

**As Passed by the Senate**

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

**Sub. S. B. No. 74**

**SENATORS Blessing, Oelslager, Espy**

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**A B I L L**

To amend sections 111.18, 317.12, 317.32, 317.321, 1  
1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 2  
1302.39, 1302.42, 1302.43, 1302.44, 1302.46, 3  
1302.90, 1303.02, 1304.20, 1307.14, 1307.31, 4  
1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 5  
1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 6  
1309.16, 1309.18, 1309.20, 1309.23, 1309.25, 7  
1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 8  
1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 9  
1310.37, 1311.55, 1317.01, 1317.12, 1317.13, 10  
1317.16, 1321.16, 1321.58, 1321.83, 1329.68, 11  
1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 12  
4505.13, and 4519.68; to amend, for the purpose of 13  
adopting new section numbers as indicated in 14  
parentheses, sections 1309.08 (1309.108), 1309.11 15  
(1309.110), 1309.13 (1309.202), 1309.15 (1309.204), 16  
1309.16 (1309.205), 1309.18 (1309.207), 1309.20 17  
(1309.317), 1309.23 (1309.312), 1309.25 (1309.315), 18  
1309.28 (1309.331), 1309.30 (1309.401), 1309.32 19  
(1309.334), 1309.35 (1309.339), 1309.36 (1309.402), 20  
1309.401 (1309.528), and 1309.431 (1309.505); to 21  
enact sections 1305.18, 1309.101, 1309.102, 22  
1309.103, 1309.104, 1309.105, 1309.106, 1309.107, 23  
1309.109, 1309.201, 1309.203, 1309.206, 1309.208, 24  
1309.209, 1309.210, 1309.301, 1309.302, 1309.303, 25

1309.304, 1309.305, 1309.306, 1309.307, 1309.308,	26
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1309.327, 1309.328, 1309.329, 1309.330, 1309.332,	30
1309.333, 1309.335, 1309.336, 1309.337, 1309.338,	31
1309.340, 1309.341, 1309.342, 1309.403, 1309.404,	32
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1309.512, 1309.513, 1309.514, 1309.515, 1309.516,	36
1309.517, 1309.518, 1309.519, 1309.520, 1309.521,	37
1309.522, 1309.523, 1309.524, 1309.525, 1309.526,	38
1309.527, 1309.529, 1309.601, 1309.602, 1309.603,	39
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1309.619, 1309.620, 1309.621, 1309.622, 1309.623,	43
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1309.702, 1309.703, 1309.704, 1307.705, 1309.706,	45
1309.707, 1309.708, and 1309.709; and to repeal	46
sections 111.25, 1309.01, 1309.02, 1309.03,	47
1309.04, 1309.05, 1309.06, 1309.07, 1309.10,	48
1309.111, 1309.112, 1309.113, 1309.12, 1309.14,	49
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1309.26, 1309.27, 1309.29, 1309.31, 1309.33,	51
1309.34, 1309.37, 1309.38, 1309.39, 1309.40,	52
1309.402, 1309.41, 1309.42, 1309.43, 1309.44,	53
1309.45, 1309.46, 1309.47, 1309.48, 1309.49, and	54
1309.50 of the Revised Code to adopt the revisions	55
to the secured transactions portion of the Uniform	56
Commercial Code that were recommended by the	57
National Conference of Commissioners on Uniform	58

State Laws and to make related changes in the 59  
Uniform Commercial Code and the Revised Code and to 60  
declare an emergency. 61  
62

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

**Section 1.** That sections 111.18, 317.12, 317.32, 317.321, 63  
1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 1302.42, 64  
1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 1307.14, 65  
1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 1308.60, 66  
1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 1309.20, 67  
1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 68  
1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 1311.55, 69  
1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 1321.83, 70  
1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 4505.13, and 71  
4519.68 be amended; sections 1309.08 (1309.108), 1309.11 72  
(1309.110), 1309.13 (1309.202), 1309.15 (1309.204), 1309.16 73  
(1309.205), 1309.18 (1309.207), 1309.20 (1309.317), 1309.23 74  
(1309.312), 1309.25 (1309.315), 1309.28 (1309.331), 1309.30 75  
(1309.401), 1309.32 (1309.334), 1309.35 (1309.339), 1309.36 76  
(1309.402), 1309.401 (1309.528), and 1309.431 (1309.505) be 77  
amended for the purpose of adopting new section numbers as 78  
indicated in parentheses; and sections 1305.18, 1309.101, 79  
1309.102, 1309.103, 1309.104, 1309.105, 1309.106, 1309.107, 80  
1309.109, 1309.201, 1309.203, 1309.206, 1309.208, 1309.209, 81  
1309.210, 1309.301, 1309.302, 1309.303, 1309.304, 1309.305, 82  
1309.306, 1309.307, 1309.308, 1309.309, 1309.310, 1309.311, 83  
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1309.335, 1309.336, 1309.337, 1309.338, 1309.340, 1309.341, 87  
1309.342, 1309.403, 1309.404, 1309.405, 1309.406, 1309.407, 88

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

**Sec. 111.18.** (A) The secretary of state shall keep a record 101  
of all fees collected by the secretary of state and, except as 102  
otherwise provided in this section and in sections ~~1309.401~~ 103  
1309.528 and 1329.68 and division (C)(2) of section 3506.05 of the 104  
Revised Code, shall pay, through June 30, 2001, fifty per cent of 105  
them into the state treasury to the credit of the general revenue 106  
fund and fifty per cent of them into the state treasury to the 107  
credit of the corporate and uniform commercial code filing fund 108  
created under section ~~1309.401~~ 1309.528 of the Revised Code and 109  
shall pay, on and after July 1, 2001, all of them into the state 110  
treasury to the credit of the general revenue fund. Through June 111  
30, 2001, all of the fees collected under divisions (I)(2) and (N) 112  
of section 111.16 of the Revised Code shall be paid into the state 113  
treasury to the credit of that corporate and uniform commercial 114  
code filing fund. On and after July 1, 2001, the following fees 115  
shall be paid into the state treasury to the credit of that 116  
corporate and uniform commercial code filing fund: 117

(1) Twenty-five dollars of each fee collected under divisions 118  
(A)(2), (F), (G)(2), and (I)(1) of section 111.16 of the Revised 119

