject to division (H) of this section, an account 4186
debtor may not waive or vary its option under division (B)(3) of 4187
this section. 4188

(H) This section is subject to law other than this chapter 4189
that establishes a different rule for an account debtor who is an 4190
individual and who incurred the obligation primarily for personal, 4191
family, or household purposes. 4192

(I) This section does not apply to an assignment of a 4193
health-care-insurance receivable. 4194

(J) Division (F) of this section does not apply to an 4195
assignment or transfer of, or the creation, attachment, 4196
perfection, or enforcement of a security interest in, a right the 4197
transfer of which is prohibited or restricted by either of the 4198
following statutes, to the extent that the statute is inconsistent 4199
with that division: 4200

(1) A claim or right to receive compensation for injuries or 4201
sickness as described in section 104(a)(1) or (2) of the Internal 4202
Revenue Code; 4203

(2) A claim or right to receive benefits under a special 4204
needs trust as described in the "Omnibus Budget Reconciliation Act 4205
of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended. 4206

Sec. 1309.407. (A) Except as provided in division (B) of this 4207

section, a term in a lease agreement is not effective to the 4208
extent that it: 4209

(1) Prohibits, restricts, or requires the consent of a party 4210
to the lease to the assignment or transfer of, or the creation, 4211
attachment, perfection, or enforcement of a security interest in, 4212
an interest of a party under the lease contract or in the lessor's 4213
residual interest in the goods; or 4214

(2) Provides that the assignment or transfer or the creation, 4215
attachment, perfection, or enforcement of the security interest 4216
may give rise to a default, breach, right of recoupment, claim, 4217
defense, termination, right of termination, or remedy under the 4218
lease. 4219

(B) Except as provided in division (G) of section 1310.31 of 4220
the Revised Code, a term in a lease agreement described in 4221
division (A)(2) of this section is effective to the extent that 4222
there is: 4223

(1) A transfer by the lessee of the lessee's right of 4224
possession or use of the goods in violation of the term; or 4225

(2) A delegation of a material performance of either party to 4226
the lease contract in violation of the term. 4227

(C) The creation, attachment, perfection, or enforcement of a 4228
security interest in the lessor's interest under the lease 4229
contract or the lessor's residual interest in the goods is not a 4230
transfer that materially impairs the lessee's prospect of 4231
obtaining return performance or materially changes the duty of or 4232
materially increases the burden or risk imposed on the lessee 4233
within the scope of division (D) of section 1310.31 of the Revised 4234
Code unless, and then only to the extent that, enforcement 4235
actually results in a delegation of material performance of the 4236
lessor. 4237

Sec. 1309.408. (A) Except as provided in division (B) of this 4238
section, a term in a promissory note or in an agreement between an 4239
account debtor and a debtor that relates to a 4240
health-care-insurance receivable or a general intangible, 4241
including a contract, permit, license, or franchise, and that 4242
prohibits, restricts, or requires the consent of the person 4243
obligated on the promissory note or the account debtor to, the 4244
assignment or transfer of, or creation, attachment, or perfection 4245
of a security interest in, the promissory note, 4246
health-care-insurance receivable, or general intangible, is not 4247
effective to the extent that the term: 4248

(1) Would impair the creation, attachment, or perfection of a 4249
security interest; or 4250

(2) Provides that the assignment or transfer or the creation, 4251
attachment, or perfection of the security interest may give rise 4252
to a default, breach, right of recoupment, claim, defense, 4253
termination, right of termination, or remedy under the promissory 4254
note, health-care-insurance receivable, or general intangible. 4255

(B) Division (A) applies to a security interest in a payment 4257
intangible or promissory note only if the security interest arises 4258
out of a sale of the payment intangible or promissory note. 4259

(C) A law or rule that prohibits, restricts, or requires the 4260
consent of a government, governmental body or official, person 4261
obligated on a promissory note, or account debtor to the 4262
assignment or transfer of, or creation of a security interest in, 4263
a promissory note, health-care-insurance receivable, or general 4264
intangible, including a contract, permit, license, or franchise 4265
between an account debtor and a debtor, is not effective to the 4266
extent that the rule of law, statute, or regulation: 4267

(1) Would impair the creation, attachment, or perfection of a 4268

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) Division (C) of this section does not apply to an
assignment or transfer of, or the creation, attachment,
perfection, or enforcement of a security interest in, a right the
transfer of which is prohibited or restricted by any of the
following statutes to the extent that the statute is inconsistent
with that division:

(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;

(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.

Sec. 1309.409. (A) A term in a letter of credit or a law,
rule, 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 law, rule, 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.

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(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:

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(1) Is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

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(2) Imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

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(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.

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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:

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(1) The office designated for the filing or recording of a record of a mortgage on the related real property, if:

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(a) The collateral is as-extracted collateral or timber to be cut; or

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(b) The financing statement is filed as a fixture filing, and the collateral is goods that are or are to become fixtures.

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(2) The office of the secretary of state or any office duly

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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 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 4389

(4) If the debtor does not have an interest of record in the 4390
real property, provide the name of a record owner. 4391

(C) A record of a mortgage is effective from the date of 4392
recording as a financing statement filed as a fixture filing or as 4393
a financing statement covering as-extracted collateral or timber 4394
to be cut only if: 4395

(1) The record indicates the goods or accounts that it 4396
covers; 4397

(2) The goods are or are to become fixtures related to the 4398
real property described in the record, or the collateral is 4399
related to the real property described in the record and is 4400
as-extracted collateral or timber to be cut; 4401

(3) The record satisfies the requirements for a financing 4402
statement contained in this section other than an indication that 4403
it is to be filed in the real property records; and 4404

(4) The record is duly recorded. 4405

(D) A financing statement may be filed before a security 4406
agreement is made or a security interest otherwise attaches. 4407

Sec. 1309.503. (A) A financing statement sufficiently 4408
provides the name of the debtor: 4409

(1) If the debtor is a registered organization, only if the 4410
financing statement provides the name of the debtor indicated on 4411
the public record of the debtor's jurisdiction of organization 4412
that shows the debtor to have been organized; 4413

(2) If the debtor is a decedent's estate, only if the 4414
financing statement provides the name of the decedent and 4415
indicates that the debtor is an estate; 4416

(3) If the debtor is a trust or a trustee acting with respect 4417

to property held in trust, only if the financing statement: 4418

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(a) Provides the name specified for the trust in its organic 4420
documents or, if no name is specified, provides the name of the 4421
settlor and additional information sufficient to distinguish the 4422
debtor from other trusts having one or more of the same settlors; 4423
and 4424

(b) Indicates, in the debtor's name or otherwise, that the 4425
debtor is a trust or is a trustee acting with respect to property 4426
held in trust. 4427

(4) In other cases: 4428

(a) If the debtor has a name, only if it provides the 4429
individual or organizational name of the debtor; and 4430

(b) If the debtor does not have a name, only if it provides 4431
the names of the partners, members, associates, or other persons 4432
comprising the debtor. 4433

(B) A financing statement that provides the name of the 4434
debtor in accordance with division (A) of this section is not 4435
rendered ineffective by the absence of: 4436

(1) A trade name or other name of the debtor; or 4437

(2) Unless required under division (A)(4)(b) of this section, 4438
names of partners, members, associates, or other persons 4439
comprising the debtor. 4440

(C) A financing statement that provides only the debtor's 4441
trade name does not sufficiently provide the name of the debtor. 4442

(D) Failure to indicate the representative capacity of a 4443
secured party or representative of a secured party does not affect 4444
the sufficiency of a financing statement. 4445

(E) A financing statement may provide the name of more than 4446
one debtor and the name of more than one secured party. 4447

Sec. 1309.504. A financing statement sufficiently indicates 4448
the collateral that it covers if the financing statement provides: 4449

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(A) A description of the collateral pursuant to section 4451

1309.108 of the Revised Code; or 4452

(B) An indication that the financing statement covers all 4453

assets or all personal property. 4454

Sec. ~~1309.431~~ 1309.505. (A) A consignor or, lessor, or other 4455

bailor of goods, a licensor, or a buyer of a payment intangible or 4456

promissory note may file a financing statement, or may comply with 4457

a statute or treaty described in division (A) of section 1309.311 4458

of the Revised Code, using the terms "consignor," "consignee," 4459

"lessor," "lessee" or the like," "bailor," "bailee," "licensor," 4460

"licensee," "owner," "registered owner," "buyer," "seller," or 4461

words of similar import, instead of the terms specified in section 4462

1309.39 of the Revised Code. The provisions of sections 1309.38 4463

"secured party" and "debtor." 4464

(B) Sections 1309.501 to ~~1309.431~~ 1309.527 of the Revised 4465

Code shall apply to the filing of a financing statement under 4466

division (A) of this section and, as appropriate, to such 4467

compliance that is equivalent to filing a financing statement 4468

under division (B) of section 1309.311 of the Revised Code, but 4469

its the filing shall or compliance is not of itself be a factor in 4470

determining whether or not if the consignment or lease is intended 4471

as security. However, if collateral secures an obligation. If it 4472

is determined for other reasons another reason that the 4473

consignment or lease is so intended collateral secures an 4474

obligation, a security interest of held by the consignor or, 4475

lessor which, bailor, licensor, owner, or buyer that attaches to 4476

the consigned or leased goods collateral is perfected by such the 4477

filing or compliance. 4478

Sec. 1309.506. (A) A financing statement that satisfies 4479
substantially the requirements of sections 1309.501 to 1309.527 of 4480
the Revised Code is effective, even if it has minor errors or 4481
omissions, unless the errors or omissions make the financing 4482
statement seriously misleading. 4483

(B) Except as provided in division (C) of this section, a 4484
financing statement that fails sufficiently to provide the name of 4485
the debtor in accordance with division (A) of section 1309.503 is 4486
seriously misleading. 4487

(C) If a search of the records of the filing office under the 4488
debtor's correct name, using the filing office's standard search 4489
logic, if any, would disclose a financing statement that fails 4490
sufficiently to provide the name of the debtor in accordance with 4491
division (A) of section 1309.503 of the Revised Code, the name 4492
provided does not make the financing statement seriously 4493
misleading. 4494

(D) For purposes of division (B) of section 1309.508 of the 4495
Revised Code, the "debtor's correct name" referred to in division 4496
(C) of this section means the correct name of the new debtor. 4497

Sec. 1309.507. (A) A filed financing statement remains 4498
effective with respect to collateral that is sold, exchanged, 4499
leased, licensed, or otherwise disposed of and in which a security 4500
interest or agricultural lien continues, even if the secured party 4501
knows of or consents to the disposition. 4502

(B) Except as provided in division (C) of this section and 4503
section 1309.508 of the Revised Code, a financing statement is not 4504
rendered ineffective if, after the financing statement is filed, 4505
the information provided in the financing statement becomes 4506
seriously misleading under section 1309.506 of the Revised Code. 4507

(C) If a debtor changes its name so that a filed financing statement becomes seriously misleading under section 1309.506 of the Revised Code: 4508
4509
4510

(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 4511
4512
4513

(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. 4514
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Sec. 1309.508. (A) Except as 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. 4519
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(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: 4525
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4527
4528
4529

(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 4530
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4532
4533

(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 4534
4535
4536
4537

financing statement providing the name of the new debtor is filed 4538
before the expiration of that time. 4539

(C) This section does not apply to collateral as to which a 4540
filed financing statement remains effective against the new debtor 4541
under division (A) of section 1309.507 of the Revised Code. 4542

Sec. 1309.509. (A) A person may file an initial financing 4543
statement, amendment that adds collateral covered by a financing 4544
statement, or amendment that adds a debtor to a financing 4545
statement only if: 4546

(1) The debtor authorizes the filing in an authenticated 4547
record or pursuant to division (B) or (C) of this section; or 4548

(2) The person holds an agricultural lien that has become 4549
effective at the time of filing, and the financing statement 4550
covers only collateral in which the person holds an agricultural 4551
lien. 4552

(B) By authenticating or becoming bound as debtor by a 4553
security agreement, a debtor or new debtor authorizes the filing 4554
of an initial financing statement, and an amendment, covering: 4555

(1) The collateral described in the security agreement; and 4556

(2) Property that becomes collateral under division (A)(2) of 4557
section 1309.315 of the Revised Code, whether or not the security 4558
agreement expressly covers proceeds. 4559

(C) By acquiring collateral in which a security interest or 4560
agricultural lien continues under division (A)(1) of section 4561
1309.315 of the Revised Code, a debtor authorizes the filing of an 4562
initial financing statement, and an amendment, covering the 4563
collateral and property that becomes collateral under division 4564
(A)(2) of section 1309.315 of the Revised Code. 4565

(D) A person may file an amendment other than an amendment 4566
that adds collateral covered by a financing statement or an 4567

amendment that adds a debtor to a financing statement only if: 4568

(1) The secured party of record authorizes the filing; or 4569

(2) The amendment is a termination statement for a financing 4570
statement as to which the secured party of record has failed to 4571
file or send a termination statement as required by division (A) 4572
or (C) of section 1309.513 of the Revised Code, the debtor 4573
authorizes the filing, and the termination statement indicates 4574
that the debtor authorized it to be filed. 4575

(E) If there is more than one secured party of record for a 4576
financing statement, each secured party of record may authorize 4577
the filing of an amendment under division (D) of this section. 4578

Sec. 1309.510. (A) A filed record is effective only to the 4579
extent that it was filed by a person who is permitted to file it 4580
under section 1309.509 of the Revised Code. 4581

(B) A record authorized by one secured party of record does 4582
not affect the financing statement with respect to another secured 4583
party of record. 4584

(C) A continuation statement that is not filed within the 4585
six-month period prescribed by division (D) of section 1309.515 of 4586
the Revised Code is not effective. 4587

Sec. 1309.511. (A) A secured party of record with respect to 4588
a financing statement is a person whose name is provided as the 4589
name of the secured party or a representative of the secured party 4590
in an initial financing statement that has been filed. If an 4591
initial financing statement is filed under division (A) of section 4592
1309.514 of the Revised Code, the assignee named in the initial 4593
financing statement is the secured party of record with respect to 4594
the financing statement. 4595

(B) If an amendment of a financing statement that provides 4596

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 removes 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 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: 4627

(1) Purports to delete all debtors and fails to provide the 4628
name of a debtor to be covered by the financing statement; or 4629

(2) Purports to delete all secured parties of record and 4630
fails to provide the name of a new secured party of record. 4631

Sec. 1309.513. (A) A secured party shall cause the secured 4632
party of record for a financing statement to file a termination 4633
statement for the financing statement if the financing statement 4634
covers consumer goods and: 4635

(1) There is no obligation secured by the collateral covered 4636
by the financing statement, and no commitment to make an advance, 4637
incur an obligation, or otherwise give value; or 4638

(2) The debtor did not authorize the filing of the initial 4639
financing statement. 4640

(B) To comply with division (A) of this section, a secured 4641
party shall cause the secured party of record to file the 4642
termination statement: 4643

(1) Within one month after there is no obligation secured by 4644
the collateral covered by the financing statement and no 4645
commitment to make an advance, incur an obligation, or otherwise 4646
give value; or 4647

(2) If earlier, within twenty days after the secured party 4648
receives an authenticated demand from a debtor. 4649

(C) In cases not governed by division (A) of this section, 4650
within twenty days after a secured party receives an authenticated 4651
demand from a debtor, the secured party shall cause the secured 4652
party of record for a financing statement to send to the debtor a 4653
termination statement for the financing statement or file the 4654
termination statement in the filing office if: 4655

(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 has 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 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
1310. of the Revised Code.

Sec. 1309.515. (A) Except as 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 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 4716
upon lapse, it is deemed never to have been perfected as against a 4717
purchaser of the collateral for value. 4718

(D) A continuation statement may be filed only within six 4719
months before the expiration of the five-year period specified in 4720
division (A) or the thirty-year period specified in division (B) 4721
of this section, whichever is applicable. 4722

(E) Except as provided in section 1309.510 of the Revised 4723
Code, upon timely filing of a continuation statement, the 4724
effectiveness of the initial financing statement continues for a 4725
period of five years commencing on the day on which the financing 4726
statement would have become ineffective in the absence of the 4727
filing. Upon the expiration of the five-year period, the financing 4728
statement lapses in the same manner as provided in division (C) of 4729
this section, unless, before the lapse, another continuation 4730
statement is filed pursuant to division (D) of this section. 4731
Succeeding continuation statements may be filed in the same manner 4732
to continue the effectiveness of the initial financing statement. 4733

(F) If a debtor is a transmitting utility and a filed 4735
financing statement so indicates, the financing statement is 4736
effective until a termination statement is filed. 4737

(G) A record of a mortgage that is effective as a financing 4738
statement filed as a fixture filing under division (C) of section 4739
1309.502 of the Revised Code remains effective as a financing 4740
statement filed as a fixture filing until the mortgage is released 4741
or satisfied of record or its effectiveness otherwise terminates 4742
as to the real property. 4743

Sec. 1309.516. (A) Except as provided in division (B) of this 4744
section, communication of a record to a filing office and tender 4745
of the filing fee or acceptance of the record by the filing office 4746

constitutes filing. 4747

(B) Filing does not occur with respect to a record that a 4748
filing office refuses to accept because: 4749

(1) The record is not communicated by a method or medium of 4750
communication authorized by the filing office; 4751

(2) An amount equal to or greater than the applicable filing 4752
fee is not tendered; 4753

(3) The filing office is unable to index the record because: 4754
4755

(a) In the case of an initial financing statement, the record 4756
does not provide a name for the debtor; 4757

(b) In the case of an amendment or correction statement, the 4758
record: 4759

(i) Does not identify the initial financing statement as 4760
required by section 1309.512 or 1309.518 of the Revised Code, as 4761
applicable; or 4762

(ii) Identifies an initial financing statement whose 4763
effectiveness has lapsed under section 1309.515 of the Revised 4764
Code. 4765

(c) In the case of an initial financing statement that 4766
provides the name of a debtor identified as an individual or an 4767
amendment that provides a name of a debtor identified as an 4768
individual that was not provided previously in the financing 4769
statement to which the record relates, the record does not 4770
identify the debtor's last name; or 4771

(d) In the case of a record filed in the filing office 4772
described in division (A)(1) of section 1309.501 of the Revised 4773
Code, the record does not provide a sufficient description of the 4774
real property to which it relates. 4775

(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; 4776
4777
4778
4779

(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: 4780
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4782
4783

(a) Provide a mailing address for the debtor; 4784

(b) Indicate whether the debtor is an individual or an organization; or 4785
4786

(c) If the financing statement indicates that the debtor is an organization, provide: 4787
4788

(i) A type of organization for the debtor; 4789

(ii) A jurisdiction of organization for the debtor; or 4790

(iii) An organizational identification number for the debtor or indicate that the debtor has none. 4791
4792

(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. or 4793
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4795
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(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. 4798
4799
4800

(C) For purposes of division (B) of this section: 4801

(1) A record does not provide information if the filing office is unable to read or decipher the information; and 4802
4803

(2) A record that does not indicate that it is an amendment 4804

or identify an initial financing statement to which it relates, as 4805
required by section 1309.512, 1309.514, or 1309.518 of the Revised 4806
Code, is an initial financing statement. 4807

(D) A record that is communicated to the filing office with 4808
tender of the filing fee, but that the filing office refuses to 4809
accept for a reason other than one specified in division (B) of 4810
this section, is effective as a filed record except as against a 4811
purchaser of the collateral that gives value in reasonable 4812
reliance upon the absence of the record from the files. 4813

Sec. 1309.517. The failure of the filing office to index a 4814
record correctly does not affect the effectiveness of the filed 4815
record. 4816

Sec. 1309.518. (A) A person may file in the filing office a 4817
correction statement with respect to a record indexed there under 4818
the person's name if the person believes that the record is 4819
inaccurate or was wrongfully filed. 4820

(B) A correction statement must: 4821

(1) Identify the record to which it relates by: 4822

(a) The file number assigned to the initial financing 4823
statement to which the record relates; and 4824

(b) If the correction statement relates to a record filed in 4825
a filing office described in division (A)(1) of section 1309.501 4826
of the Revised Code, the date and time that the initial financing 4827
statement was filed and the information specified in division (B) 4828
of section 1309.502 of the Revised Code; 4829

(2) Indicate that it is a correction statement; and 4830

(3) Provide the basis for the person's belief that the record 4831
is inaccurate and indicate the manner in which the person believes 4832
the record should be amended to cure any inaccuracy or provide the 4833

basis for the person's belief that the record was wrongfully 4834
filed. 4835

(C) The filing of a correction statement does not affect the 4836
effectiveness of an initial financing statement or other filed 4837
record. 4838

Sec. 1309.519. (A) For each record filed in a filing office, 4839
the filing office shall: 4840

(1) Assign an unique number to the filed record; 4841

(2) Create a record that bears the number assigned to the 4842
filed record and the date and time of filing; 4843

(3) Maintain the filed record for public inspection; and 4844

(4) Index the filed record in accordance with divisions (C), 4845
(D), and (E) of this section. 4846

(B) A file number assigned after January 1, 2002, must 4847
include a digit that: 4848

(1) Is mathematically derived from or related to the other 4849
digits of the file number; and 4850

(2) Aids the filing office in determining whether a number 4851
communicated as the file number includes a single-digit or 4852
transpositional error. 4853

(C) Except as provided in divisions (D) and (E) of this 4854
section, the filing office shall: 4855

(1) Index an initial financing statement according to the 4856
name of the debtor and index all filed records relating to the 4857
initial financing statement in a manner that associates with one 4858
another an initial financing statement and all filed records 4859
relating to the initial financing statement; and 4860

(2) Index a record that provides a name of a debtor that 4861
previously was not provided in the financing statement to which 4862

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 4893
to the initial financing statement to which the record relates; 4894
and 4895

(2) To associate and retrieve with one another an initial 4896
financing statement and each filed record relating to the initial 4897
financing statement. 4898

(G) The filing office may not remove a debtor's name from the 4899
index until one year after the effectiveness of a financing 4900
statement naming the debtor lapses under section 1309.515 of the 4901
Revised Code with respect to all secured parties of record. 4902

(H) The filing office shall perform the acts required by 4903
divisions (A) to (E) of this section at the time and in the manner 4904
prescribed by the filing-office rule, but not later than two 4905
business days after the filing office receives the record in 4906
question. 4907

Sec. 1309.520. (A) A filing office shall refuse to accept a 4908
record for filing for a reason specified in division (B) of 4909
section 1309.516 of the Revised Code and may refuse to accept a 4910
record for filing only for a reason specified in that division. 4911

(B) If a filing office refuses to accept a record for filing, 4912
it shall communicate to the person who presented the record the 4913
fact of and reason for the refusal and the date and time the 4914
record would have been filed had the filing office accepted it. 4915
The communication must be made at the time and in the manner 4916
prescribed by the applicable filing-office rule but, in the case 4917
of a filing office described in division (A)(2) of section 4918
1309.501 of the Revised Code, in no event more than two business 4919
days after the filing office receives the record. 4920

(C) A filed financing statement that satisfies divisions (A) 4921
and (B) of section 1309.502 of the Revised Code is effective, even 4922
if the filing office is required to refuse to accept it for filing 4923

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 on a nationally accepted form adopted by the secretary
of state except for a reason prescribed in division (B) of section
1309.516 of the Revised Code.

(B) A filing office that accepts written records may not
refuse to accept a written record on a nationally accepted form
adopted by the secretary of state except for a reason prescribed
in division (B) of section 1309.516 of the Revised Code.

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:

(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 the following information to any person

who requests it: 4984

(1) Whether there is on file on a date and time specified by 4985
the filing office, but not a date earlier than three business days 4986
before the filing office receives the request, any financing 4987
statement that: 4988

(a) Designates a particular debtor or, if the request so 4989
states, designates a particular debtor at the address specified in 4990
the request; 4991

(b) Has not lapsed under section 1309.515 of the Revised Code 4992
with respect to all secured parties of record; and 4993

(c) If the request so states, has lapsed under section 4994
1309.515 of the Revised Code and a record of which is maintained 4995
by the filing office under division (A) of section 1309.522 of the 4996
Revised Code; 4997

(2) The date and time of filing of each financing statement; 4998
and 4999

(3) The information provided in each financing statement. 5000

(D) In complying with its duty under division (C) of this 5001
section, the filing office may communicate information in any 5002
medium. However, if requested, the filing office shall communicate 5003
information by issuing a record that can be admitted into evidence 5004
in the courts of this state without extrinsic evidence of its 5005
authenticity. 5006

(E) The filing office shall perform the acts required by 5007
divisions (A) to (D) of this section at the time and in the manner 5008
prescribed by the filing-office rule but not later than two 5009
business days after the filing office receives the request. 5010

(F) At least weekly, the filing office shall offer to sell or 5011
license to the public on a nonexclusive basis, in bulk, copies of 5012
all records filed in it under sections 1309.501 to 1309.527 of the 5013

Revised Code, in every medium from time to time available to the 5014
filing office. 5015

Sec. 1309.524. Delay by the filing office beyond a time limit 5016
prescribed by sections 1309.501 to 1309.527 of the Revised Code is 5017
excused if: 5018

(A) The delay is caused by interruption of communication or 5019
computer facilities, war, emergency conditions, failure of 5020
equipment, or other circumstances beyond control of the filing 5021
office. and 5022

(B) The filing office exercises reasonable diligence under 5023
the circumstances. 5024

Sec. 1309.525. (A) Except as provided in divisions (D) and 5025
(E) of this section, the fee for filing and indexing a record 5026
under sections 1309.501 to 1309.527 of the Revised Code is the 5027
amount specified in division (B) of this section, if applicable, 5028
plus: 5029

(1) Nine dollars if the record is filed with the office of 5030
the secretary of state; 5031

(2) Nine dollars if the record is filed with the office of 5032
the county recorder on a form prescribed by the secretary of 5033
state; 5034

(3) Eleven dollars if the record is filed with the office of 5035
the county recorder on a form not prescribed by the secretary of 5036
state; 5037

(4)(a) Eighteen dollars if the record is filed with the 5038
office of the secretary of state, and the debtor either has a 5039
place of business in only one county of this state or has no place 5040
of business in this state but resides in this state, and neither 5041
of the following applies: 5042

(i) The collateral is consumer goods; 5043

(ii) The collateral is equipment used in farming operations, 5044
farm products, accounts or general intangibles arising from or 5045
relating to the sale of farm products by a farmer or is crops 5046
growing or to be grown. 5047

(b) If either (B)(4)(a)(i) or (ii) applies, the fee is nine 5048
dollars plus the amount specified in division (C) of this section, 5049
if applicable. 5050

(B) Except as provided in division (D) of this section, if a 5051
record is communicated in writing, the fee for each name more than 5052
two required to be indexed is five dollars. 5053

(C)(1) The fee for responding to a request for information 5054
from the filing office, including for issuing a certificate 5055
showing whether there is on file any financing statement naming a 5056
particular debtor, is nine dollars plus one dollar for each 5057
financing statement and for each statement of assignment reported. 5058

(2) Upon request, the filing officer shall furnish a copy of 5059
any filed financing statement or statement of assignment. When a 5060
request for copies is made in the office of the county recorder, 5061
the county recorder shall charge a fee of one dollar per page. 5062
When a request for copies is made in the office of the secretary 5063
of state, the fee shall not exceed one dollar per page. 5064

(D) This section does not require a fee with respect to a 5065
record of a mortgage that is effective as a financing statement 5066
filed as a fixture filing or as a financing statement covering 5067
as-extracted collateral or timber to be cut under division (C) of 5068
section 1309.502 of the Revised Code. However, the recording and 5069
satisfaction fees that otherwise would be applicable to the record 5070
of the mortgage apply. 5071

(E) The fee for indexing financing statements in the real 5072
estate mortgage records is two dollars for each record owner or 5073

lessee listed in the statement, as provided in division (E) of
section 317.32 of the Revised Code.

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Sec. 1309.526. (A) The secretary of state shall adopt rules
to implement this chapter. The filing-office rules shall be:

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(1) Consistent with this chapter; and

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(2) Adopted in accordance with Chapter 119. of the Revised
Code.

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(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:

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(1) Consult with filing offices in other jurisdictions that
enact substantially sections 1309.501 to 1309.527 of the Revised
Code;

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(2) Consult the most recent version of the model rules
promulgated by the international association of corporate
administrators or any successor organization; and

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(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.

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Sec. 1309.527. The secretary of state shall report annually

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to the governor and the general assembly on the operation of the 5103
filing office. The report shall contain a statement of the extent 5104
to which: 5105

(A) The filing-office rules are not in harmony with the rules 5106
of filing offices in other jurisdictions that enact substantially 5107
sections 1309.501 to 1309.527 of the Revised Code and the reasons 5108
for these variations; and 5109

(B) The extent to which filing-office rules are not in 5110
harmony with the most recent version of the model rules 5111
promulgated by the international association of corporate 5112
administrators, or any successor organization, and the reasons for 5113
these variations. 5114

Sec. ~~1309.401~~ 1309.528. Through June 30, 2001, four dollars 5115
and fifty cents, and, on and after July 1, 2001, four dollars, of 5116
each fee collected by the secretary of state under ~~sections~~ 5117
~~1309.42 and 1309.43 and divisions (E) and (H) of section 1309.40~~ 5118
~~of the Revised Code, and all of the fees collected by the~~ 5119
~~secretary of state under~~ section ~~1309.402~~ 1309.525 of the Revised 5120
Code, shall be deposited in the state treasury to the credit of 5121
the corporate and uniform commercial code filing fund, which is 5122
hereby created. The remainder of each such fee shall be deposited 5123
in the general revenue fund. All moneys credited to the corporate 5124
and uniform commercial code filing fund shall be used only for the 5125
purpose of paying for expenses relating to the processing of 5126
filings under Title XVII and Chapter 1329. of the Revised Code and 5127
the uniform commercial code. 5128

Sec. 1309.529. (A) The secretary of state shall distribute to 5129
the county recorders of the counties of this state an amount equal 5130
to the fees collected by the secretary of state for filing and 5131
indexing financing statements communicated to the office of the 5132

secretary of state under division (A) of section 1309.525 of the
Revised Code, 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 April 30, 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 5162
rights provided in sections 1309.601 to 1309.628 of the Revised 5163
Code and, except as provided in section 1309.602 of the Revised 5164
Code, those provided by agreement of the parties. A secured party: 5165

(1) May reduce a claim to judgment, foreclose, or otherwise 5166
enforce the claim, security interest, or agricultural lien by any 5167
available judicial procedure; and 5168

(2) If the collateral is documents, proceed either as to the 5169
documents or as to the goods they cover. 5170