Code;	120
(2) Twenty-five dollars of each fee collected under division	121
(C) of section 1703.031 of the Revised Code;	122
(3) All fees collected under divisions (I)(2) and (N) of	123
section 111.16 of the Revised Code;	124
(4) All fees collected under section 1703.08 of the Revised	125
Code;	126
(5) Each fifty-dollar fee for amendments filed by foreign	127
nonprofit corporations under section 1703.27 of the Revised Code.	128
(B) The secretary of state may implement a credit card	129
payment program permitting payment of any fee charged by the	130
secretary of state by means of a credit card. The secretary of	131
state may open an account outside the state treasury in a	132
financial institution for the purpose of depositing credit card	133
receipts. Within forty-eight hours following the deposit of the	134
receipts, the financial institution shall make available to the	135
secretary of state funds in the amount of the receipts. The	136
secretary of state shall then pay these funds into the state	137
treasury to the credit of the general revenue fund, except as	138
otherwise provided by the Revised Code.	139
The secretary of state may pay the cost of any service charge	140
required by a financial institution or credit card company in	141
connection with a credit card payment program.	142
The secretary of state shall adopt rules as necessary to	143
carry out the purposes of this division. The rules shall include	144
standards for determining eligible financial institutions and the	145
manner in which funds shall be made available and shall be	146
consistent with the standards contained in sections 135.03,	147
135.18, and 135.181 of the Revised Code.	148
<b>Sec. 317.12.</b> Upon the presentation of a deed or other	149

instrument of writing for record, the county recorder shall 150  
indorse thereon the date, the precise time of its presentation, 151  
and a file number. Such file numbering shall be consecutive and in 152  
the order in which the instrument of writing is received for 153  
record, except financing statements, which shall have a separate 154  
series of file numbers and be filed separately, as provided by 155  
sections ~~1309.38~~ 1309.501 to ~~1309.40, inclusive,~~ 1309.527 of the 156  
Revised Code. Until recorded, each instrument shall be kept on 157  
file in the same numerical order, for easy reference. If required, 158  
the recorder shall, without fee, give to the person presenting 159  
such instrument a receipt naming the parties thereto, the date 160  
thereof, and a brief description of the premises. When a deed or 161  
other instrument is recorded, the recorder shall indorse on it the 162  
time when recorded, and the number or letter and page of the book 163  
in which it is recorded. 164

**Sec. 317.32.** The county recorder shall charge and collect the 165  
following fees for the recorder's services: 166

(A) For recording and indexing an instrument when the 167  
photocopy or any similar process is employed, fourteen dollars for 168  
the first two pages and four dollars for each subsequent page, 169  
size eight and one-half inches by fourteen inches, or fraction of 170  
a page, including the caption page, of such instrument; 171

(B) For certifying a photocopy from the record previously 172  
recorded, one dollar per page, size eight and one-half inches by 173  
fourteen inches, or fraction of a page; for each certification 174  
where the recorder's seal is required, except as to instruments 175  
issued by the armed forces of the United States, fifty cents; 176

(C) For manual or typewritten recording of assignment or 177  
satisfaction of mortgage or lease or any other marginal entry, 178  
four dollars; 179

(D) For entering any marginal reference by separate recorded instrument, two dollars for each marginal reference set out in that instrument, in addition to the recording fee set forth in division (A) of this section;	180 181 182 183
(E) For indexing in the real estate mortgage records, pursuant to <del>division (D) of section 1309.40</del> <u>1309.519</u> of the Revised Code, financing statements covering crops growing or to be grown, timber to be cut, minerals or the like, including oil and gas, accounts subject to <del>division (E) of section 1309.03</del> <u>1309.301</u> of the Revised Code, or fixture filings made pursuant to section <del>1309.32</del> <u>1309.334</u> of the Revised Code, two dollars for each name indexed;	184 185 186 187 188 189 190 191
(F) For recording manually any plat not exceeding six lines, two dollars, and for each additional line, ten cents;	192 193
(G) For filing zoning resolutions, including text and maps, in the office of the recorder as required under sections 303.11 and 519.11 of the Revised Code, fifty dollars, regardless of the size or length of the resolutions;	194 195 196 197
(H) For filing zoning amendments, including text and maps, in the office of the recorder as required under sections 303.12 and 519.12 of the Revised Code, ten dollars for the first page and four dollars for each additional page;	198 199 200 201
(I) For photocopying a document, other than at the time of recording and indexing as provided for in division (A) of this section, one dollar per page, size eight and one-half inches by fourteen inches, or fraction thereof;	202 203 204 205
(J) For local facsimile transmission of a document, one dollar per page, size eight and one-half inches by fourteen inches, or fraction thereof; for long distance facsimile transmission of a document, two dollars per page, size eight and one-half inches by fourteen inches, or fraction thereof;	206 207 208 209 210

(K) For recording a declaration executed pursuant to section 211  
2133.02 of the Revised Code or a durable power of attorney for 212  
health care executed pursuant to section 1337.12 of the Revised 213  
Code, or both a declaration and a durable power of attorney for 214  
health care, at least fourteen dollars but not more than twenty 215  
dollars. 216

In any county in which the recorder employs the photostatic 217  
or any similar process for recording maps, plats, or prints the 218  
recorder shall determine, charge, and collect for the recording or 219  
rerecording of any map, plat, or print, a fee of five cents per 220  
square inch, for each square inch of the map, plat, or print filed 221  
for that recording or rerecording, with a minimum fee of twenty 222  
dollars; for certifying a copy from the record, a fee of two cents 223  
per square inch of the record, with a minimum fee of two dollars. 224

The fees provided in this section shall be paid upon the 225  
presentation of the instruments for record or upon the application 226  
for any certified copy of the record, except that the payment of 227  
fees associated with the filing and recording of, or the copying 228  
of, notices of internal revenue tax liens and notices of other 229  
liens in favor of the United States as described in division (A) 230  
of section 317.09 of the Revised Code and certificates of 231  
discharge or release of those liens, shall be governed by section 232  
317.09 of the Revised Code, and the payment of fees for providing 233  
copies of instruments conveying or extinguishing agricultural 234  
easements to the office of farmland preservation under division 235  
(G) of section 5301.691 of the Revised Code shall be governed by 236  
that division. 237

**Sec. 317.321.** (A) Not later than the first day of October of 238  
any year, the county recorder may submit to the board of county 239  
commissioners a proposal for the acquisition or maintenance of 240  
micrographic or other equipment or for contract services. The 241

proposal shall be in writing and shall include at least the 242  
following: 243

(1) A request that an amount not to exceed four dollars of 244  
the fee collected for filing or recording a document for which a 245  
fee is charged as required by division (A) of section 317.32 of 246  
the Revised Code or by section ~~1309.40, 1309.42, 1309.43~~, 1309.525 247  
or 5310.15 of the Revised Code be placed in the county treasury 248  
and designated as "general fund moneys to supplement the equipment 249  
needs of the county recorder"; 250

(2) The number of years, not to exceed five, for which the 251  
county recorder requests that the amount requested under division 252  
(A)(1) of this section be given the designation specified in that 253  
division; 254

(3) An estimate of the total amount of fees that will be 255  
generated for filing or recording a document for which a fee is 256  
charged as required by division (A) of section 317.32 of the 257  
Revised Code or by section ~~1309.40, 1309.42, 1309.43~~, 1309.525 or 258  
5310.15 of the Revised Code; 259

(4) An estimate of the total amount of fees for filing or 260  
recording a document for which a fee is charged as required by 261  
division (A) of section 317.32 of the Revised Code or by section 262  
~~1309.40, 1309.42, 1309.43~~, 1309.525 or 5310.15 of the Revised Code 263  
that will be designated as "general fund moneys to supplement the 264  
equipment needs of the county recorder" if the request submitted 265  
under division (A)(1) of this section is approved by the board of 266  
county commissioners. 267

The proposal may include a description or summary of the 268  
micrographic or other equipment, or maintenance thereof, that the 269  
county recorder proposes to acquire, or the nature of contract 270  
services that the county recorder proposes to utilize. If the 271  
county recorder has no immediate plans for the acquisition of 272

equipment or services, the proposal shall explain the general 273  
needs of the office for equipment and shall state that the intent 274  
of the proposal is to reserve funds for the office's future 275  
equipment needs. 276