(B) A secured party in possession of collateral or control of 5171
collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 5172
of the Revised Code has the rights and duties provided in section 5173
1309.207 of the Revised Code. 5174

(C) The rights under divisions (A) and (B) of this section 5175
are cumulative and may be exercised simultaneously. 5176

(D) Except as otherwise provided in division (G) of this 5177
section and section 1309.605 of the Revised Code, after default a 5178
debtor and an obligor have the rights provided in sections 5179
1309.601 to 1309.628 of the Revised Code and by agreement of the 5180
parties. 5181

(E) If a secured party has reduced its claim to judgment, the 5182
lien of any levy that may be made upon the collateral by virtue of 5183
an execution based upon the judgment relates back to the earliest 5184
of: 5185

(1) The date of perfection of the security interest or 5186
agricultural lien in the collateral; 5187

(2) The date of filing a financing statement covering the 5188
collateral; or 5189

(3) Any date specified in a statute under which the 5190

agricultural lien was created. 5191

(F) A sale pursuant to an execution is a foreclosure of the 5192
security interest or agricultural lien by judicial procedure 5193
within the meaning of this section. A secured party may purchase 5194
at the sale and after the sale may hold the collateral free of any 5195
other requirements of this chapter. 5196

(G) Except as provided in division (C) of section 1309.607 of 5197
the Revised Code, sections 1309.601 to 1309.628 of the Revised 5198
Code do not impose any duties upon a secured party who is a 5199
consignor or a buyer of accounts, chattel paper, payment 5200
intangibles, or promissory notes. 5201

Sec. 1309.602. Except as provided in section 1309.624 of the 5202
Revised Code, to the extent that they give rights to a debtor or 5203
obligor and impose duties on a secured party, the debtor or 5204
obligor may not waive or vary the following provisions of the 5205
Revised Code; 5206

(A) Division (B)(4)(c) of section 1309.207 of the Revised 5207
Code, which relates to the use and operation of the collateral by 5208
the secured party; 5209

(B) Section 1309.210 of the Revised Code, which relates to 5210
requests for an accounting and requests concerning a list of 5211
collateral and statement of account; 5212

(C) Division (C) of section 1309.607 of the Revised Code, 5213
which relates to the collection and enforcement of collateral; 5214

(D) Division (A) of section 1309.608 and division (C) of 5215
section 1309.615 of the Revised Code to the extent that they 5216
relate to the application or payment of noncash proceeds of 5217
collection, enforcement, or disposition; 5218

(E) Division (A) of section 1309.608 and division (D) of 5219
section 1309.615 of the Revised Code to the extent that they 5220

require accounting for or payment of surplus proceeds of 5221
collateral; 5222

(F) Section 1309.609 of the Revised Code to the extent that 5223
it imposes upon a secured party who takes possession of collateral 5224
without judicial process the duty to do so without breach of the 5225
peace; 5226

(G) Division (B) of section 1309.610 and sections 1309.611, 5227
1309.613, and 1309.614 of the Revised Code, which relate to the 5228
disposition of collateral; 5229

(H) Division (F) of section 1309.615, which relates to the 5230
calculation of a deficiency or surplus when a disposition is made 5231
to the secured party, a person related to the secured party, or a 5232
secondary obligor; 5233

(I) Section 1309.616 of the Revised Code, which relates to 5234
the explanation of the calculation of a surplus or deficiency; 5235

(J) Sections 1309.620, 1309.621, and 1309.622 of the Revised 5236
Code, which relate to the acceptance of collateral in satisfaction 5237
of obligation; 5238

(K) Section 1309.623 of the Revised Code, which relates to 5239
redemption of collateral; 5240

(L) Section 1309.624 of the Revised Code, which relates to 5241
permissible waivers; and 5242

(M) Sections 1309.625 and 1309.626 of the Revised Code, which 5243
relate to the secured party's liability for failure to comply with 5244
this chapter. 5245

Sec. 1309.603. (A) The parties by agreement may determine the 5246
standards measuring the fulfillment of the rights of a debtor or 5247
obligor and the duties of a secured party under section 1309.602 5248
of the Revised Code if the standards are not manifestly 5249

unreasonable. 5250

(B) Division (A) of this section does not apply to the duty 5251
imposed under section 1309.609 of the Revised Code to refrain from 5252
breaching the peace. 5253

Sec. 1309.604. (A) If a security agreement covers both 5254
personal and real property, a secured party may proceed: 5255

(1) Under sections 1309.601 to 1309.628 of the Revised Code 5256
as to the personal property without prejudicing any rights with 5257
respect to the real property; or 5258

(2) As to both the personal property and the real property, 5259
in accordance with the rights with respect to the real property, 5260
in which case the other provisions of sections 1309.601 to 5261
1309.628 of the Revised Code do not apply. 5262

(B) Subject to division (C) of this section, if a security 5263
agreement covers goods that are or become fixtures, a secured 5264
party may proceed: 5265

(1) Under sections 1309.601 to 1309.628 of the Revised Code; 5266
or 5267

(2) In accordance with the rights with respect to real 5268
property, in which case the other provisions of sections 1309.601 5269
to 1309.628 of the Revised Code do not apply. 5270

(C) Subject to the other provisions of sections 1309.601 to 5271
1309.628 of the Revised Code, if a secured party holding a 5272
security interest in fixtures has priority over all owners and 5273
encumbrancers of the real property, the secured party after 5274
default may remove the collateral from the real property. 5275

(D) A secured party who removes collateral shall reimburse 5276
promptly any encumbrancer or owner of the real property, other 5277
than the debtor, for the cost of repair of any physical injury 5278

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

<u>for the benefit of the secured party;</u>	5307
<u>(2) May take any proceeds to which the secured party is</u>	5308
<u>entitled under section 1309.315 of the Revised Code;</u>	5309
<u>(3) May enforce the obligations of an account debtor or other</u>	5310
<u>person obligated on collateral and exercise the rights of the</u>	5311
<u>debtor with respect to the obligation of the account debtor or</u>	5312
<u>other person obligated on collateral to make payment or otherwise</u>	5313
<u>render performance to the debtor, and with respect to any property</u>	5314
<u>that secures the obligations of the account debtor or other person</u>	5315
<u>obligated on the collateral;</u>	5316
<u>(4) If it holds a security interest in a deposit account</u>	5317
<u>perfected by control under division (A)(1) of section 1309.104 of</u>	5318
<u>the Revised Code, may apply the balance of the deposit account to</u>	5319
<u>the obligation secured by the deposit account; and</u>	5320
<u>(5) If it holds a security interest in a deposit account</u>	5321
<u>perfected by control under division (A)(2) or (3) of section</u>	5322
<u>1309.104 of the Revised Code, may instruct the bank to pay the</u>	5323
<u>balance of the deposit account to or for the benefit of the</u>	5324
<u>secured party.</u>	5325
<u>(B) If necessary to enable a secured party to exercise the</u>	5326
<u>right of a debtor to enforce a mortgage nonjudicially under</u>	5327
<u>division (A)(3) of this section, the secured party may record in</u>	5328
<u>the office in which a record of the mortgage is recorded:</u>	5329
<u>(1) A copy of the security agreement that creates or provides</u>	5330
<u>for a security interest in the obligation secured by the mortgage;</u>	5331
<u>and</u>	5332
<u>(2) The secured party's sworn affidavit in recordable form</u>	5333
<u>stating that:</u>	5334
<u>(a) A default has occurred; and</u>	5335
<u>(b) The secured party is entitled to enforce the mortgage</u>	5336

nonjudicially. 5337

(C) A secured party shall proceed in a commercially 5338
reasonable manner if the secured party: 5339

(1) Undertakes to collect from or enforce an obligation of an 5340
account debtor or other person obligated on collateral; and 5341

(2) Is entitled to charge back uncollected collateral or 5342
otherwise to full or limited recourse against the debtor or a 5343
secondary obligor. 5344

(D) A secured party may deduct from the collections made 5345
pursuant to division (C) of this section reasonable expenses of 5346
collection and enforcement, including reasonable attorney's fees 5347
and legal expenses incurred by the secured party. 5348

(E) This section does not determine whether an account 5349
debtor, bank, or other person obligated on collateral owes a duty 5350
to a secured party. 5351

Sec. 1309.608. (A) If a security interest or agricultural 5352
lien secures payment or performance of an obligation, the 5353
following rules apply: 5354

(1) A secured party shall apply or pay over for application 5355
the cash proceeds of collection or enforcement under section 5356
1309.607 of the Revised Code in the following order: 5357

(a) The reasonable expenses of collection and enforcement 5358
and, to the extent provided for by agreement and not prohibited by 5359
law, reasonable attorney's fees and legal expenses incurred by the 5360
secured party; 5361

(b) The satisfaction of obligations secured by the security 5362
interest or agricultural lien under which the collection or 5363
enforcement is made; and 5364

(c) The satisfaction of obligations secured by any 5365

subordinate security interest in or other lien on the collateral 5366
subject to the security interest or agricultural lien under which 5367
the collection or enforcement is made if the secured party 5368
receives an authenticated demand for proceeds before distribution 5369
of the proceeds is completed. 5370

(2) If requested by a secured party, a holder of a 5371
subordinate security interest or other lien shall furnish 5372
reasonable proof of the interest or lien within a reasonable time. 5373
Unless the holder complies, the secured party is not required to 5374
comply with the holder's demand made under division (A)(1)(c) of 5375
this section. 5376

(3) A secured party is not required to apply or pay over for 5377
application noncash proceeds of collection and enforcement under 5378
section 1309.607 of the Revised Code unless the failure to do so 5379
would be commercially unreasonable. A secured party who applies or 5380
pays over for application noncash proceeds shall do so in a 5381
commercially reasonable manner. 5382

(4) A secured party shall account to and pay a debtor for any 5383
surplus, and the obligor is liable for any deficiency. 5384

(B) If the underlying transaction is a sale of accounts, 5385
chattel paper, payment intangibles, or promissory notes, the 5386
debtor is not entitled to any surplus, and the obligor is not 5387
liable for any deficiency. 5388

Sec. 1309.609. (A) After default, a secured party: 5389

(1) May take possession of the collateral; and 5390

(2) Without removal, may render equipment unusable and 5391
dispose of collateral on a debtor's premises under section 5392
1309.610 of the Revised Code. 5393

(B) A secured party may act under division (A) of this 5394
section: 5395

<u>(1) Pursuant to judicial process; or</u>	5396
<u>(2) Without judicial process if it acts without breach of the</u>	5397
<u>peace.</u>	5398
<u>(C) If so agreed, and in any event after default, a secured</u>	5399
<u>party may require the debtor to assemble the collateral and make</u>	5400
<u>it available to the secured party at a place that is designated by</u>	5401
<u>the secured party and that is reasonably convenient to both</u>	5402
<u>parties.</u>	5403
 <u>Sec. 1309.610. (A) After default, a secured party may sell,</u>	5404
<u>lease, license, or otherwise dispose of any or all of the</u>	5405
<u>collateral in its present condition or following any commercially</u>	5406
<u>reasonable preparation or processing.</u>	5407
 <u>(B) Every aspect of a disposition of collateral, including</u>	5408
<u>the method, manner, time, place, and other terms, must be</u>	5409
<u>commercially reasonable. If commercially reasonable, a secured</u>	5410
<u>party may dispose of collateral by public or private proceedings,</u>	5411
<u>by one or more contracts, as a unit or in parcels, at any time and</u>	5412
<u>place, and on any terms.</u>	5413
 <u>(C) A secured party may purchase collateral:</u>	5414
 <u>(1) At a public disposition; or</u>	5415
 <u>(2) At a private disposition, but only if the collateral is</u>	5416
<u>of a kind that is customarily sold on a recognized market or the</u>	5417
<u>subject of widely distributed standard price quotations.</u>	5418
 <u>(D) A contract for a sale, lease, license, or other</u>	5419
<u>disposition includes the warranties relating to title, possession,</u>	5420
<u>quiet enjoyment, and similar property rights that by operation of</u>	5421
<u>law accompany a voluntary disposition of property of the kind</u>	5422
<u>subject to the contract.</u>	5423
 <u>(E) A secured party may disclaim or modify warranties under</u>	5424

division (D) of this section: 5425

(1) In a manner that would be effective to disclaim or modify 5426
the warranties in a voluntary disposition of property of the kind 5427
subject to the contract of disposition; or 5428

(2) By communicating to the purchaser a record evidencing the 5429
contract for disposition and including an express disclaimer or 5430
modification of the warranties. 5431

(F) A record is sufficient to disclaim warranties under 5432
division (E) of this section if it indicates "There is no warranty 5433
relating to title, possession, quiet enjoyment, or similar 5434
property rights in this disposition" or uses words of similar 5435
import. 5436

Sec. 1309.611. (A) As used in this section, "notification 5437
date" means the earlier of the date on which: 5438

(1) A secured party sends to the debtor and any secondary 5439
obligor an authenticated notification of disposition. or 5440

(2) The debtor and any secondary obligor waive the right to 5441
notification. 5442

(B) Except as provided in division (D) of this section, a 5443
secured party who disposes of collateral under section 1309.610 of 5444
the Revised Code shall send a reasonable authenticated 5445
notification of disposition to the persons specified in division 5446
(C) of this section. 5447

(C) To comply with division (B) of this section, the secured 5448
party shall send an authenticated notification of disposition to: 5449

(1) The debtor; 5450

(2) Any secondary obligor; and 5451

(3) If the collateral is other than consumer goods: 5452

(a) Any other person from whom the secured party has 5453
received, before the notification date, an authenticated 5454
notification of a claim of an interest in the collateral; 5455

(b) Any other secured party or lienholder who, ten days 5456
before the notification date, held a security interest in or other 5457
lien on the collateral perfected by the filing of a financing 5458
statement that: 5459

(i) Identified the collateral; 5460

(ii) Was indexed under the debtor's name as of that date; and 5461
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(iii) Was filed in the office in which to file a financing 5463
statement against the debtor covering the collateral as of that 5464
date; and 5465

(c) Any other secured party who, ten days before the 5466
notification date, held a security interest in the collateral 5467
perfected by compliance with a statute, rule, or treaty described 5468
in division (A) of section 1309.311 of the Revised Code. 5469

(D) Division (B) of this section does not apply if the 5470
collateral is perishable or threatens to decline speedily in value 5471
or is of a type customarily sold on a recognized market. 5472

(E) A secured party complies with the requirement for 5473
notification prescribed by division (C)(3)(b) of this section if: 5474

(1) Not later than twenty days nor earlier than thirty days 5475
before the notification date, the secured party requests, in a 5476
commercially reasonable manner, information concerning financing 5477
statements indexed under the debtor's name in the office indicated 5478
in division (C)(3)(b) of this section; and 5479

(2) Before the notification date, the secured party: 5480

(a) Did not receive a response to the request for 5481
information; or 5482

(b) Received a response to the request for information and 5483
sent an authenticated notification of disposition to each secured 5484
party or other lienholder named in that response whose financing 5485
statement covered the collateral. 5486

Sec. 1309.612. (A) Except as provided in division (B) of this 5487
section, whether a secured party sent a notification of 5488
disposition of collateral within a reasonable time is a question 5489
of fact. 5490

(B) In a transaction other than a consumer transaction, a 5491
notification of disposition sent after default and ten days or 5492
more before the earliest time of disposition set forth in the 5493
notification is sent within a reasonable time before the 5494
disposition. 5495

Sec. 1309.613. (A) Except in a consumer-goods transaction, 5496
all of the following apply to a notification of disposition of 5497
collateral and to a disposition of collateral: 5498

(1) The contents of a notification of disposition are 5499
sufficient if the notification: 5500

(a) Describes the debtor and the secured party; 5501

(b) Describes the collateral that is the subject of the 5502
intended disposition; 5503

(c) States the method of intended disposition; 5504

(d) States that the debtor is entitled to an accounting of 5505
the unpaid indebtedness and states the charge, if any, for an 5506
accounting; and 5507

(e) States the time and place of a public disposition or the 5508
time after which any other disposition is to be made. 5509

(2) Whether the contents of a notification that lacks any of 5510

the information specified in division (A)(1) of this section are 5511
nevertheless sufficient is a question of fact. 5512

(3) The contents of a notification providing substantially 5513
the information specified in division (A)(1) of this section are 5514
sufficient, even if the notification includes: 5515

(a) Information not specified by that division; or 5516

(b) Minor errors that are not seriously misleading. 5517

(4) A particular phrasing of the notification is not 5518
required. 5519

(B) The following form of notification and the form appearing 5520
in division (B) of section 1309.614 of the Revised Code, when 5521
completed, each provides sufficient information: 5522

"NOTIFICATION OF DISPOSITION OF COLLATERAL 5523

To: (Name of debtor, obligor, or other person to whom the 5524
notification is sent) 5525

From: (Name, address, and telephone number of secured party) 5526

Name of Debtor(s): (Include only if debtor(s) are not an 5527
addressee) 5528

(FOR A PUBLIC DISPOSITION:) 5529

We will sell (or lease or license, as applicable) the 5530
(describe collateral) to the highest qualified bidder in public as 5531
follows: 5532

Day and Date:..... 5533

Time:..... 5534

Place:..... 5535

(FOR A PRIVATE DISPOSITION:) 5536

We will sell (or lease or license, as applicable) the 5537
(describe collateral) privately sometime after (day and date). 5538

You are entitled to an accounting of the unpaid indebtedness 5539
secured by the property that we intend to sell (or lease or 5540
license, as applicable) (for a charge of \$.....). You may 5541
request an accounting by calling us at (telephone number)." 5542

Sec. 1309.614. (A) In a consumer-goods transaction, the 5543
following rules apply: 5544

(1) A notification of disposition must provide all the 5545
following information: 5546

(a) The information specified in division (A)(1) of section 5547
1309.613 of the Revised Code; 5548

(b) A description of any liability for a deficiency of the 5549
person to whom the notification is sent; 5550

(c) A telephone number that the person to whom the 5551
notification is sent may call in order to be told the amount that 5552
must be paid to the secured party to redeem the collateral under 5553
section 1309.623 of the Revised Code; and 5554

(d) A telephone number or mailing address from which 5555
additional information concerning the disposition and the 5556
obligation secured is available. 5557

(2) A particular phrasing of the notification is not 5558
required. 5559

(B) The following form of notification of disposition, when 5560
completed, provides sufficient information: 5561

"(Name and address of secured party) 5562

(Date) 5563

NOTICE OF OUR PLAN TO SELL PROPERTY 5564

(Name and address of any obligor who is also a debtor) 5565

Subject: (Identification of Transaction) 5566

We have your (describe collateral), because you broke 5567
promises in our agreement. 5568

(For a public disposition) 5569

We will sell (describe collateral) at public sale. A sale 5570
could include a lease or license. The sale will be held as 5571
follows: 5572

Day and date:..... 5573

Time:..... 5574

Place:..... 5575

You may attend the sale and bring bidders if you want. 5576

(For a private disposition) 5577

We will sell (describe collateral) at private sale sometime 5578
after (date). A sale could include a lease or license. 5579

The money that we get from the sale (after paying our costs) 5580
will reduce the amount you owe. If we get less money than you owe, 5581
you (will or will not, as applicable) still owe us the difference. 5582
If we get more money than you owe, you will get the extra money, 5583
unless we must pay it to someone else. You can get the property 5584
back at any time before we sell it by paying us the full amount 5585
you owe (not just the past due payments), including our expenses. 5586
To learn the exact amount you must pay, call us at (telephone 5587
number). 5588

If you want us to explain to you in writing how we have 5589
figured the amount that you owe us, you may call us at (telephone 5590
number) (or write us at (secured party's address)) and request a 5591
written explanation. (We will charge you \$..... for the 5592
explanation if we sent you another written explanation of the 5593
amount you owe us within the last six months.) 5594

If you need more information about the sale, call us at 5595

(telephone number) (or write us at (secured party's address)). 5596

We are sending this notice to the following other people who 5597
have an interest in (describe collateral) or who owe money under 5598
your agreement: 5599

(Names of all other debtors and obligors, if any)." 5600

(C) A notification in the form contained in division (B) of 5601
this section is sufficient even if additional information appears 5602
at the end of the form. 5603

(D) A notification in the form of division (B) of this 5604
section is sufficient, even if it includes errors in information 5605
not required by division (A)(1) of this section, unless the error 5606
is misleading with respect to rights arising under this chapter. 5607

(E) If a notification under this section is not in the form 5608
contained in division (B) of this section, law other than this 5609
chapter determines the effect of including information not 5610
required by division (A)(1) of this section. 5611

Sec. 1309.615. (A) A secured party shall apply or pay over 5612
for application the cash proceeds of disposition under section 5613
1309.610 of the Revised Code in the following order to: 5614

(1) The reasonable expenses of retaking, holding, preparing 5615
for disposition, processing, and disposing, and, to the extent 5616
provided for by agreement and not prohibited by law, reasonable 5617
attorney's fees and legal expenses incurred by the secured party; 5618

(2) The satisfaction of obligations secured by the security 5619
interest or agricultural lien under which the disposition is made; 5620

(3) The satisfaction of obligations secured by any 5621
subordinate security interest in or other subordinate lien on the 5622
collateral if: 5623

(a) The secured party receives from the holder of the 5624

subordinate security interest or other lien an authenticated 5625
demand for proceeds before distribution of the proceeds is 5626
completed; and 5627

(b) In a case in which a consignor has an interest in the 5628
collateral, the subordinate security interest or other lien is 5629
senior to the interest of the consignor; and 5630

(4) A secured party who is a consignor of the collateral if 5631
the secured party receives from the consignor an authenticated 5632
demand for proceeds before distribution of the proceeds is 5633
completed. 5634

(B) If a secured party so requests, a holder of a subordinate 5635
security interest or other lien shall furnish reasonable proof of 5636
the interest or lien within a reasonable time. Unless the holder 5637
does so, the secured party is not required to comply with the 5638
holder's demand under division (A)(3) of this section. 5639
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(C) A secured party is not required to apply or pay over for 5641
application noncash proceeds of disposition under section 1309.610 5642
unless the failure to do so would be commercially unreasonable. A 5643
secured party who applies or pays over for application noncash 5644
proceeds shall do so in a commercially reasonable manner. 5645

(D) If the security interest under which a disposition is 5646
made secures payment or performance of an obligation, after the 5647
secured party makes the payments and applications required by 5648
division (A) of this section and permitted by division (C) of this 5649
section: 5650

(1) Unless division (A)(4) of this section requires the 5651
secured party to apply or pay over cash proceeds to a consignor, 5652
the secured party shall account to and pay a debtor for any 5653
surplus; and 5654

(2) The obligor is liable for any deficiency. 5655

(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:

<u>(1) "Explanation" means a writing that:</u>	5686
<u>(a) States the amount of the surplus or deficiency;</u>	5687
<u>(b) Provides an explanation in accordance with division (C)</u>	5688
<u>of this section of how the secured party calculated the surplus or</u>	5689
<u>deficiency;</u>	5690
<u>(c) States, if applicable, that future debits, credits,</u>	5691
<u>charges, including additional credit service charges or interest,</u>	5692
<u>rebates, and expenses may affect the amount of the surplus or</u>	5693
<u>deficiency; and</u>	5694
<u>(d) Provides a telephone number or mailing address from which</u>	5695
<u>additional information concerning the transaction is available.</u>	5696
	5697
<u>(2) "Request" means a record:</u>	5698
<u>(a) Authenticated by a debtor or consumer obligor;</u>	5699
<u>(b) Requests that the recipient provide an explanation; and</u>	5700
<u>(c) Sent after disposition of the collateral under section</u>	5701
<u>1309.610 of the Revised Code.</u>	5702
<u>(B) In a consumer-goods transaction in which the debtor is</u>	5703
<u>entitled to a surplus or a consumer obligor is liable for a</u>	5704
<u>deficiency under section 1309.615 of the Revised Code, the secured</u>	5705
<u>party shall:</u>	5706
<u>(1) Send an explanation to the debtor or consumer obligor, as</u>	5707
<u>applicable, after the disposition and:</u>	5708
<u>(a) Before or when the secured party accounts to the debtor</u>	5709
<u>and pays any surplus or first makes written demand on the consumer</u>	5710
<u>obligor after the disposition for payment of the deficiency; and</u>	5711
<u>(b) Within fourteen days after receipt of a request; or</u>	5712
<u>(2) In the case of a consumer obligor who is liable for a</u>	5713
<u>deficiency, within fourteen days after receipt of a request, send</u>	5714

to the consumer obligor a record waiving the secured party's right 5715
to a deficiency. 5716

(C) To comply with division (A)(1)(b) of this section, a 5717
writing must provide all of the following information in the 5718
following order: 5719

(1) The aggregate amount of obligations secured by the 5720
security interest under which the disposition was made, and, if 5721
the amount reflects a rebate of unearned interest or credit 5722
service charge, an indication of that fact, calculated as of a 5723
specified date: 5724

(a) If the secured party takes or receives possession of the 5725
collateral after default, not more than thirty-five days before 5726
the secured party takes or receives possession; or 5727

(b) If the secured party takes or receives possession of the 5728
collateral before default or does not take possession of the 5729
collateral, not more than thirty-five days before the disposition; 5730

(2) The amount of proceeds of the disposition; 5731

(3) The aggregate amount of the obligations after deducting 5732
the amount of proceeds; 5733

(4) The amount, in the aggregate or by type, and types of 5734
expenses, including expenses of retaking, holding, preparing for 5735
disposition, processing, and disposing of the collateral, and 5736
attorney's fees secured by the collateral that are known to the 5737
secured party and relate to the current disposition; 5738

(5) The amount, in the aggregate or by type, and types of 5739
credits, including rebates of interest or credit service charges, 5740
to which the obligor is known to be entitled and that are not 5741
reflected in the amount in division (C)(1) of this section; and 5742

(6) The amount of the surplus or deficiency. 5743

(D) A particular phrasing of the explanation is not required. 5744

An explanation that complies substantially with division (A) of this section is sufficient, even if it includes minor errors that are not seriously misleading.

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(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.

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Sec. 1309.617. (A) A secured party's disposition of collateral after default:

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(1) Transfers to a transferee for value all of the debtor's rights in the collateral;

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(2) Discharges the security interest under which the disposition is made; and

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(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.

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(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.

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(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:

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(1) The debtor's rights in the collateral;

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(2) The security interest or agricultural lien under which the disposition is made; and

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(3) Any other security interest or other lien. 5774

Sec. 1309.618. (A) A secondary obligor acquires the rights 5775
and becomes obligated to perform the duties of the secured party 5776
after the secondary obligor: 5777

(1) Receives an assignment of a secured obligation from the 5778
secured party; 5779

(2) Receives a transfer of collateral from the secured party 5780
and agrees to accept the rights and assume the duties of the 5781
secured party; or 5782

(3) Is subrogated to the rights of a secured party with 5783
respect to collateral. 5784

(B) An assignment, transfer, or subrogation described in 5785
division (A) of this section: 5786

(1) Is not a disposition of collateral under section 1309.610 5787
of the Revised Code; and 5788

(2) Relieves the secured party of further duties under this 5789
chapter. 5790

Sec. 1309.619. (A) As used in this section, "transfer 5791
statement" means a record authenticated by a secured party that 5792
states: 5793

(1) The debtor has defaulted in connection with an obligation 5794
secured by specified collateral; 5795

(2) The secured party has exercised its post-default remedies 5796
with respect to the collateral; 5797

(3) By reason of the exercise, a transferee has acquired the 5798
rights of the debtor in the collateral; and 5799

(4) The name and mailing address of the secured party, 5800
debtor, and transferee. 5801

(B) A transfer statement entitles the transferee to the 5802
transfer of record of all rights of the debtor in the collateral 5803
specified in the statement in any official filing, recording, 5804
registration, or certificate-of-title system covering the 5805
collateral. If a transfer statement is presented with the 5806
applicable fee and request form to the official or office 5807
responsible for maintaining the system, the official or office 5808
shall do: 5809

(1) Accept the transfer statement; 5810

(2) Promptly amend its records to reflect the transfer; and 5811

(3) If applicable, issue a new appropriate certificate of 5812
title in the name of the transferee. 5813

(C) A transfer of the record or legal title to collateral to 5814
a secured party under division (B) of this section or otherwise is 5815
not of itself a disposition of collateral under this chapter and 5816
does not of itself relieve the secured party of its duties under 5817
this chapter. 5818

Sec. 1309.620. (A) Except as provided in division (G) of this 5819
section, a secured party may accept collateral in full or partial 5820
satisfaction of the obligation it secures only if: 5821

(1) The debtor consents to the acceptance under division (C) 5822
of this section; 5823

(2) The secured party, within the time prescribed in division 5824
(D) of this section, does not receive a notification of objection 5825
to the proposal authenticated by: 5826

(a) A person to whom the secured party was required to send a 5827
proposal under section 1309.621 of the Revised Code; or 5828

(b) Any other person, other than the debtor, holding an 5829
interest in the collateral subordinate to the security interest 5830

that is the subject of the proposal. 5831

(3) If the collateral is consumer goods, the debtor does not 5832
possess the collateral when the debtor consents to the acceptance; 5833
and 5834

(4) Division (E) of this section does not require the secured 5835
party to dispose of the collateral, or the debtor waives the 5836
requirement pursuant to section 1309.624 of the Revised Code. 5837

(B) A purported or apparent acceptance of collateral under 5838
this section is not effective unless: 5839

(1) The secured party consents to the acceptance in an 5840
authenticated record or sends a proposal to the debtor; and 5841

(2) The conditions of division (A) of this section are met. 5842

(C) For purposes of this section: 5843

(1) A debtor consents to an acceptance of collateral in 5844
partial satisfaction of the obligation it secures only if the 5845
debtor agrees to the terms of the acceptance in a record 5846
authenticated after default; and 5847

(2) A debtor consents to an acceptance of collateral in full 5848
satisfaction of the obligation it secures only if the debtor 5849
agrees to the terms of the acceptance in a record authenticated 5850
after default or the secured party: 5851

(a) Sends to the debtor after default a proposal that is 5852
unconditional or subject only to a condition that collateral not 5853
in the possession of the secured party be preserved or maintained; 5854

(b) In the proposal, proposes to accept collateral in full 5855
satisfaction of the obligation it secures; and 5856

(c) Does not receive a notification of objection 5857
authenticated by the debtor within twenty days after the proposal 5858
is sent. 5859

(D) To be effective under division (A)(2) of this section, a notification of objection must be received by the secured party: 5860
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(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; 5862
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(2) In the case of persons other than those described in division (D)(1) of this section: 5865
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(a) Within twenty days after the last notification was sent pursuant to section 1309.621 of the Revised Code; or 5867
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(b) If a notification was not sent, before the debtor consents to the acceptance under division (C) of this section. 5869
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(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: 5871
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(1) Sixty per cent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or 5875
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(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. 5877
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(F) To comply with division (E) of this section, the secured party shall dispose of the collateral: 5880
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(1) Within ninety days after taking possession; or 5882

(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. 5883
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(G) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures. 5886
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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: 5889 5890 5891

(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; 5892 5893 5894

(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: 5895 5896 5897 5898

(a) Identified the collateral; 5899

(b) Was indexed under the debtor's name as of that date; 5900

(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 5901 5902 5903

(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, rule, or treaty described in division (A) of section 1309.311 of the Revised Code. 5904 5905 5906 5907

(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. 5908 5909 5910 5911

Sec. 1309.622. (A) A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures: 5912 5913 5914

(1) Discharges the obligation to the extent consented to by the debtor; 5915 5916

(2) Transfers to the secured party all of a debtor's rights 5917
in the collateral; 5918

(3) Discharges the security interest or agricultural lien 5919
that is the subject of the debtor's consent and any subordinate 5920
security interest or other subordinate lien; and 5921

(4) Terminates any other subordinate interest. 5922

(B) A subordinate interest is discharged or terminated under 5923
division (A) of this section even if the secured party fails to 5924
comply with this chapter. 5925

Sec. 1309.623. (A) A debtor, any secondary obligor, or any 5926
other secured party or lienholder may redeem collateral. 5927

(B) To redeem collateral, a person shall tender: 5928

(1) Fulfillment of all obligations secured by the collateral; 5929
and 5930

(2) The reasonable expenses and attorney's fees described in 5931
division (A)(1) of section 1309.615 of the Revised Code. 5932

(C) A redemption may occur at any time before a secured 5933
party: 5934

(1) Has collected collateral under section 1309.607 of the 5935
Revised Code; 5936

(2) Has disposed of collateral or entered into a contract for 5937
its disposition under section 1309.610 of the Revised Code; or 5938

(3) Has accepted collateral in full or partial satisfaction 5939
of the obligation it secures under section 1309.622 of the Revised 5940
Code. 5941

Sec. 1309.624. (A) A debtor or secondary obligor may waive 5942
the right to notification of disposition of collateral under 5943
section 1309.611 of the Revised Code only by an agreement to that 5944

effect entered into and authenticated after default.