(B) The board of county commissioners shall receive the 277  
proposal and the clerk shall enter it on the journal. At the same 278  
time, the board shall establish a date, not sooner than fifteen 279  
nor later than thirty days after the board's receipt of the 280  
proposal, on which to meet with the recorder to review the 281  
proposal. 282

(C) Not later than the fifteenth day of December of any year 283  
in which a proposal is submitted under division (A) of this 284  
section, the board of county commissioners shall approve, reject, 285  
or modify the proposal and notify the county recorder of its 286  
action on the proposal. If the board rejects or modifies the 287  
proposal, it shall make a written finding that the request is for 288  
a purpose other than for acquiring, leasing, or otherwise 289  
obtaining micrographic or other equipment or contracts for use by 290  
the county recorder or that the amount requested is excessive as 291  
determined by the board. If the board approves the proposal, it 292  
shall request the establishment of a special fund under section 293  
5705.12 of the Revised Code for any fees designated as "general 294  
fund moneys to supplement the equipment needs of the county 295  
recorder." 296

(D) The acquisition or maintenance of micrographic or other 297  
equipment and the acquisition of contract services shall be 298  
specifically governed by sections 307.80 to 307.806, 307.84 to 299  
307.846, 307.86 to 307.92, and 5705.38, and by division (D) of 300  
section 5705.41 of the Revised Code. 301

**Sec. 1301.01.** As used in Chapters 1301., 1302., 1303., 1304., 302  
1305., 1307., 1308., 1309., and 1310. of the Revised Code, unless 303

the context otherwise requires, and subject to additional 304  
definitions contained in those chapters: 305

(A) "Action" in the sense of a judicial proceeding includes 306  
recoupment, counterclaim, set-off, suit in equity, and any other 307  
proceedings in which rights are determined. 308

(B) "Aggrieved party" means a party entitled to resort to a 309  
remedy. 310

(C) "Agreement" means the bargain of the parties in fact as 311  
found in their language or by implication from other 312  
circumstances, including course of dealing, usage of trade, or 313  
course of performance as provided in sections 1301.11 and 1302.11 314  
of the Revised Code. Whether an agreement has legal consequences 315  
is determined by Chapters 1301., 1302., 1303., 1304., 1305., 316  
1307., 1308., 1309., and 1310. of the Revised Code, if applicable; 317  
otherwise by the law of contracts. 318

(D) "Bank" means any person engaged in the business of 319  
banking. 320

(E) "Bearer" means the person in possession of an instrument, 321  
document of title, or certificated security payable to bearer or 322  
endorsed in blank. 323

(F) "Bill of lading" means a document evidencing the receipt 324  
of goods for shipment issued by a person engaged in the business 325  
of transporting or forwarding goods, and includes an airbill. 326  
"Airbill" means a document serving for air transportation as a 327  
bill of lading does for marine or rail transportation, and 328  
includes an air consignment note or air waybill. 329

(G) "Branch" includes a separately incorporated foreign 330  
branch of a bank. 331

(H) "Burden of establishing" a fact means the burden of 332  
persuading the triers of fact that the existence of the fact is 333

more probable than its nonexistence. 334

(I) "Buyer in ordinary course of business" means a person 335  
who ~~buys goods~~ in good faith ~~and~~, without knowledge that the sale 336  
~~to the person is in violation of~~ violates the ownership rights or 337  
~~security interest of a third party~~ another person in the goods, 338  
~~buys and~~ in the ordinary course from a person, other than a 339  
pawnbroker, in the business of selling goods of that kind ~~but does~~ 340  
~~not include a pawnbroker. All persons~~ A person buys goods in the 341  
ordinary course if the sale to the person comports with the usual 342  
or customary practices in the kind of business in which the seller 343  
is engaged or with the seller's own usual or customary practices. 344  
A person who sell sells oil, gas, or other minerals or the like, 345  
~~including oil or gas,~~ at the wellhead or minehead ~~shall be deemed~~ 346  
~~to be persons~~ is a person in the business of selling goods of that 347  
kind. ~~Buying~~ A buyer in the ordinary course of business may be buy 348  
for cash, by exchange of other property, or on secured or 349  
unsecured credit and ~~includes receiving~~ may acquire goods or 350  
documents of title under a preexisting contract for sale ~~but does~~ 351  
~~not include. Only a buyer that takes possession of the goods or~~ 352  
has a right to recover the goods from the seller under Chapter 353  
1302. of the Revised Code may be a buyer in ordinary course of 354  
business. A person who acquires goods in a transfer in bulk or as 355  
security for or in total or partial satisfaction of a money debt 356  
is not a buyer in the ordinary course of business. 357

(J) A term or clause is "conspicuous" when it is so written 358  
that a reasonable person against whom it is to operate ought to 359  
have noticed it. A printed heading in capitals (as: NONNEGOTIABLE 360  
BILL OF LADING) is "conspicuous." Language in the body of a form 361  
is "conspicuous" if it is in larger or other contrasting type or 362  
color. In a telegram, any stated term is "conspicuous." Whether a 363  
term or clause is "conspicuous" is for decision by the court. 364

(K) "Contract" means the total legal obligation that results 365

from the parties' agreement as affected by Chapters 1301., 1302., 366  
1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised 367  
Code, and any other applicable rules of law. 368

(L) "Creditor" includes a general creditor, a secured 369  
creditor, a lien creditor, and any representative of creditors, 370  
including an assignee for the benefit of creditors, a trustee in 371  
bankruptcy, a receiver in equity, and an executor or administrator 372  
of an insolvent debtor's or assignor's estate. 373

(M) "Defendant" includes a person in the position of 374  
defendant in cross-action or counterclaim. 375

(N) "Delivery" with respect to instruments, documents of 376  
title, chattel paper, or certificated securities means voluntary 377  
transfer of possession. 378

(O) "Document of title" includes a bill of lading, dock 379  
warrant, dock receipt, warehouse receipt, or order for the 380  
delivery of goods, and any other document that in the regular 381  
course of business or financing is treated as adequately 382  
evidencing that the person in possession of it is entitled to 383  
receive, hold, and dispose of the document and the goods it 384  
covers. To be a document of title, a document must purport to be 385  
issued by or addressed to a bailee and purport to cover goods in 386  
the bailee's possession that are either identified or are fungible 387  
portions of an identified mass. 388

(P) "Fault" means wrongful act, omission, or breach. 389

(Q) "Fungible" with respect to goods or securities means 390  
goods or securities of which any unit is, by nature or usage of 391  
trade, the equivalent of any other like unit. Goods that are not 392  
fungible are fungible for the purposes of Chapters 1301., 1302., 393  
1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised 394  
Code to the extent that under a particular agreement or document 395  
unlike units are treated as equivalents. 396