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(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.

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(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.

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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.

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(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.

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(C) Except as provided in section 1309.628 of the Revised Code:

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(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

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(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

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amount of the obligation or the time-price differential plus ten 5974
per cent of the cash price; 5975

(D) A debtor whose deficiency is eliminated under section 5976
1309.626 of the Revised Code may recover damages for the loss of 5977
any surplus. However, a debtor or secondary obligor whose 5978
deficiency is eliminated or reduced under section 1309.626 of the 5979
Revised Code may not recover otherwise under division (B) of this 5980
section for noncompliance with sections 1309.601 to 1309.628 of 5981
the Revised Code relating to collection, enforcement, disposition, 5982
or acceptance. 5983

(E) In addition to any damages recoverable under division (B) 5984
of this section, the debtor, consumer obligor, or person named as 5985
a debtor in a filed record, as applicable, may recover five 5986
hundred dollars in each case from a person who: 5987

(1) Fails to comply with section 1309.208 of the Revised 5988
Code; 5989

(2) Fails to comply with section 1309.209 of the Revised 5990
Code; 5991

(3) Files a record that the person is not entitled to file 5992
under division (A) of section 1309.509 of the Revised Code; 5993

(4) Fails to cause the secured party of record to file or 5994
send a termination statement as required by division (A) or (C) of 5995
section 1309.513 of the Revised Code; 5996

(5) Fails to comply with division (B)(1) of section 1309.616 5997
of the Revised Code and whose failure is part of a pattern, or 5998
consistent with a practice, of noncompliance; or 5999

(6) Fails to comply with division (B)(2) of section 1309.616 6000
of the Revised Code. 6001

(F) A debtor or consumer obligor may recover damages under 6002
division (B) of this section and, in addition, five hundred 6003

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. (A) In an action arising from a transaction,
other than a consumer transaction, in which the amount of a
deficiency or surplus is in issue, the following rules apply:

(1) 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.

(2) 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.

(3) 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:

(a) The proceeds of the collection, enforcement, disposition,
or acceptance; or

(b) 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.

(4) For purposes of division (A)(3)(b) 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.

(5) 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.

(B) The limitation of the rules in division (A) of this
section to transactions other than consumer transactions is
intended to leave to the court the determination of the proper
rules in consumer transactions. The court may not infer from that
limitation the nature of the proper rule in consumer transactions
and may continue to apply established approaches.

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.

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(B) A disposition of collateral is made in a commercially
reasonable manner if the disposition is made:

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(1) In the usual manner on any recognized market;

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(2) At the price current in any recognized market at the time
of the disposition; or

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(3) Otherwise in conformity with reasonable commercial
practices among dealers in the type of property that was the
subject of the disposition.

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(C) A collection, enforcement, disposition, or acceptance is
commercially reasonable if it has been approved:

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(1) In a judicial proceeding;

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(2) By a bona fide creditors' committee;

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(3) By a representative of creditors; or

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(4) An assignee for the benefit of creditors.

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(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.

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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:

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(1) The secured party is not liable to the person, or to a
secured party or lienholder who has filed a financing statement
against the person, for failure to comply with this chapter; and

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(2) The failure of the secured party to comply with this 6093
chapter does not affect the liability of the person for a 6094
deficiency. 6095

(B) A secured party is not liable because of its status as 6096
secured party: 6097

(1) To a person who is a debtor or obligor, unless the 6098
secured party knows; 6099

(a) That the person is a debtor or obligor; 6100

(b) The identity of the person; and 6101

(c) How to communicate with the person; or 6102

(2) To a secured party or lienholder who has filed a 6103
financing statement against a person, unless the secured party 6104
knows: 6105

(a) That the person is a debtor; and 6106

(b) The identity of the person. 6107

(C) A secured party is not liable to any person, and a 6108
person's liability for a deficiency is not affected, because of 6109
any act or omission arising out of the secured party's reasonable 6110
belief that a transaction is not a consumer-goods transaction or a 6111
consumer transaction or that goods are not consumer goods, if the 6112
secured party's belief is based on its reasonable reliance on: 6113

(1) A debtor's representation concerning the purpose for 6114
which collateral was to be used, acquired, or held; or 6115

(2) An obligor's representation concerning the purpose for 6116
which a secured obligation was incurred. 6117

(D) A secured party is not liable to any person under 6118
division (C)(2) of section 1309.625 of the Revised Code for its 6119
failure to comply with section 1309.616 of the Revised Code. 6120

(E) A secured party is not liable under division (C)(2) of 6121

section 1309.625 of the Revised Code more than once with respect
to any one secured obligation.

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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.

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(B) Except as otherwise provided in division (C) of this
section and sections 1309.703 to 1309.709 of the Revised Code:

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(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

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(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.

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(C) This chapter does not affect an action, case, or
proceeding commenced prior to July 1, 2001, and the action, case,
or proceeding is subject to the law in effect immediately before
that date.

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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 with respect to the
security interest without further action.

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(B) Except as otherwise provided in section 1309.705 of the 6151
Revised Code, if, immediately before July 1, 2001, a security 6152
interest is enforceable and would have priority over the rights of 6153
a person who becomes a lien creditor at that time, but the 6154
applicable requirements for enforceability or perfection under 6155
this chapter are not satisfied with respect to the security 6156
interest on July 1, 2001, the security interest: 6157

(1) Is a perfected security interest until July 1, 2002; 6158

(2) Remains enforceable after the date specified in division 6159
(B)(1) of this section only if the security interest becomes 6160
enforceable under section 1309.203 of the Revised Code before July 6161
1, 2002; 6162

(3) Remains perfected after the date specified in division 6163
(B)(1) of this section only if the applicable requirements for 6164
perfection under this chapter are satisfied before July 1, 2002. 6165

Sec. 1309.704. A security interest that is enforceable 6166
immediately before July 1, 2001, but that would be subordinate to 6167
the rights of a person who becomes a lien creditor at that time: 6168

(A) Remains an enforceable security interest until July 1, 6169
2002; 6170

(B) Remains enforceable after July 1, 2002, if the security 6171
interest becomes enforceable under section 1309.203 of the Revised 6172
Code on July 1, 2001, or by July 1, 2002; and 6173

(C) Becomes perfected: 6174

(1) Without further action on July 1, 2001, if the applicable 6175
requirements for perfection under this chapter are satisfied 6176
before or on that date; or 6177

(2) When the applicable requirements for perfection are 6178
satisfied if the requirements are satisfied after July 1, 2001. 6179

Sec. 1309.705. (A) If action, other than the filing of a 6180
financing statement, is taken before July 1, 2001, and if the 6181
action would have resulted in a security interest having priority 6182
over the rights of a person who becomes a lien creditor had the 6183
security interest become enforceable before that date, the action 6184
is effective to perfect a security interest that attaches under 6185
this chapter within one year after that date. An attached security 6186
interest becomes unperfected on July 1, 2002, unless the security 6187
interest becomes a perfected security interest under this chapter 6188
before July 1, 2002. 6189

(B) The filing of a financing statement before July 1, 2001, 6190
is effective to perfect a security interest to the extent the 6191
filing would satisfy the applicable requirements for perfection 6192
under this chapter on or after July 1, 2001. 6193

(C) This chapter does not render ineffective an effective 6194
financing statement that, before July 1, 2001, is filed and 6195
satisfies the applicable requirements for perfection under the law 6196
of the jurisdiction governing perfection as provided in former 6197
section 1309.03 of the Revised Code. However, except as otherwise 6198
provided in divisions (D) and (E) of this section and section 6199
1309.706 of the Revised Code, the financing statement ceases to be 6200
effective at the earlier of: 6201

(1) The time the financing statement would have ceased to be 6202
effective under the law of the jurisdiction in which it is filed; 6203
or 6204

(2) June 30, 2006. 6205

(D) The filing of a continuation statement after July 1, 6206
2001, does not continue the effectiveness of a financing statement 6207
filed before that date. However, upon the timely filing of a 6208
continuation statement after July 1, 2001, and in accordance with 6209
the law of the jurisdiction governing perfection as provided in 6210

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, as it existed prior to July 1,
2001, 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. 6242
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(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: 6244
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(1) If the initial financing statement is filed before July 1, 2001, for the 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 6247
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(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. 6251
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(C) To be effective for purposes of division (A) of this section, an initial financing statement shall: 6255
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(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; 6257
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(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 6260
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(3) Indicate that the financing statement filed before July 1, 2001, remains effective. 6266
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Sec. 1309.707. (A) As used in this section, "pre-effective-date financing statement" means a financing statement filed before July 1, 2001. 6268
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(B) 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.

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(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.

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Sec. 1309.708. A person may file an initial financing statement or a continuation statement under this section if:

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(A) The secured party of record authorizes the filing; and

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(B) The filing is necessary under this section:

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(1) To continue the effectiveness of a financing statement filed before July 1, 2001; or

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(2) To perfect or continue the perfection of a security interest.

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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.

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(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

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1, 2001, if the security interest is perfected under this chapter 6331
by the filing of a financing statement before July 1, 2001, that 6332
would not have been effective to perfect the security interest 6333
under the law in effect at the time of the filing. This division 6334
does not apply to conflicting security interests each of which is 6335
perfected by the filing of such a financing statement. 6336

Sec. 1310.01. (A) As used in sections 1310.01 to 1310.78 of 6337
the Revised Code, unless the context otherwise requires: 6338

(1) "Buyer in ordinary course of business" means a person who 6339
in good faith and without knowledge that the sale to ~~him~~ the 6340
person is in violation of the ownership rights or security 6341
interest or leasehold interest of a third party in the goods buys 6342
in ordinary course from a person in the business of selling goods 6343
of that kind. "Buyer in ordinary course of business" does not 6344
include a pawnbroker. "Buying" may be for cash, by exchange of 6345
other property, or on secured or unsecured credit and includes 6346
receiving goods or documents of title under a preexisting contract 6347
for sale. "Buying" does not include a transfer in bulk or as 6348
security for or in total or partial satisfaction of a money debt. 6349

(2) "Cancellation" occurs when either party puts an end to 6350
the lease contract for default by the other party. 6351

(3) "Commercial unit" means a unit of goods that by 6352
commercial usage is a single whole for purposes of lease and 6353
division of which materially impairs its character or value on the 6354
market or in use. A "commercial unit" may be a single article, 6355
including a machine; a set of articles, including a suite of 6356
furniture or a line of machinery; a quantity, including a gross or 6357
carload; or any other unit treated in use or in the relevant 6358
market as a single whole. 6359

(4) "Conforming" goods or performance under a lease contract 6360
means goods or performance that are in accordance with the 6361

obligations under the lease contract. 6362

(5) "Consumer lease" means a lease that a lessor regularly 6363
engaged in the business of leasing or selling makes to a lessee 6364
who is an individual and who takes under the lease primarily for a 6365
personal, family, or household purpose. 6366

(6) "Fault" means wrongful act, omission, breach, or default. 6367

(7) "Finance lease" means a lease with respect to which all 6368
of the following apply: 6369

(a) The lessor does not select, manufacture, or supply the 6370
goods; 6371

(b) The lessor acquires the goods or the right to possession 6372
and use of the goods in connection with the lease; 6373

(c) One of the following occurs: 6374

(i) The lessee receives a copy of the contract by which the 6375
lessor acquired the goods or the right to possession and use of 6376
the goods before signing the lease contract; 6377

(ii) The lessee's approval of the contract by which the 6378
lessor acquired the goods or the right to possession and use of 6379
the goods is a condition to effectiveness of the lease contract; 6380

(iii) Before signing the lease contract, the lessee receives 6381
an accurate and complete statement designating the promises and 6382
warranties, disclaimers of warranties, limitations or 6383
modifications of remedies, or liquidated damages of the 6384
manufacturer of the goods and of any other third party that were 6385
provided to the lessor by the person supplying the goods in 6386
connection with or as part of the contract by which the lessor 6387
acquired the goods or the right to possession and use of the 6388
goods; 6389

(iv) If the lease is not a consumer lease, before the lessee 6390
signs the lease contract, the lessor informs the lessee in writing 6391

of the identity of the person supplying the goods to the lessor, 6392
unless the lessee has selected that person and directed the lessor 6393
to acquire the goods or the right to possession and use of the 6394
goods from that person; that the lessee is entitled under sections 6395
1310.01 to 1310.78 of the Revised Code to the promises and 6396
warranties, including those of any third party, provided to the 6397
lessor by the person supplying the goods in connection with or as 6398
part of the contract by which the lessor acquired the goods or the 6399
right to possession and use of the goods; and that the lessee may 6400
communicate with the person supplying the goods to the lessor and 6401
receive an accurate and complete statement of those promises and 6402
warranties, including any disclaimers and limitations of them or 6403
of remedies. 6404

(8) "Goods" means all things that are movable at the time of 6405
identification to the lease contract or that are fixtures, as 6406
defined in section 1310.37 of the Revised Code. "Goods" does not 6407
include money, documents, instruments, accounts, chattel paper, 6408
general intangibles, or minerals or the like, including oil and 6409
gas, before extraction. "Goods" includes the unborn young of 6410
animals. 6411

(9) "Installment lease contract" means a lease contract that 6412
authorizes or requires the delivery of goods in separate lots to 6413
be separately accepted, even though the lease contract contains a 6414
clause "each delivery is a separate lease" or its equivalent. 6415

(10) "Lease" means a transfer of the right to possession and 6416
use of goods for a term in return for consideration. A sale, 6417
including a sale on approval or a sale or return, or retention or 6418
creation of a security interest, is not a lease. Unless the 6419
context clearly indicates otherwise, "lease" includes a sublease. 6420

(11) "Lease agreement" means the bargain, with respect to the 6421
lease, of the lessor and the lessee in fact as found in their 6422
language or by implication from other circumstances, including 6423

course of dealing, usage of trade, or course of performance as 6424
provided in sections 1310.01 to 1310.78 of the Revised Code. 6425
Unless the context clearly indicates otherwise, "lease agreement" 6426
includes a sublease agreement. 6427

(12) "Lease contract" means the total legal obligation that 6428
results from the lease agreement as affected by sections 1310.01 6429
to 1310.78 of the Revised Code and any other applicable rules of 6430
law. Unless the context clearly indicates otherwise, "lease 6431
contract" includes a sublease contract. 6432

(13) "Leasehold interest" means the interest of the lessor or 6433
the lessee under a lease contract. 6434

(14) "Lessee" means a person who acquires the right to 6435
possession and use of goods under a lease. Unless the context 6436
clearly indicates otherwise, "lessee" includes a sublessee. 6437

(15) "Lessee in ordinary course of business" means a person 6438
who in good faith and without knowledge that the lease to ~~him~~ the 6439
person is in violation of the ownership rights or security 6440
interest or leasehold interest of a third party in the goods 6441
leases in ordinary course from a person in the business of selling 6442
or leasing goods of that kind. "Lessee in ordinary course of 6443
business" does not include a pawnbroker. "Leasing" may be for 6444
cash, by exchange of other property, or on secured or unsecured 6445
credit and includes receiving goods or documents of title under a 6446
~~pre-existing~~ preexisting lease contract. "Leasing" does not 6447
include a transfer in bulk or as security for or in total or 6448
partial satisfaction of a money debt. 6449

(16) "Lessor" means a person who transfers the right to 6450
possession and use of goods under a lease. Unless the context 6451
clearly indicates otherwise, "lessor" includes a sublessor. 6452

(17) "Lessor's residual interest" means the lessor's interest 6453
in the goods after expiration, termination, or cancellation of the 6454

lease contract. 6455

(18) "Lien" means a charge against or interest in goods to 6456
secure payment of a debt or performance of an obligation but does 6457
not include a security interest. 6458

(19) "Lot" means a parcel or a single article that is the 6459
subject matter of a separate lease or delivery, whether or not it 6460
is sufficient to perform the lease contract. 6461

(20) "Merchant lessee" means a lessee that is a merchant with 6462
respect to goods of the kind subject to the lease. 6463

(21) "Present value" means the amount as of a date certain of 6464
one or more sums payable in the future, discounted to the date 6465
certain. The discount is determined by the interest rate specified 6466
by the parties if the rate was not manifestly unreasonable at the 6467
time the parties entered into the transaction. The discount 6468
otherwise is determined by a commercially reasonable rate that 6469
takes into account the facts and circumstances of each case at the 6470
time the parties entered into the transaction. 6471

(22) "Purchase" includes taking by sale, lease, mortgage, 6472
security interest, pledge, gift, or any other voluntary 6473
transaction creating an interest in goods. 6474

(23) "Sublease" means a lease of goods the right to 6475
possession and use of which was acquired by the lessor as a lessee 6476
under an existing lease. 6477

(24) "Supplier" means a person from whom a lessor buys or 6478
leases goods to be leased under a finance lease. 6479

(25) "Supply contract" means a contract under which a lessor 6480
buys or leases goods to be leased. 6481

(26) "Termination" occurs when either party pursuant to a 6482
power created by agreement or law puts an end to the lease 6483
contract otherwise than for default. 6484

(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. 6514
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(B) Except as provided in ~~divisions~~ division (C) ~~and (D)~~ of 6516
this section and section 1309.407 of the Revised Code, a provision 6517
in a lease agreement that prohibits the voluntary or involuntary 6518
transfer, including a transfer by sale, sublease, creation or 6519
enforcement of a security interest, or attachment, levy, or other 6520
judicial process, of an interest of a party under the lease 6521
contract or of the lessor's residual interest in the goods or that 6522
makes such a transfer an event of default gives rise to the rights 6523
and remedies provided in division ~~(E)~~(D) of this section, but a 6524
transfer that is prohibited or is an event of default under the 6525
lease agreement otherwise is effective. 6526

~~(C) A provision in a lease agreement that prohibits the 6527
creation or enforcement of a security interest in an interest of a 6528
party under the lease contract or in the lessor's residual 6529
interest in the goods or that makes the creation or enforcement of 6530
that type of security interest an event of default is not 6531
enforceable unless, and then only to the extent that, there is an 6532
actual transfer by the lessee of the lessee's right of possession 6533
or use of the goods in violation of the provision or an actual 6534
delegation of a material performance of either party to the lease 6535
contract in violation of the provision. Neither the granting nor 6536
the enforcement of a security interest in the lessor's interest 6537
under the lease contract or the lessor's residual interest in the 6538
goods is a transfer that materially impairs the prospect of 6539
obtaining return performance by, materially changes the duty of, 6540
or materially increases the burden or risk imposed on, the lessee 6541
within the purview of division (E) of this section unless, and 6542
then only to the extent that, there is an actual delegation of a 6543
material performance of the lessor. 6544~~

~~(D)~~ A provision in a lease agreement that prohibits a 6545

transfer of a right to damages for default with respect to the 6546
whole lease contract or of a right to payment arising out of the 6547
transferor's due performance of the transferor's entire obligation 6548
or that makes such a transfer an event of default is not 6549
enforceable, and such a transfer is not a transfer that materially 6550
impairs the prospect of obtaining return performance by, 6551
materially changes the duty of, or materially increases the burden 6552
or risk imposed on, the other party to the lease contract under 6553
division ~~(E)~~(D) of this section. 6554

~~(E)~~(D) Subject to ~~divisions~~ division (C) ~~and (D)~~ of this 6555
section and section 1309.407 of the Revised Code, both of the 6556
following apply: 6557

(1) If a transfer is made that is made an event of default 6558
under a lease agreement, the party to the lease contract not 6559
making the transfer, unless that party waives the default or 6560
otherwise agrees, has the rights and remedies described in 6561
division (B) of section 1310.47 of the Revised Code. 6562

(2) If division ~~(E)~~(D)(1) of this section is not applicable 6563
and if a transfer is made that is prohibited under a lease 6564
agreement or that materially impairs the prospect of obtaining 6565
return performance by, materially changes the duty of, or 6566
materially increases the burden or risk imposed on, the other 6567
party to the lease contract, unless the party not making the 6568
transfer agrees at any time to the transfer in the lease contract 6569
or otherwise, then, except as limited by contract, the transferor 6570
is liable to the party not making the transfer for damages caused 6571
by the transfer to the extent that the damages could not 6572
reasonably be prevented by the party not making the transfer, and 6573
a court having jurisdiction may grant other appropriate relief, 6574
including cancellation of the lease contract or an injunction 6575
against the transfer. 6576

~~(F)~~(E) A transfer of "the lease" or of "all my rights under 6577

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.~~

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~~(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.~~

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~~(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.

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Sec. 1310.37. (A) As used in this section:

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(1) Goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law.

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(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.

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(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.

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(4) A mortgage is a "construction mortgage" to the extent it 6638
secures an obligation incurred for the construction of an 6639
improvement on land, including the acquisition cost of the land, 6640
if the recorded writing so indicates. 6641

(5) "Encumbrance" includes real estate mortgages, other liens 6642
on real estate, and all other rights in real estate that are not 6643
ownership interests. 6644

(B) Under sections 1310.01 to 1310.78 of the Revised Code, a 6645
lease may be of goods that are fixtures or may continue in goods 6646
that become fixtures, but, under those sections, no lease exists 6647
of ordinary building materials incorporated into an improvement on 6648
land. 6649

(C) Sections 1310.01 to 1310.78 of the Revised Code do not 6650
prevent the creation of a lease of fixtures pursuant to real 6651
estate law. 6652

(D) The perfected interest of a lessor of fixtures has 6653
priority over a conflicting interest of an encumbrancer or owner 6654
of the real estate if either of the following applies: 6655

(1) The lease is a purchase money lease, the conflicting 6656
interest of the encumbrancer or owner arises before the goods 6657
become fixtures, the interest of the lessor is perfected by a 6658
fixture filing before the goods become fixtures or within ten days 6659
after they become fixtures, and the lessee has an interest of 6660
record in the real estate or is in possession of the real estate. 6661

(2) The interest of the lessor is perfected by a fixture 6662
filing before the interest of the encumbrancer or owner is of 6663
record, the lessor's interest has priority over any conflicting 6664
interest of a predecessor in title of the encumbrancer or owner, 6665
and the lessee has an interest of record in the real estate or is 6666
in possession of the real estate. 6667

(E) The interest of a lessor of fixtures, whether or not 6668

perfected, has priority over the conflicting interest of an 6669
encumbrancer or owner of the real estate if any of the following 6670
applies: 6671

(1) The fixtures are readily removable factory or office 6672
machines, readily removable equipment that is not primarily used 6673
or leased for use in the operation of the real estate, or readily 6674
removable replacements of domestic appliances that are goods 6675
subject to a consumer lease and, before the goods become fixtures, 6676
the lease contract is enforceable. 6677

(2) The conflicting interest is a lien on the real estate 6678
obtained by legal or equitable proceedings after the lease 6679
contract is enforceable. 6680

(3) The encumbrancer or owner has consented in writing to the 6681
lease or has disclaimed an interest in the goods as fixtures. 6682

(4) The lessee has a right to remove the goods as against the 6683
encumbrancer or owner. If the lessee's right to remove terminates, 6684
the priority of the interest of the lessor continues for a 6685
reasonable time. 6686

(F) Notwithstanding division (D)(1) of this section but 6687
otherwise subject to divisions (D) and (E) of this section, the 6688
interest of a lessor of fixtures, including the lessor's residual 6689
interest, is subordinate to the conflicting interest of an 6690
encumbrancer of the real estate under a construction mortgage 6691
recorded before the goods become fixtures if the goods become 6692
fixtures before the completion of the construction. To the extent 6693
given to refinance a construction mortgage, the conflicting 6694
interest of an encumbrancer of the real estate under a mortgage 6695
has this priority to the same extent as the encumbrancer of the 6696
real estate under the construction mortgage. 6697

(G) In cases not within divisions (A) to (F) of this section, 6698
priority between the interest of a lessor of fixtures, including 6699

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) of
section ~~1309.25~~ 1309.315 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 6853
applied in whole or substantial part to a consumer transaction 6854
with a seller, who either: 6855

(1) Cooperates with the creditor to channel consumers to the 6856
creditor on a continuing basis; 6857

(2) Is affiliated with the creditor by common control, 6858
contract, or business arrangement. 6859

If a credit card issued by a bank or a savings and loan 6860
association is used by a consumer in a particular consumer 6861
transaction, the bank or savings and loan association is not a 6862
creditor, within the meaning of this division, with respect to the 6863
particular consumer transaction. 6864

(R) "Dealer" and "motor vehicle" have the same meanings as in 6865
section 4501.01 of the Revised Code. 6866

(S)(1) "Layaway arrangement" means a contract for sale at 6867
retail, other than one involving the sale of a motor vehicle by a 6868
dealer, in which the buyer agrees to buy and the seller agrees to 6869
sell specific goods at a future time and: 6870

(a) Until such future time, the seller agrees to retain 6871
possession of but remove the specific goods from its retail 6872
inventory and not offer the specific goods for sale to other 6873
persons or promises the availability thereof at the agreed time of 6874
delivery; and 6875

(b) The buyer agrees to pay the seller the layaway price, in 6876
whole or in part, by deposit, down payment, part payment, 6877
periodically or in installments or otherwise prior to delivery of 6878
the specific goods. 6879

(2) A layaway arrangement does not include interest or 6880
equivalent financing charges. If a contract of sale is a layaway 6881
arrangement, it is not a retail installment sale and it is not a 6882

contract subject to Chapter 1309. or sections 1351.02 to 1351.09 6883
or 1317.02 to 1317.16 of the Revised Code. 6884

(T) "Layaway price" means the price at which the specific 6885
goods which are the subject of a layaway arrangement are offered 6886
for sale at retail by the seller if such sale were a sale for cash 6887
to be paid in full upon delivery on the date the layaway 6888
arrangement was entered into instead of pursuant to a layaway 6889
arrangement. Layaway price may include sales taxes. 6890

Sec. 1317.12. Notwithstanding any agreement to the contrary 6891
in a retail installment contract made on or after the effective 6892
date of this section, if collateral for a consumer transaction is 6893
taken possession of by the secured party on default, the secured 6894
party shall, within five business days after taking possession, 6895
send to the debtor a notice setting forth specifically the 6896
circumstances constituting the default and the amount by 6897
itemization that the debtor is required to pay to cure ~~his~~ the 6898
default. Any notice required by section ~~1309.47~~ 1309.611 or 6899
1317.16 of the Revised Code may be included as part of the notice 6900
required by this section. A secured party who disposes of the 6901
collateral without sending notice required by this section may not 6902
recover the costs of retaking possession of the collateral and is 6903
not entitled to a deficiency judgment. 6904

The debtor may cure ~~his~~ the default within twenty days after 6905
the secured party retakes possession of the collateral, or within 6906
fifteen days after the secured party sends the notice required by 6907
this section, whichever is later, by delivering to the secured 6908
party the following: 6909

(A) All installments due or past due at the time of such 6910
delivery; 6911

(B) Any unpaid delinquency or deferred charges; 6912

(C) The actual and reasonable expenses incurred by the 6913
secured party in retaking possession of the collateral provided 6914
that any portion of such expenses which exceeds twenty-five 6915
dollars need not be delivered to the secured party pursuant to 6916
this division, but shall be added to the time balance; 6917

(D) A deposit by cash or bond in the amount of two 6918
installments, to secure the timely payment of future installments 6919
by the debtor. The secured party may apply such cash or the 6920
proceeds of such bond toward the satisfaction of the debt in the 6921
event of another default by the debtor. 6922

During the period between the time a secured party retakes 6923
possession of the collateral and the expiration or exercise of the 6924
debtor's right to cure ~~his~~ the default, the secured party shall 6925
make the collateral available for inspection by the debtor during 6926
reasonable hours. 6927

If the debtor cures ~~his~~ the default, ~~he~~ the debtor may take 6928
possession of the collateral. The secured party shall assemble the 6929
collateral and make it available to the debtor at a time and place 6930
that is reasonably convenient to both parties. If the debtor 6931
requests the secured party to return the collateral to the place 6932
from which it was taken, the secured party may charge the debtor 6933
the actual and reasonable expenses incurred in returning the 6934
collateral to the place from which it was taken, which amount 6935
shall be added to the time balance. 6936

A debtor's right to cure ~~his~~ the default pursuant to this 6937
section may not be exercised more than once with respect to a 6938
single debt. 6939