(R) " <u>Genuine</u> " means free of forgery or counterfeiting.	397
(S) " <u>Good faith</u> " means honesty in fact in the conduct or transaction concerned.	398 399
(T)(1) " <u>Holder</u> " with respect to a negotiable instrument means either of the following:	400 401
(a) If the instrument is payable to bearer, a person who is in possession of the instrument;	402 403
(b) If the instrument is payable to an identified person, the identified person when in possession of the instrument.	404 405
(2) " <u>Holder</u> " with respect to a document of title means the person in possession if the goods are deliverable to bearer or to the order of the person in possession.	406 407 408
(U) To " <u>honor</u> " is to pay or to accept and pay, or where a creditor so engages to purchase or discount a draft complying with the terms of the credit.	409 410 411
(V) " <u>Insolvency proceedings</u> " include any assignment for the benefit of the creditors or other proceedings intended to liquidate or rehabilitate the estate of the person involved.	412 413 414
(W) A person is " <u>insolvent</u> " who either has ceased to pay the person's debts in the ordinary course of business or cannot pay the person's debts as they become due or is insolvent within the meaning of the federal bankruptcy law.	415 416 417 418
(X) " <u>Money</u> " means a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations.	419 420 421 422
(Y) A person has " <u>notice</u> " of a fact when any of the following applies:	423 424
(1) The person has actual knowledge of it.	425

(2) The person has received a notice or notification of it. 426

(3) From all the facts and circumstances known to the person 427  
at the time in question, the person has reason to know that it 428  
exists. 429

A person "knows" or has "knowledge" of the fact when the 430  
person has actual knowledge of it. "Discover" or "learn" or a word 431  
or phrase of similar import refers to knowledge rather than to 432  
reason to know. The time and circumstances under which a notice or 433  
notification may cease to be effective are not determined by this 434  
section. 435

(Z) A person "notifies" or "gives" a notice or notification 436  
to another person by taking the steps that may be reasonably 437  
required to inform the other person in ordinary course, whether or 438  
not the other person actually comes to know of it. A person 439  
"receives" a notice or notification when either of the following 440  
applies: 441

(1) It comes to the person's attention. 442

(2) It is duly delivered at the place of business through 443  
which the contract was made or at any other place held out by the 444  
person as the place for receipt of such communications. 445

(AA) Notice, knowledge, or a notice or notification received 446  
by an organization is effective for a particular transaction from 447  
the time when it is brought to the attention of the individual 448  
conducting that transaction, and in any event from the time when 449  
it would have been brought to the individual's attention if the 450  
organization had exercised due diligence. An organization 451  
exercises due diligence if it maintains reasonable routines for 452  
communicating significant information to the person conducting the 453  
transaction and there is reasonable compliance with the routine. 454  
Due diligence does not require an individual acting for the 455  
organization to communicate information unless that communication 456

is part of the individual's regular duties or unless the 457  
individual has reason to know of the transaction and that the 458  
transaction would be materially affected by the information. 459

(BB) "Organization" includes a corporation, government, 460  
governmental subdivision or agency, business trust, estate, trust, 461  
partnership, or association, two or more persons having a joint or 462  
common interest, or any other legal or commercial entity. 463

(CC) "Party," as distinct from "third party," means a person 464  
who has engaged in a transaction or made an agreement within 465  
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 466  
and 1310. of the Revised Code. 467

(DD) "Person" includes an individual or an organization. 468

(EE) "Presumption" or "presumed" means that the trier of fact 469  
must find the existence of the fact presumed unless and until 470  
evidence is introduced that would support a finding of its 471  
nonexistence. 472

(FF) "Purchase" includes taking by sale, discount, 473  
negotiation, mortgage, pledge, lien, security interest, issue or 474  
reissue, gift, or any other voluntary transaction creating an 475  
interest in property. 476

(GG) "Purchaser" means a person who takes by purchase. 477

(HH) "Remedy" means any remedial right to which an aggrieved 478  
party is entitled with or without resort to a tribunal. 479

(II) "Representative" includes an agent, an officer of a 480  
corporation or association, a trustee, executor, or administrator 481  
of an estate, or any other person empowered to act for another. 482

(JJ) "Rights" includes remedies. 483

(KK)(1) "Security interest" means an interest in personal 484  
property or fixtures that secures payment or performance of an 485  
obligation. ~~The retention or reservation of title by a seller of~~ 486

~~goods notwithstanding shipment or delivery to the buyer, as~~ 487  
~~provided in section 1302.42 of the Revised Code, is limited in~~ 488  
~~effect to a reservation of a security interest. "Security~~ 489  
~~interest" also includes any interest of a consignor and a buyer of~~ 490  
~~accounts or, chattel paper, which a payment intangible, or a~~ 491  
~~promissory note in a transaction that is subject to ~~sections~~~~ 492  
~~1309.01 to 1309.50 Chapter 1309. of the Revised Code. The special~~ 493  
~~property interest of a buyer of goods on identification of those~~ 494  
~~goods to a contract for sale under section 1302.42 of the Revised~~ 495  
~~Code is not a security interest, but a buyer also may acquire a~~ 496  
~~security interest by complying with ~~sections 1309.01 to 1309.50~~~~ 497  
~~Chapter 1309. of the Revised Code. Unless a consignment is~~ 498  
~~intended as security, reservation of title under the consignment~~ 499  
~~is not a security interest, but a consignment in any event is~~ 500  
~~subject to the provisions on consignment sales under section~~ 501  
~~1302.39 of the Revised Code Except as otherwise provided in~~ 502  
~~section 1302.49 of the Revised Code, the right of a seller or~~ 503  
~~lessor of goods under Chapter 1302. or 1310. of the Revised Code~~ 504  
~~is not a security interest, but a seller or lessor also may~~ 505  
~~acquire a security interest by complying with Chapter 1309. of the~~ 506  
~~Revised Code. The retention or reservation of title by a seller of~~ 507  
~~goods notwithstanding shipment or delivery to the buyer under~~ 508  
~~section 1302.42 of the Revised Code is limited to a reservation of~~ 509  
~~a security interest. A lease-purchase agreement as defined in~~ 510  
~~division (F) of section 1351.01 of the Revised Code shall never be~~ 511  
~~intended as security.~~ 512

(2) Whether a transaction, other than a lease-purchase 513  
agreement as defined in division (F) of section 1351.01 of the 514  
Revised Code, creates a lease or security interest is determined 515  
by the facts of each case; however, a transaction creates a 516  
security interest if the consideration the lessee is to pay the 517  
lessor for the right to possession and use of the goods is an 518  
obligation for the term of the lease not subject to termination by 519

the lessee and if any of the following applies: 520

(a) The original term of the lease is equal to or greater 521  
than the remaining economic life of the goods. 522

(b) The lessee is bound to renew the lease for the remaining 523  
economic life of the goods or is bound to become the owner of the 524  
goods. 525

(c) The lessee has an option to renew the lease for the 526  
remaining economic life of the goods for no additional 527  
consideration or nominal additional consideration upon compliance 528  
with the lease agreement. 529

(d) The ~~the~~ lessee has an option to become the owner of the 530  
goods for no additional consideration or nominal additional 531  
consideration upon compliance with the lease agreement. 532

(3) A transaction does not create a security interest merely 533  
because it provides any of the following: 534

(a) That the present value of the consideration the lessee is 535  
obligated to pay the lessor for the right to possession and use of 536  
the goods is substantially equal to or is greater than the fair 537  
market value of the goods at the time the lease is entered into; 538

(b) That the lessee assumes risk of loss of the goods or 539  
agrees to pay taxes, insurance, filing, recording, or registration 540  
fees, or service or maintenance costs with respect to the goods; 541

(c) That the lessee has an option to renew the lease or to 542  
become the owner of the goods; 543

(d) That the lessee has an option to renew the lease for a 544  
fixed rent that is equal to or greater than the reasonably 545  
predictable fair market rent for the use of the goods for the term 546  
of the renewal at the time the option is to be performed; 547

(e) That the lessee has an option to become the owner of the 548  
goods for a fixed price that is equal to or greater than the 549

reasonably predictable fair market value of the goods at the time 550  
the option is to be performed. 551

(4) For purposes of division (KK) of this section, all of the 552  
following apply: 553

(a) Additional consideration is not nominal if, when the 554  
option to renew the lease is granted to the lessee, the rent is 555  
stated to be the fair market rent for the use of the goods for the 556  
term of the renewal determined at the time the option is to be 557  
performed or, when the option to become the owner of the goods is 558  
granted to the lessee, the price is stated to be the fair market 559  
value of the goods determined at the time the option is to be 560  
performed. Additional consideration is nominal if it is less than 561  
the lessee's reasonably predictable cost of performing under the 562  
lease agreement if the option is not exercised. 563

(b) "Reasonably predictable" and "remaining economic life of 564  
the goods" are to be determined with reference to the facts and 565  
circumstances at the time the parties entered into the 566  
transaction. 567

(c) "Present value" means the amount as of a date certain of 568  
one or more sums payable in the future, discounted to the date 569  
certain. The discount is determined by the interest rate specified 570  
by the parties if the rate is not manifestly unreasonable at the 571  
time the parties entered into the transaction. Otherwise, the 572  
discount is determined by a commercially reasonable rate that 573  
takes into account the facts and circumstances of each case at the 574  
time the parties entered into the transaction. 575

(LL) "Send" in connection with any writing or notice means to 576  
deposit in the mail or deliver for transmission by any other usual 577  
means of communication with postage or cost of transmission 578  
provided for and properly addressed and in the case of an 579  
instrument to an address specified on it or otherwise agreed, or 580

if there be none to any address reasonable under the 581  
circumstances. The receipt of any writing or notice within the 582  
time at which it would have arrived if properly sent has the 583  
effect of a proper sending. 584

(MM) "Signed" includes any symbol executed or adopted by a 585  
party with present intention to authenticate a writing. 586

(NN) "Surety" includes guarantor. 587

(OO) "Telegram" includes a message transmitted by radio, 588  
teletype, cable, any mechanical method of transmission, or the 589  
like. 590

(PP) "Term" means that portion of an agreement which relates 591  
to a particular matter. 592

(QQ) "Unauthorized" signature means one made without actual, 593  
implied, or apparent authority and includes a forgery. 594

(RR) Except as otherwise provided with respect to negotiable 595  
instruments and bank collections under sections 1303.32, 1304.20, 596  
and 1304.21 of the Revised Code, a person gives "value" for rights 597  
if the person acquires them in any of the following manners: 598

(1) In return for a binding commitment to extend credit or 599  
for the extension of immediately available credit whether or not 600  
drawn upon and whether or not a charge-back is provided for in the 601  
event of difficulties in collection; 602

(2) As security for or in total or partial satisfaction of a 603  
~~pre-existing~~ preexisting claim; 604

(3) By accepting delivery pursuant to a ~~pre-existing~~ 605  
preexisting contract for purchase; 606

(4) Generally, in return for any consideration sufficient to 607  
support a simple contract. 608

(SS) "Warehouse receipt" means a written or electronic 609  
receipt issued by a person engaged in the business of storing 610

goods for hire. 611

(TT) "Written" or "writing" includes printing, typewriting, 612

or any other intentional reduction to tangible form. 613

**Sec. 1301.05.** (A) Except as otherwise provided in this 614  
section, when a transaction bears a reasonable relation to this 615  
state and also to another state or nation, the parties may agree 616  
that the law either of this state or of the other state or nation 617  
shall govern their rights and duties. ~~Failing such~~ In the absence 618  
of an agreement of that nature, Chapters 1301., 1302., 1303., 619  
1304., 1305., 1307., 1308., 1309., and 1310. of the Revised Code 620  
apply to transactions bearing an appropriate relation to this 621  
state. 622

(B) Where one of the following provisions of Chapters 1301., 623  
1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the 624  
Revised Code specifies the applicable law, that provision governs 625  
and a contrary agreement is effective only to the extent permitted 626  
by the law, including the conflict of laws rules, so specified: 627

(1) Rights of creditors against sold goods, as provided in 628  
section 1302.43 of the Revised Code; 629

(2) Applicability of sections 1304.01 to 1304.40 of the 630  
Revised Code, as provided in section 1304.02 of the Revised Code; 631

(3) Fund transfers under sections 1304.51 to 1304.85 of the 632  
Revised Code, as provided in section 1304.85 of the Revised Code; 633

(4) Choice of law as to letters of credit under section 634  
1305.15 of the Revised Code; 635

(5) Applicability of Chapter 1308. of the Revised Code, as 636  
provided in section 1308.05 of the Revised Code; 637

(6) Perfection provisions, including the effect of perfection 638  
or nonperfection, and the priority of security interests and 639  
agricultural liens of ~~section 1309.03~~ sections 1309.301 to 640

1309.307 of the Revised Code; 641

(7) Applicability of sections 1310.01 to 1310.78 of the 642  
Revised Code, as provided in sections 1310.03 and 1310.04 of the 643  
Revised Code. 644

**Sec. 1301.12.** (A) Except in the cases described in division 645  
(B) of this section a contract for the sale of personal property 646  
is not enforceable by way of action or defense beyond five 647  
thousand dollars in amount or value of remedy unless there is some 648  
writing which indicates that a contract for sale has been made 649  
between the parties at a defined or stated price, reasonably 650  
identifies the subject matter, and is signed by the party against 651  
whom enforcement is sought or by that party's authorized agent. 652

(B) Division (A) of this section does not apply to contracts 653  
for the sale of goods, section 1302.04 of the Revised Code, nor of 654  
securities, section 1308.07 of the Revised Code, nor to security 655  
agreements, ~~section 1309.14~~ sections 1309.201 and 1309.203 of the 656  
Revised Code. 657

**Sec. 1302.01.** (A) As used in sections 1302.01 to 1302.98~~7~~ 658  
~~inclusive~~, of the Revised Code, unless the context otherwise 659  
requires: 660

(1) "Buyer" means a person who buys or contracts to buy 661  
goods. 662

(2) "Good faith" in the case of a merchant means honesty in 663  
fact and the observance of reasonable commercial standards of fair 664  
dealing in the trade. 665

(3) "Receipt" of goods means taking physical possession of 666  
them. 667

(4) "Seller" means a person who sells or contracts to sell 668  
goods. 669

(5) "Merchant" means a person who deals in goods of the kind 670  
or otherwise by ~~his~~ the person's occupation holds ~~himself~~ self out 671  
as having knowledge or skill peculiar to the practices or goods 672  
involved in the transaction or to whom such knowledge or skill may 673  
be attributed by ~~his~~ the person's employment of an agent or broker 674  
or other intermediary who by ~~his~~ the agent's, broker's, or other 675  
intermediary's occupation holds ~~himself~~ self out as having such 676  
knowledge or skill. 677