A secured party who reasonably believes that a debtor intends 6940
to conceal or remove the collateral from this state after curing 6941
~~his~~ the default may, within five days after retaking possession of 6942
the collateral, move in a court of competent jurisdiction that ~~he~~ 6943

the secured party be allowed to retain possession of the 6944
collateral as security for the debt. If the court finds reasonable 6945
cause to believe that the debtor intends to conceal the collateral 6946
or remove it from this state, it shall order that the collateral 6947
remain in the possession of the secured party, notwithstanding the 6948
other provisions of this section. If the debtor cures ~~his~~ the 6949
default, the secured party shall not dispose of the collateral 6950
unless the debtor again defaults, and ~~he~~ the secured party shall 6951
make such collateral available to the debtor when the debt is paid 6952
in full. 6953

Sec. 1317.13. As used in this section, "motor vehicle" and 6954
"mobile home" have the same meanings as in section 4501.01 of the 6955
Revised Code, and "manufactured home" has the same meaning as in 6956
section 3781.06 of the Revised Code. 6957

Notwithstanding the provisions of section ~~1309.46~~ 1309.609 of 6958
the Revised Code or any agreement by the parties to a consumer 6959
transaction to the contrary, a secured party whose security 6960
interest is taken pursuant to section 1317.071 of the Revised Code 6961
shall not be entitled to take possession of the collateral, except 6962
for collateral that is a motor vehicle, a manufactured home, or a 6963
mobile home, upon default by the debtor if the time balance at the 6964
time of the default is less than twenty-five per cent of the sum 6965
of the time balance on the day such retail installment contract 6966
was executed and the down payment recited in such contract. 6967

Sec. 1317.16. (A) A secured party whose security interest is 6968
taken pursuant to section 1317.071 of the Revised Code may, after 6969
default, dispose of any or all of the collateral only as 6970
authorized by this section. 6971

(B) Disposition of the collateral shall be by public sale 6972
only. Such sale may be as a unit or in parcels and the method, 6973
manner, time, place, and terms thereof shall be commercially 6974

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 7005
agreement. 7006

For open-end loans, "billing cycle" means the time interval 7007
between periodic billing dates. A billing cycle shall be 7008
considered monthly if the closing date of the cycle is the same 7009
date each month or does not vary by more than four days from such 7010
date. 7011

(B) Notwithstanding any other provisions of the Revised Code, 7012
a licensee may contract for and receive interest for open-end 7013
loans at a rate or rates not exceeding those provided in division 7014
(A) of section 1321.13 of the Revised Code and may compute 7015
interest in each billing cycle by either of the following methods: 7016
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(1) By multiplying the daily rate or rates by the daily 7018
unpaid balance of the account, in which case the daily rates are 7019
determined by dividing the annual rates by three hundred 7020
sixty-five; 7021

(2) By multiplying the monthly rate or rates by the average 7022
daily unpaid balance of the account in the billing cycle, in which 7023
case the average daily unpaid balance is the sum of all of the 7024
daily unpaid balances each day during the cycle divided by the 7025
number of days in the cycle. The monthly rates are determined by 7026
dividing the annual rates by twelve. 7027

The billing cycle shall be monthly and the unpaid balance on 7028
any day shall be determined by adding to any balance unpaid as of 7029
the beginning of that day all advances and permitted interest, 7030
charges, and costs and deducting all payments and other credits 7031
made or received that day. 7032

(C) In addition to the interest permitted in division (B) of 7033
this section, a licensee may charge and receive or add to the 7034
unpaid balance any or all of the following: 7035

(1) All charges and costs authorized by divisions (E), (F), 7036
(G), (H), and (J) of section 1321.13 of the Revised Code; 7037

(2) An annual credit line charge, for the privilege of 7038
maintaining a line of credit, for the first year not exceeding the 7039
greater of one per cent of the original credit line or thirty 7040
dollars, and for subsequent years not exceeding twenty dollars; 7041

(3) A default charge on any required minimum payment not paid 7042
in full within ten days after its due date. For this purpose, all 7043
required minimum payments are considered paid in the order in 7044
which they become due. The amount of the default charge shall not 7045
exceed the greater of five per cent of the required minimum 7046
payment or five dollars. 7047

(D) The borrower at any time may pay all or any part of the 7048
unpaid balance on the account or, if the account is not in 7049
default, the borrower may pay the unpaid balance in installments 7050
subject to minimum payment requirements as determined by the 7051
licensee and set forth in the open-end loan agreement. 7052

(E) If credit life insurance or credit accident and health 7053
insurance is obtained by the licensee and if the insured dies or 7054
becomes disabled when there is an outstanding open-end loan 7055
indebtedness, the insurance shall be sufficient to pay the unpaid 7056
balance on the loan due on the date of the borrower's death in the 7057
case of credit life insurance or all minimum payments that become 7058
due on the loan during the covered period of disability in the 7059
case of credit accident and health insurance. The additional 7060
charge for credit life insurance, credit accident and health 7061
insurance, or unemployment insurance shall be calculated each 7062
billing cycle by applying the current monthly premium rate for the 7063
insurance, filed by the insurer with the superintendent of 7064
insurance and not disapproved by ~~him~~ the superintendent, to the 7065
unpaid balances in the borrower's account, using one of the 7066
methods specified in division (B) of this section for the 7067

calculation of interest. No credit life insurance, credit accident 7068
and health insurance, or unemployment insurance written in 7069
connection with an open-end loan shall be canceled by the licensee 7070
because of delinquency of the borrower in making the required 7071
minimum payments on the loan unless one or more such payments is 7072
past due for a period of thirty days or more. The licensee shall 7073
advance to the insurer the amounts required to keep the insurance 7074
in force during such period, which amounts may be debited to the 7075
borrower's account. 7076

(F) Whenever there is no unpaid balance in an open-end loan 7077
account, the account may be terminated by written notice, by the 7078
borrower or the licensee, to the other party. If a licensee has 7079
taken a security interest in personal property to secure the 7080
open-end loan, the licensee shall release the security interest 7081
and terminate any financing statement in accordance with section 7082
~~1309.41~~ 1309.513 of the Revised Code. 7083

Sec. 1321.58. (A) A registrant may make open-end loans 7084
pursuant to an agreement between the registrant and the borrower 7085
whereby: 7086

(1) The registrant may permit the borrower to obtain advances 7087
of money from the registrant from time to time or the registrant 7088
may advance money on behalf of the borrower from time to time as 7089
directed by the borrower. 7090

(2) The amount of each advance and permitted interest, 7091
charges, and costs are debited to the borrower's account and 7092
payments and other credits are credited to the same account. 7093

(3) The interest and charges are computed on the unpaid 7094
balance or balances of the account from time to time. 7095

(4) The borrower has the privilege of paying the account in 7096
full at any time or, if the account is not in default, in 7097
installments of determinable amounts as provided in the agreement. 7098

For open-end loans, "billing cycle" means the time interval 7099
between periodic billing dates. A billing cycle shall be 7100
considered monthly if the closing date of the cycle is the same 7101
date each month or does not vary by more than four days from such 7102
date. 7103

(B) Notwithstanding any other provisions of the Revised Code, 7104
a registrant may contract for and receive interest for open-end 7105
loans at a rate or rates not exceeding twenty-one per cent per 7106
year and may compute interest in each billing cycle by either of 7107
the following methods: 7108

(1) By multiplying the daily rate by the daily unpaid balance 7109
of the account, in which case the daily rate is determined by 7110
dividing the annual rate by three hundred sixty-five; 7111

(2) By multiplying the monthly rate by the average daily 7112
unpaid balance of the account in the billing cycle, in which case 7113
the average daily unpaid balance is the sum of all of the daily 7114
unpaid balances each day during the cycle divided by the number of 7115
days in the cycle. The monthly rate is determined by dividing the 7116
annual rate by twelve. 7117

The billing cycle shall be monthly and the unpaid balance on 7118
any day shall be determined by adding to any balance unpaid as of 7119
the beginning of that day all advances and permitted interest, 7120
charges, and costs and deducting all payments and other credits 7121
made or received that day. 7122

(C) In addition to the interest permitted in division (B) of 7123
this section, a registrant may charge and receive or add to the 7124
unpaid balance any or all of the following: 7125

(1) All charges and costs authorized by divisions (E), (F), 7126
(G), (H), (I), and (K) of section 1321.57 of the Revised Code; 7127

(2) An annual credit line charge, for the privilege of 7128
maintaining a line of credit, as follows: 7129

(a) For the first year: 7130

(i) If the original credit line is less than five thousand 7131
dollars, an amount not exceeding one hundred fifty dollars; 7132

(ii) If the original credit line is at least five thousand 7133
dollars, an amount not exceeding the greater of one per cent of 7134
the original credit line or two hundred fifty dollars. 7135

(b) For subsequent years an amount not exceeding the greater 7136
of one-half per cent of the credit line on the anniversary date or 7137
fifty dollars. 7138

(3) A default charge on any required minimum payment not paid 7139
in full within ten days after its due date. For this purpose, all 7140
required minimum payments are considered paid in the order in 7141
which they become due. The amount of the default charge shall not 7142
exceed the greater of five per cent of the required minimum 7143
payment or fifteen dollars. 7144

(D) The borrower at any time may pay all or any part of the 7145
unpaid balance on the account or, if the account is not in 7146
default, the borrower may pay the unpaid balance in installments 7147
subject to minimum payment requirements as determined by the 7148
registrant and set forth in the open-end loan agreement. 7149

(E) If credit life insurance or credit accident and health 7150
insurance is obtained by the registrant and if the insured dies or 7151
becomes disabled when there is an outstanding open-end loan 7152
indebtedness, the insurance shall be sufficient to pay the unpaid 7153
balance on the loan due on the date of the borrower's death in the 7154
case of credit life insurance or all minimum payments that become 7155
due on the loan during the covered period of disability in the 7156
case of credit accident and health insurance. The additional 7157
charge for credit life insurance, credit accident and health 7158
insurance, or unemployment insurance shall be calculated each 7159
billing cycle by applying the current monthly premium rate for the 7160

insurance, filed by the insurer with the superintendent of 7161
insurance and not disapproved by the superintendent, to the unpaid 7162
balances in the borrower's account, using one of the methods 7163
specified in division (B) of this section for the calculation of 7164
interest. No credit life insurance, credit accident and health 7165
insurance, or unemployment insurance written in connection with an 7166
open-end loan shall be canceled by the registrant because of 7167
delinquency of the borrower in making the required minimum 7168
payments on the loan unless one or more such payments is past due 7169
for a period of thirty days or more. The registrant shall advance 7170
to the insurer the amounts required to keep the insurance in force 7171
during such period, which amounts may be debited to the borrower's 7172
account. 7173

(F) Whenever there is no unpaid balance in an open-end loan 7174
account, the account may be terminated by written notice, by the 7175
borrower or the registrant, to the other party. If a registrant 7176
has taken a mortgage on real property to secure the open-end loan, 7177
the registrant shall deliver, within thirty days following 7178
termination of the account, a release of the mortgage to the 7179
borrower. If a registrant has taken a security interest in 7180
personal property to secure the open-end loan, the registrant 7181
shall release the security interest and terminate any financing 7182
statement in accordance with section ~~1309.41~~ 1309.513 of the 7183
Revised Code. 7184

Sec. 1321.83. No filing provisions of ~~sections 1309.01 to~~ 7185
~~1309.50~~ Chapter 1309. of the Revised Code apply to insurance 7186
premium finance agreements, and no filing of the premium finance 7187
agreement is necessary to perfect the validity of such agreements 7188
as a secured transaction as against creditors, subsequent 7189
purchasers, pledgees, encumbrancers, trustees in bankruptcy or any 7190
other insolvency proceeding under any law, or their successors or 7191
assigns. 7192

Sec. 1329.68. The fee for expedited filing service by the 7193
secretary of state for any filing under this chapter is ten 7194
dollars in addition to the fee the secretary of state is otherwise 7195
required to collect for the filing under this chapter. All of the 7196
fees collected by the secretary of state under this section shall 7197
be deposited in the state treasury to the credit of the corporate 7198
and uniform commercial code filing fund created in section 7199
~~1309.401~~ 1309.528 of the Revised Code. 7200

Sec. 1336.08. (A) A transfer or an obligation is not 7201
fraudulent under division (A)(1) of section 1336.04 of the Revised 7202
Code against a person who took in good faith and for a reasonably 7203
equivalent value or against any subsequent transferee or obligee. 7204

(B)(1) Except as otherwise provided in this section, to the 7205
extent a transfer is voidable in an action by a creditor or a 7206
child support enforcement agency under division (A)(1) of section 7207
1336.07 of the Revised Code, the creditor or agency may recover a 7208
judgment for the value of the asset transferred, as adjusted under 7209
division (B)(2) of this section, or the amount necessary to 7210
satisfy the claim of the creditor or agency, whichever is less. 7211
The judgment may be entered against either of the following: 7212

(a) The first transferee of the asset or the person for whose 7213
benefit the transfer was made; 7214

(b) Any subsequent transferee other than a good faith 7215
transferee who took for value or from any subsequent transferee. 7216

(2) If the judgment under division (B)(1) of this section is 7217
based upon the value of the asset transferred, the judgment shall 7218
be in an amount equal to the value of the asset at the time of the 7219
transfer, subject to adjustment as the equities may require. 7220

(C) Notwithstanding the voidability of a transfer or an 7221
obligation under division (A)(1) of section 1336.07 of the Revised 7222

Code, a good faith transferee or obligee is entitled, to the 7223
extent of the value given to the debtor for the transfer or 7224
obligation, to any of the following: 7225

(1) A lien on or a right to retain any interest in the asset 7226
transferred; 7227

(2) Enforcement of any obligation incurred; 7228

(3) A reduction in the amount of the liability on the 7229
judgment. 7230

(D) A transfer is not fraudulent under division (A)(2) of 7231
section 1336.04 or section 1336.05 of the Revised Code if the 7232
transfer results from either of the following: 7233

(1) Termination of a lease upon default by the debtor when 7234
the termination is pursuant to the lease and applicable law; 7235

(2) Enforcement of a security interest in compliance with 7236
section ~~1309.44~~ sections 1309.601 to 1309.604 of the Revised Code. 7237

(E) A transfer is not fraudulent under division (B) of 7238
section 1336.05 of the Revised Code as follows: 7239

(1) To the extent the insider gave new value to or for the 7240
benefit of the debtor after the transfer was made, unless the new 7241
value was secured by a valid lien; 7242

(2) If made in the ordinary course of business or financial 7243
affairs of the debtor and the insider; 7244

(3) If made pursuant to a good faith effort to rehabilitate 7245
the debtor and the transfer secured present value given for that 7246
purpose as well as an antecedent debt of the debtor. 7247