(6) "Financing agency" means a bank, finance company, or 678  
other person who in the ordinary course of business make advances 679  
against goods or documents of title or who by arrangement with 680  
either the seller or the buyer intervenes in ordinary course to 681  
make or collect payment due or claimed under the contract for 682  
sale, as by purchasing or paying the seller's draft or making 683  
advances against it or by merely taking it for collection whether 684  
or not documents of title accompany the draft. "Financing agency" 685  
includes also a bank or other person who similarly intervenes 686  
between persons who are in the position of seller and buyer in 687  
respect to the goods. 688

(7) "Between merchants" means in any transaction with respect 689  
to which both parties are chargeable with the knowledge or skill 690  
of merchants. 691

(8) "Goods" means all things (including specially 692  
manufactured goods) which are movable at the time of 693  
identification to the contract for sale other than the money in 694  
which the price is to be paid, investment securities, and things 695  
in action. "Goods" also includes the unborn young of animals and 696  
growing crops and other identified things attached to realty as 697  
described in section 1302.03 of the Revised Code. 698

Goods must be both existing and identified before any 699  
interest in them can pass. Goods which are not both existing and 700  
identified are "Future" goods. A purported present sale of future 701

goods or of any interest therein operates as a contract to sell. 702

There may be a sale of a part interest in existing identified 703  
goods. 704

An undivided share in an identified bulk of fungible goods is 705  
sufficiently identified to be sold although the quantity of the 706  
bulk is not determined. Any agreed proportion of such a bulk or 707  
any quantity thereof agreed upon by number, weight, or other 708  
measure may to the extent of the seller's interest in the bulk be 709  
sold to the buyer who then becomes an owner in common. 710

(9) "Lot" means a parcel or a single article which is the 711  
subject matter of a separate sale or delivery, whether or not it 712  
is sufficient to perform the contract. 713

(10) "Commercial unit" means such a unit of goods as by 714  
commercial usage is a single whole for purposes of sale and 715  
division of which materially impairs its character or value on the 716  
market or in use. A commercial unit may be a single article (as a 717  
machine) or a set of articles (as a suite of furniture or an 718  
assortment of sizes) or a quantity (as a bale, gross, or carload) 719  
or any other unit treated in use or in the relevant market as a 720  
single whole. 721

(11) "Contract" and "agreement" are limited to those relating 722  
to the present or future sale of goods. "Contract for sale" 723  
includes both a present sale of goods and a contract to sell goods 724  
at a future time. A "sale" consists in the passing of title from 725  
the seller to the buyer for a price. A "present sale" means a sale 726  
which is accomplished by the making of the contract. 727

(12) Goods or conduct including any part of a performance are 728  
"conforming" or conform to the contract when they are in 729  
accordance with the obligations under the contract. 730

(13) "Termination" occurs when either party pursuant to a 731  
power created by agreement or law puts an end to the contract 732

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

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

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

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

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

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

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

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

(6) "Identification", as defined in section 1302.45 of the  
Revised Code;

(7) "Installment contract", as defined in section 1302.70 of  
the Revised Code;

(8) "Letter of credit", as defined in section 1302.38 of the  
Revised Code;

(9) "Overseas", as defined in section 1302.36 of the Revised  
Code;

(10) "Person in position of a seller", as defined in section

1302.81 of the Revised Code; 762

(11) "Sale on approval", as defined in section 1302.39 of the Revised Code; 763  
764

(12) "Sale or return", as defined in section 1302.39 of the Revised Code. 765  
766

(C) As used in sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code, "check" and "draft" have the meaning set forth in 767  
768  
section 1303.03 of the Revised Code, "consignee" and "consignor" 769  
770  
have the meaning set forth in section 1307.01 of the Revised Code, "consumer goods" has the meaning set forth in section ~~1309.07~~ 771  
1309.102 of the Revised Code, and "dishonor" has the meaning set 772  
773  
forth in section 1303.62 of the Revised Code.

(D) The terms and principles of construction and 774  
775  
interpretation set forth in sections 1301.01 to 1301.14, ~~inclusive~~, of the Revised Code, are applicable to sections 1302.01 776  
777  
to 1302.98, ~~inclusive~~, of the Revised Code.

**Sec. 1302.13.** (A) A party may perform ~~his~~ the party's duty 778  
779  
through a delegate unless otherwise agreed or unless the other party has a substantial interest in having ~~his~~ the original 780  
781  
promisor perform or control the acts required by the contract. No delegation of performance relieves the party delegating of any 782  
783  
duty to perform or any liability for breach.

(B) ~~Unless~~ (1) Except as otherwise provided in section 784  
785  
1309.406 of the Revised Code, unless otherwise agreed all rights of either seller or buyer can be assigned except where the 786  
787  
assignment would materially change the duty of the other party, or increase materially the burden or risk imposed on ~~him~~ the other 788  
789  
party by ~~his~~ the contract, or impair materially ~~his~~ the other party's chance of obtaining return performance. A right to damages 790  
791  
for breach of the whole contract or a right arising out of the

assignor's due performance of ~~his~~ the assignor's entire obligation 792  
can be assigned despite agreement otherwise. 793

(2) The creation, attachment, perfection, or enforcement of a 794  
security interest in the seller's interest under a contract is not 795  
a transfer that materially changes the duty of or increases 796  
materially the burden or risk imposed on the buyer or impairs 797  
materially the buyer's chance of obtaining return performance 798  
under division (B)(1) of this section unless, and then only to the 799  
extent that, enforcement actually results in a delegation of 800  
material performance of the seller. In any case, the creation, 801  
attachment, perfection, and enforcement of the security interest 802  
remain effective, but the seller is liable to the buyer for 803  
damages caused by the delegation to the extent that the damages 804  
could not reasonably be prevented by the buyer, and a court having 805  
jurisdiction may grant other appropriate relief, including 806  
cancellation of the contract for sale or an injunction against 807  
enforcement of the security interest or consummation of the 808  
enforcement. 809

(C) Unless the circumstances indicate the contrary a 810  
prohibition of assignment of "the contract" is to be construed as 811  
barring only the delegation to the assignee of the assignor's 812  
performance. 813

(D) An assignment of "the contract" or of "all my rights 814  
under the contract" or an assignment in similar general terms is 815  
an assignment of rights and unless the language or the 816  
circumstances (as in an assignment for security) indicate the 817  
contrary, it is a delegation of performance of the duties of the 818  
assignor and its acceptance by the assignee constitutes a promise 819  
by ~~him~~ the assignee to perform those duties. This promise is 820  
enforceable by either the assignor or the other party to the 821  
original contract. 822

(E) The other party may treat any assignment which delegates 823

performance as creating reasonable grounds for insecurity and may  
without prejudice to his the other party's rights against the  
assignor demand assurances from the assignee as provided in  
section 1302.67 of the Revised Code.

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

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

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

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

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

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

~~(2) establishes that the person conducting the business is  
generally known by his creditors to be substantially engaged in~~

~~selling the goods of others, or~~ 854

~~(3) complies with the filing provisions of sections 1309.01 to 1309.50, inclusive, of the Revised Code.~~ 855  
856

~~(D)~~ Any "or return" term of a contract for sale is to be 857  
treated as a separate contract for sale within section 1302.04 of 858  
the Revised Code and as contradicting the sale aspect of the 859  
contract within the provisions of section 1302.05 of the Revised 860  
Code. 861

**Sec. 1302.42.** Each provision of sections 1302.01 to 1302.98 862  
of the Revised Code with regard to the rights, obligations, and 863  
remedies of the seller, the buyer, purchasers, or other third 864  
parties applies irrespective of title to the goods except where 865  
the provision refers to that title. Insofar as situations are not 866  
covered by the other provisions of sections 1302.01 to 1302.98 of 867  
the Revised Code and matters concerning title become material, the 868  
following rules apply: 869

(A) Title to goods cannot pass under a contract for sale 870  
prior to their identification to the contract pursuant to section 871  
1302.45 of the Revised Code, and unless otherwise explicitly 872  
agreed the buyer acquires by their identification a special 873  
property as limited by Chapters 1301., 1302., 1303., 1304., 1305., 874  
1307., 1308., 1309., and 1310. of the Revised Code. Any retention 875  
or reservation by the seller of the title (property) in goods 876  
shipped or delivered to the buyer is limited in effect to a 877  
reservation of a security interest. Subject to these provisions 878  
and to the provisions of ~~sections 1309.01 to 1309.50~~ Chapter 1309. 879  
of the Revised Code, title to goods passes from the seller to the 880  
buyer in any manner and on any conditions explicitly agreed on by 881  
the parties. 882

(B) Unless otherwise explicitly agreed, title passes to the 883  
buyer at the time and place at which the seller completes 884

performance with reference to the physical delivery of the goods, 885  
despite any reservation of a security interest and even though a 886  
document of title is to be delivered at a different time or place; 887  
and in particular and despite any reservation of a security 888  
interest by the bill of lading: 889

(1) If the contract requires or authorized the seller to send 890  
the goods to the buyer but does not require the seller to deliver 891  
them at destination, title passes to the buyer at the time and 892  
place of shipment; but 893

(2) If the contract requires delivery at destination, title 894  
passes on tender there. 895

(C) Unless otherwise explicitly agreed where delivery is to 896  
be made without moving the goods: 897

(1) If the seller is to deliver a document of title, title 898  
passes at the time when and the place where the seller delivers 899  
the documents. 900

(2) If the goods are at the time of contracting already 901  
identified and no documents are to be delivered, title passes at 902  
the time and place of contracting. 903

(D) A rejection or other refusal by the buyer to receive or 904  
retain the goods, whether or not justified, or a justified 905  
revocation of acceptance revests title to the goods in the seller. 906  
The revesting occurs by operation of law and is not a "sale." 907

**Sec. 1302.43.** (A) Except as provided in divisions (B) and (C) 908  
of this section, rights of unsecured creditors of the seller with 909  
respect to goods which have been identified to a contract for sale 910  
are subject to the buyer's rights to recover the goods pursuant to 911  
sections 1302.46 and 1302.90 of the Revised Code. 912

(B) A creditor of the seller may treat a sale or an 913  
identification of goods to a contract for sale as void if as 914

against ~~him~~ the seller a retention of possession by the seller is  
fraudulent under any rule of law of the state where the goods are  
situated, except that retention of possession in good faith and  
current course of trade by a merchant-seller for a commercially  
reasonable time after a sale or identification is not fraudulent.

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

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

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

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

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

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

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

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sale", or 945

(4) The delivery was procured through fraud punishable as 946  
larcenous under the criminal law. 947

(B) Any entrusting of possession of goods to a merchant who 948  
deals in goods of that kind gives the merchant power to transfer 949  
all rights of the entruster to a buyer in ordinary course of 950  
business. 951

(C) "Entrusting" includes any delivery and any acquiescence 952  
in retention of possession regardless of any condition expressed 953  
between the parties to the delivery or acquiescence and regardless 954  
of whether the procurement of the entrusting or the possessor's 955  
disposition of the goods have been such as to be larcenous under 956  
the criminal law. 957

(D) The rights of other purchasers of goods and of lien 958  
creditors are governed by the provisions of ~~sections 1309.01 to~~ 959  
~~1309.50, Chapter 1309.~~ and sections 1307.01 to 1307.40 of the 960  
Revised Code. 961

**Sec. 1302.46.** (A) Subject to ~~division~~ divisions (B) and (C) 962  
of this section and even though the goods have not been shipped, a 963  
buyer who has paid a part or all of the price of goods in which ~~he~~ 964  
the buyer has a special property under ~~the provisions of~~ section 965  
1302.45 of the Revised Code, may on making and keeping good a 966  
tender of any unpaid portion of their price recover them from the 967  
seller if: 968

(1) In the case of goods bought for personal, family, or 969  
household purposes, the seller repudiates or fails to deliver as 970  
required by the contract; or 971

(2) In all cases, the seller becomes insolvent within ten 972  
days after receipt of the first installment on their price. 973

(B) The buyer's right to recover the goods under division 974

(A)(1) of this section vests upon acquisition of a special property, even if the seller had not then repudiated or failed to deliver. 975  
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(C) If the identification creating ~~his~~ the buyer's special property has been made by the buyer ~~he~~, the buyer acquires the right to recover the goods only if they conform to the contract for sale. 978  
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**Sec. 1302.90.** (A) Specific performance may be decreed where the goods are unique or in other proper circumstances. 982  
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(B) The decree for specific performance may include such terms and conditions as to payment of the price, damages, or other relief as the court may deem just. 984  
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(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. 987  
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**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. 996  
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(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. 1000  
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(C) If any provision of this chapter is inconsistent with any regulation of the board of governors of the federal reserve system or any operating circular of the federal reserve banks, the regulation or the operating circular supersedes the provision of this chapter to the extent of the inconsistency.

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

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

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

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

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

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

(1) No security agreement is necessary to make the security

interest enforceable under division (B)(3)(a) of section 1309.203 1035  
of the Revised Code. 1036

(2) No filing is required to perfect the security interest. 1037

(3) The security interest has priority over conflicting 1038  
perfected security interests in the item, accompanying documents, 1039  
or proceeds. 1040

**Sec. 1305.18.** (A) An issuer or nominated person has a 1041  
security interest in a document presented under a letter of credit 1042  
to the extent that the issuer or nominated person honors or gives 1043  
value for the presentation. 1044

(B) So long as and to the extent that an issuer or nominated 1045  
person has not been reimbursed or has not otherwise recovered the 1046  
value given with respect to a security interest in a document 1047  
under division (A) of this section, the security interest 1048  
continues and is subject to Chapter 1309. of the Revised Code, 1049  
but: 1050

(1) A security agreement is not necessary to make the 1051  
security interest enforceable under division (B)(3) of section 1052  
1309.203 of the Revised Code; 1053

(2) If the document is presented in a medium other than a 1054  
written or other tangible medium, the security interest is 1055  
perfected; and 1056

(3) If the document is presented in a written or other 1057  
tangible medium and is not a certificated security, chattel paper, 1058  
a document of title, an instrument, or a letter of credit, the 1059  
security interest is perfected and has priority over a conflicting 1060  
security interest in the document so long as the debtor does not 1061  
have possession of the document. 1062