Sec. 1548.11. (A) In the event of the transfer of ownership 7248
of a watercraft or outboard motor by operation of law, as upon 7249
inheritance, devise, bequest, order in bankruptcy, insolvency, 7250
replevin, or execution of sale, or whenever the engine of a 7251

watercraft is replaced by another engine, or whenever a watercraft 7252
or outboard motor is sold to satisfy storage or repair charges, or 7253
repossession is had upon default in performance of the terms of a 7254
security agreement as provided in ~~sections 1309.01 to 1309.50~~ 7255
Chapter 1309. of the Revised Code, the clerk of the court of 7256
common pleas of the county in which the last certificate of title 7257
to the watercraft or outboard motor was issued, upon the surrender 7258
of the prior certificate of title or the manufacturer's or 7259
importer's certificate, or, when that is not possible, upon 7260
presentation of satisfactory proof to the clerk of ownership and 7261
rights of possession to the watercraft or outboard motor, and upon 7262
payment of the fee prescribed in section 1548.10 of the Revised 7263
Code and presentation of an application for certificate of title, 7264
may issue to the applicant a certificate of title to the 7265
watercraft or outboard motor. Only an affidavit by the person or 7266
agent of the person to whom possession of the watercraft or 7267
outboard motor has passed, setting forth the facts entitling the 7268
person to possession and ownership, together with a copy of the 7269
journal entry, court order, or instrument upon which the claim of 7270
possession and ownership is founded, is satisfactory proof of 7271
ownership and right of possession. If the applicant cannot produce 7272
such proof of ownership, the applicant may apply directly to the 7273
chief of the division of watercraft and submit such evidence as 7274
the applicant has, and the chief, if the chief finds the evidence 7275
sufficient, may authorize the clerk to issue a certificate of 7276
title. If, from the records in the office of the clerk, there 7277
appears to be any lien on the watercraft or outboard motor, the 7278
certificate of title shall contain a statement of the lien unless 7279
the application is accompanied by proper evidence of its 7280
extinction. 7281

(B) Upon the death of one of the persons who have established 7282
joint ownership with right of survivorship under section 2106.17 7283

of the Revised Code in a watercraft or outboard motor and the 7284
presentation to the clerk of the title and the certificate of 7285
death of the deceased person, the clerk shall enter into the 7286
records the transfer of the watercraft or outboard motor to the 7287
surviving person, and the title to the watercraft or outboard 7288
motor immediately passes to the surviving person. The transfer 7289
does not affect any liens on the watercraft or outboard motor. 7290
7291

(C) The clerk shall transfer a decedent's interest in one 7292
watercraft, one outboard motor, or one of each to the decedent's 7293
surviving spouse as provided in section 2106.19 of the Revised 7294
Code. 7295

Sec. 1701.66. (A) A mortgage of property of any description, 7296
or any interest therein, made (1) by a corporation which is a 7297
railroad or a public utility as defined by sections 4907.02, 7298
4905.02, and 4905.03 of the Revised Code; or (2) by a corporation, 7299
domestic or foreign, organized for the purpose of constructing, 7300
acquiring, owning, or operating a railroad or public utility, as 7301
so defined, or any part thereof, or, as a common carrier, a 7302
trolley bus system, in whole or in part in this state; or (3) by a 7303
municipal corporation pursuant to Section 12 of Article XVIII, 7304
Ohio Constitution; or (4) by the state, a county, or a municipal 7305
corporation, pursuant to Chapter 165. of the Revised Code, or a 7306
port authority pursuant to section 4582.06 or 4582.31 of the 7307
Revised Code; shall be recorded in the office of the county 7308
recorder of each county in this state in which any of said 7309
property is situated or employed; but a mortgage by such mortgagor 7310
which includes rolling stock or movable equipment such as cars, 7311
locomotives, or trolley buses, motor buses, or other vehicles, or 7312
machines for aerial transportation, may be filed in the office of 7313
the secretary of state, and when so filed shall have the same 7314
effect, as to the lien created thereby on such rolling stock, 7315

movable equipment, or machines, as though filed in the office of 7316
the recorder of each such county in which such rolling stock, 7317
movable equipment, or machines are situated or employed. In lieu 7318
of filing an original of said mortgage, a true copy thereof, with 7319
an affidavit by the mortgagor, the mortgagee, or an agent of 7320
either that it is a true copy, may be filed. 7321

(B) Any such mortgage shall be a lien on the property therein 7322
described from the respective times of the filing of such mortgage 7323
for record with the recorders of said counties; but any such 7324
mortgage covering such rolling stock, movable equipment, or 7325
machines shall be a lien thereon from the time of the filing of 7326
such mortgage, or a true copy thereof, with the secretary of 7327
state. 7328

(C) If any mortgage by its terms creates a lien upon any 7329
property, which may thereafter be acquired by the mortgagor, it 7330
shall be a lien upon all the interest of the mortgagor in such 7331
after-acquired property from the date of its acquisition, if such 7332
mortgage was or is recorded or filed as provided in this section. 7333

(D) The secretary of state shall charge and collect, for 7334
every such mortgage or true copy thereof filed in ~~his~~ the 7335
secretary of state's office, a fee of ten dollars and, for each 7336
page in excess of twenty-five pages an additional fee of one 7337
dollar. ~~He~~ The secretary of state shall endorse on the mortgage or 7338
true copy the time of its filing and shall keep a record of the 7339
filing in a book to be kept for said purpose, giving the names of 7340
all parties to the mortgage, alphabetically arranged, the date of 7341
the mortgage, and the time of its filing. The mortgage or true 7342
copy and the record of its filing shall be open to public 7343
inspection. When the mortgage is canceled, the date of 7344
cancellation shall be entered on the margin of the record thereof. 7345

(E) Mortgages of the character described in this section need 7346

not be otherwise filed or refiled as security interests under 7347
~~sections 1309.01 to 1309.50 Chapter 1309.~~ of the Revised Code. 7348

(F) Nothing contained in this section shall make inapplicable 7349
the provisions of Chapters 4505. to 4519. of the Revised Code, 7350
relating to motor vehicles. 7351

Sec. 4503.31. As used in this section, "person" includes, but 7352
is not limited to, any person engaged in the business of 7353
manufacturing or distributing, or selling at retail, displaying, 7354
offering for sale, or dealing in, motorized bicycles who is not 7355
subject to section 4503.09 of the Revised Code, or an Ohio 7356
nonprofit corporation engaged in the business of testing of motor 7357
vehicles. 7358

Persons other than manufacturers, dealers, or distributors 7359
may register annually with the registrar of motor vehicles and 7360
obtain placards to be displayed on motor vehicles as provided by 7361
this section. Applications for annual registration shall be made 7362
at the time provided for payment of the tax and postage imposed on 7363
manufacturers, dealers, or distributors and shall be in the manner 7364
to be prescribed by the registrar. The fee for such registration 7365
shall be twenty-five dollars and shall not be reduced when the 7366
registration is for a part of a year. Applicants may procure a 7367
reasonable number of certified copies of such registration upon 7368
the payment of a fee of five dollars and appropriate postage as 7369
required by the registrar for each copy. 7370

Upon the filing of the application and the payment of the fee 7371
and postage prescribed by this section, the registrar shall issue 7372
to each applicant a certificate of registration and assign a 7373
distinctive number and furnish one placard with the number 7374
thereon. With each of the certified copies of the registration 7375
provided for in this section the registrar shall furnish one 7376
placard with the same numbering assigned in the original 7377

7378 registration certificate and shall add thereto such special
7379 designation as necessary to distinguish one set of placards from
7380 another. All placards furnished by the registrar pursuant to this
7381 section shall be so marked as to be distinguishable from placards
7382 issued dealers, manufacturers, or distributors. Placards issued
7383 pursuant to this section may be used only on motor vehicles or
7384 motorized bicycles owned and being used in testing or being
7385 demonstrated for purposes of sale or lease; or on motor vehicles
7386 subject to the rights and remedies of a secured party being
7387 exercised under ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the
7388 Revised Code; or on motor vehicles being held or transported by
7389 any insurance company for purposes of salvage disposition; or on
7390 motor vehicles being transported by any persons regularly engaged
7391 in salvage operations or scrap metal processing from the point of
7392 acquisition to their established place of business; or on motor
7393 vehicles owned by or in the lawful possession of an Ohio nonprofit
7394 corporation while being used in the testing of those motor
7395 vehicles.

7396 Placards issued pursuant to this section also may be used by
7397 persons regularly engaged in the business of rustproofing,
7398 reconditioning, or installing equipment or trim on motor vehicles
7399 for motor vehicle dealers and shall be used exclusively when such
7400 motor vehicles are being transported to or from the motor vehicle
7401 dealer's place of business; and by persons engaged in
7402 manufacturing articles for attachment to motor vehicles when such
7403 motor vehicles are being transported to or from places where
7404 mechanical equipment is attached to the chassis of such new motor
7405 vehicles; or on motor vehicles being towed by any persons
7406 regularly and primarily engaged in the business of towing motor
7407 vehicles while such vehicle is being towed to a point of storage.

7408 Placards issued pursuant to this section also may be used on
7409 trailers being transported by persons engaged in the business of

selling tangible personal property other than motor vehicles. 7410

No person required to register an apportionable vehicle under 7411
the international registration plan shall apply for or receive a 7412
placard for that vehicle under this section. 7413

The fees collected by the registrar pursuant to this section 7414
shall be paid into the state bureau of motor vehicles fund 7415
established in section 4501.25 of the Revised Code and used for 7416
the purposes described in that section. 7417

Sec. 4505.04. (A) No person acquiring a motor vehicle from 7418
its owner, whether the owner is a manufacturer, importer, dealer, 7419
or any other person, shall acquire any right, title, claim, or 7420
interest in or to the motor vehicle until there is issued to the 7421
person a certificate of title to the motor vehicle, or delivered 7422
to the person a manufacturer's or importer's certificate for it; 7423
and no waiver or estoppel operates in favor of such person against 7424
a person having possession of the certificate of title to, or 7425
manufacturer's or importer's certificate for, the motor vehicle, 7426
for a valuable consideration. 7427

(B) Subject to division (C) of this section, no court shall 7428
recognize the right, title, claim, or interest of any person in or 7429
to any motor vehicle sold or disposed of, or mortgaged or 7430
encumbered, unless evidenced: 7431

(1) By a certificate of title, a manufacturer's or importer's 7432
certificate, or a certified receipt of title cancellation to an 7433
exported motor vehicle issued in accordance with sections 4505.01 7434
to 4505.21 of the Revised Code; 7435

(2) By admission in the pleadings or stipulation of the 7436
parties; 7437

(3) In an action by a secured party to enforce a security 7438
interest perfected under ~~sections 1309.01 to 1309.50~~ Chapter 1309. 7439

of the Revised Code in accordance with division (A) of section 7440
4505.13 of the Revised Code, by an instrument showing a valid 7441
security interest. 7442

(C)(1) As used in division (C) of this section: 7443

(a) "Harm" means damage or other loss. 7444

(b) "Lease agreement" includes a sublease agreement as 7445
defined in division (C)(1)(d) of this section. 7446

(c) "Lessee" includes a sublessee under a sublease agreement, 7447
but only if the sublessee is a motor vehicle leasing dealer 7448
licensed under Chapter 4517. of the Revised Code. 7449

(d) "Sublease agreement" means a lease of a motor vehicle 7450
between a motor vehicle leasing dealer licensed under Chapter 7451
4517. of the Revised Code and a second such duly licensed motor 7452
vehicle leasing dealer. 7453

(e) "Tort action" means a civil action for damages for harm 7454
to a motor vehicle, other than a civil action for damages for a 7455
breach of contract or another agreement between persons. 7456

(2) Notwithstanding divisions (A) and (B) of this section, if 7457
a motor vehicle that is the subject of a lease agreement sustains 7458
harm during the term of that agreement and if all of the following 7459
conditions are satisfied, the lessee may commence a tort action in 7460
the lessee's own name to recover damages for the harm from the 7461
person allegedly responsible for it: 7462

(a) The lessee shall file with and attach to the complaint in 7463
the tort action a copy of the lease agreement pursuant to which 7464
the lessee is responsible for damage to the motor vehicle, for 7465
purposes of establishing the ownership of the motor vehicle and 7466
the interest of the lessee in it; 7467

(b) The harm to the motor vehicle shall be such that, under 7468
the lease agreement, the lessee bringing the action is legally 7469

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. 4505.13. (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 7564
subsequent security interests, liens, mortgages, or encumbrances 7565
upon the off-highway motorcycle or all-purpose vehicle. 7566

The secured party, upon presentation of the security 7567
agreement to the clerk of the court of common pleas of the county 7568
in which the certificate of title was issued, together with the 7569
certificate of title and the fee prescribed by section 4519.59 of 7570
the Revised Code, may have a notation of the security interest 7571
made on the face of the certificate of title and, if such a 7572
notation is made, another notation of the lien shall be entered 7573
into the automated title processing system for motor vehicle 7574
titles. The clerk, over the clerk's signature and seal of office, 7575
shall issue a new original certificate of title from the automated 7576
title processing system that indicates the security interest and 7577
the date of the security interest. 7578

When the security interest is discharged, the holder thereof 7579
shall note the discharge over the holder's signature on the face 7580
of the certificate of title or over the holder's signature on a 7581
form prescribed by the registrar of motor vehicles when there is 7582
no space for the discharge on the face of the certificate of 7583
title. Prior to delivering the certificate to the owner, the 7584
holder or the holder's agent shall present it and any additional 7585
information the clerk requires to the clerk to have the clerk note 7586
the cancellation of the security interest on the face of the 7587
certificate of title and upon the records of the clerk. If the 7588
cancellation appears to be genuine, the clerk shall note the 7589
cancellation on the certificate of title and also shall note the 7590
cancellation on the clerk's records and notify the registrar, who 7591
shall note the cancellation. If a security interest that is 7592
discharged does not appear on the face of the certificate of title 7593
but instead was entered into the automated title processing system 7594
for motor vehicles, the clerk shall enter the cancellation into 7595

the automated title processing system and also shall note the 7596
cancellation on a form prescribed by the registrar. 7597

Section 2. That existing sections 111.18, 111.25, 317.12, 7598
317.32, 317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 7599
1302.39, 1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 7600
1304.20, 1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 7601
1308.27, 1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 7602
1309.18, 1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 7603
1309.35, 1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 7604
1310.37, 1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 7605
1321.58, 1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 7606
4505.04, 4505.13, and 4519.68 and sections 1309.01, 1309.02, 7607
1309.03, 1309.04, 1309.05, 1309.06, 1309.07, 1309.10, 1309.111, 7608
1309.112, 1309.113, 1309.12, 1309.14, 1309.17, 1309.19, 1309.21, 7609
1309.22, 1309.24, 1309.26, 1309.27, 1309.29, 1309.31, 1309.33, 7610
1309.34, 1309.37, 1309.38, 1309.39, 1309.40, 1309.402, 1309.41, 7611
1309.42, 1309.43, 1309.44, 1309.45, 1309.46, 1309.47, 1309.48, 7612
1309.49, and 1309.50 of the Revised Code are hereby repealed. 7613

Section 3. Section 1301.05 of the Revised Code is presented 7615
in this act as a composite of the section as amended by both H.B. 7616
338 and Am. Sub. H.B. 170 of the 122nd General Assembly. Section 7617
1309.23 of the Revised Code is presented in this act as a 7618
composite of the section as amended by both H.B. 338 and Am. Sub. 7619
H.B. 170 of the 122nd General Assembly. The General Assembly, 7620
applying the principle stated in division (B) of section 1.52 of 7621
the Revised Code that amendments are to be harmonized if 7622
reasonably capable of simultaneous operation, finds that the 7623
composite is the resulting version of the section in effect prior 7624
to the effective date of the section as presented in this act. 7625

Section 4. Sections 1 and 2 of this act shall take effect on 7626
July 1, 2001. 7627

Section 5. This act is hereby declared to be an emergency 7628
measure necessary for the immediate preservation of the public 7629
peace, health, and safety. The reason for such necessity is that 7630
Revised Article 9 of the Uniform Commercial Code contains a 7631
nationally uniform effective date established by the Uniform Law 7632
Commissioners and complications may result in the area of secured 7633
transactions if former Article 9 is in effect in Ohio on July 1, 7634
2001. Therefore, this act shall go into immediate effect. 7635