**Sec. 1307.14.** (A) A warehouseman warehouse has a lien 1063

against the bailor on the goods covered by a warehouse receipt or 1064  
on the proceeds thereof in ~~his~~ the warehouseer's possession for 1065  
charges for storage or transportation, including demurrage and 1066  
terminal charges, insurance, labor, or charges present or future 1067  
in relation to the goods, and for expenses necessary for 1068  
preservation of the goods or reasonably incurred in their sale 1069  
pursuant to law. If the person on whose account the goods are held 1070  
is liable for like charges or expenses in relation to other goods 1071  
whenever deposited and it is stated in the receipt that a lien is 1072  
claimed for charges and expenses in relation to other goods, the 1073  
~~warehouseman~~ warehouseer also has a lien against ~~him~~ the person for 1074  
such charges and expenses whether or not the other goods have been 1075  
delivered by the ~~warehouseman~~ warehouseer. But against a person to 1076  
whom a negotiable warehouse receipt is duly negotiated a 1077  
~~warehouseman's~~ warehouseer's lien is limited to charges in an 1078  
amount or at a rate specified on the receipt or if no charges are 1079  
so specified then to a reasonable charge for storage of the goods 1080  
covered by the receipt subsequent to the date of the receipt. 1081

(B) The ~~warehouseman~~ warehouseer may also reserve a security 1083  
interest against the bailor for a maximum amount specified on the 1084  
receipt for charges other than those specified in division (A) of 1085  
this section, such as for money advanced and interest. Such a 1086  
security interest is governed by ~~sections 1309.01 to 1309.50,~~ 1087  
~~inclusive,~~ Chapter 1309. of the Revised Code. 1088

(C) A ~~warehouseman's~~ warehouseer's lien for charges and 1089  
expenses under division (A) of this section, or a security 1090  
interest under division (B) of this section is also effective 1091  
against any person who so entrusted the bailor with possession of 1092  
the goods that a pledge of them by ~~him~~ the bailor to a good faith 1093  
purchaser for value would have been valid but is not effective 1094  
against a person as to whom the document confers no right in the 1095

goods covered by it under section 1307.31 of the Revised Code. 1096

(D) A ~~warehouseman~~ warehouser loses ~~his~~ the warehouser's lien 1097  
on any goods which ~~he~~ the warehouser voluntarily delivers or which 1098  
~~he~~ the warehouser unjustifiably refuses to deliver. 1099

**Sec. 1307.31.** (A) A document of title confers no right in 1100  
goods against a person who before issuance of the document had a 1101  
legal interest or a perfected security interest in them and who 1102  
neither: 1103

(1) delivered or entrusted them or any document of title 1104  
covering them to the bailor or ~~his~~ the bailor's nominee with 1105  
actual or apparent authority to ship, store, or sell or with power 1106  
to obtain delivery under section 1307.27 of the Revised Code or 1107  
with power of disposition under sections 1302.44 and ~~1309.26~~ 1108  
1309.320 of the Revised Code, or other statute or rule of law; nor 1109

(2) acquiesced in the procurement by the bailor or ~~his~~ the 1110  
bailor's nominee of any document of title. 1111

(B) Title to goods based upon an unaccepted delivery order is 1112  
subject to the rights of anyone to whom a negotiable warehouse 1113  
receipt or bill of lading covering the goods has been duly 1114  
negotiated. Such a title may be defeated under section 1307.32 of 1115  
the Revised Code to the same extent as the rights of the issuer or 1116  
a transferee from the issuer. 1117

(C) Title to goods based upon a bill of lading issued to a 1118  
freight forwarder is subject to the rights of anyone to whom a 1119  
bill issued by the freight forwarder is duly negotiated; but 1120  
delivery by the carrier in accordance with sections 1307.25 to 1121  
1307.28, ~~inclusive~~, of the Revised Code, pursuant to its own bill 1122  
of lading discharges the carrier's obligation to deliver. 1123

**Sec. 1308.02.** (A) A share or similar equity interest issued 1124  
by a corporation, business trust, joint stock company, or similar 1125

entity is a security. 1126

(B) An "investment company security" is a security. 1127

"Investment company security" means a share or similar equity 1128  
interest issued by an entity that is registered as an investment 1129  
company under the federal investment company laws, an interest in 1130  
a unit investment trust that is so registered, or a face-amount 1131  
certificate issued by a face-amount certificate company that is so 1132  
registered. Investment company security does not include an 1133  
insurance policy or endowment policy or annuity contract issued by 1134  
an insurance company. 1135

(C) An interest in a partnership or limited liability company 1136  
is not a security unless it is dealt in or traded on securities 1137  
exchanges or in securities markets, its terms expressly provide 1138  
that it is a security governed by this chapter, or it is an 1139  
investment company security. However, an interest in a partnership 1140  
or limited liability company is a financial asset if it is held in 1141  
a securities account. 1142

(D) A writing that is a security certificate is governed by 1143  
this chapter and not by Chapter 1303. of the Revised Code, even 1144  
though it also meets the requirements of that chapter. However, a 1145  
negotiable instrument governed by Chapter 1303. of the Revised 1146  
Code is a financial asset if it is held in a securities account. 1147

(E) An option or similar obligation issued by a clearing 1148  
corporation to its participants is not a security, but is a 1149  
financial asset. 1150

(F) A commodity contract, as defined in division (A)(15) of 1151  
section ~~1309.112~~ 1309.102 of the Revised Code, is not a security 1152  
or a financial asset. 1153

**Sec. 1308.05.** (A) The local law of the issuer's jurisdiction, 1154  
as specified in division (D) of this section, governs: 1155

	1156
(1) The validity of a security;	1157
(2) The rights and duties of the issuer with respect to registration of transfer;	1158 1159
(3) The effectiveness of registration of transfer by the issuer;	1160 1161
(4) Whether the issuer owes any duties to an adverse claimant to a security; and	1162 1163
(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.	1164 1165 1166 1167
(B) The local law of the securities intermediary's jurisdiction, as specified in division (E) of this section, governs:	1168 1169 1170
(1) Acquisition of a security entitlement from the securities intermediary;	1171 1172
(2) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;	1173 1174
(3) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and	1175 1176
(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.	1177 1178 1179 1180
(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.	1181 1182 1183 1184

(D) "Issuer's jurisdiction" means the jurisdiction under 1185  
which the issuer of the security is organized or, if permitted by 1186  
the law of that jurisdiction, the law of another jurisdiction 1187  
specified by the issuer. An issuer organized under the law of this 1188  
state may specify the law of another jurisdiction as the law 1189  
governing the matters specified in divisions (A)(2) to (5) of this 1190  
section. 1191

(E) The following rules determine a "securities 1192  
intermediary's jurisdiction" for purposes of this section: 1193

(1) If an agreement between the securities intermediary and 1194  
its entitlement holder ~~specifies that it is governed by the law of~~ 1195  
governing the securities account expressly provides that a 1196  
particular jurisdiction is the securities intermediary's 1197  
jurisdiction for purposes of Chapter 1308. or 1309. of the Revised 1198  
Code, that jurisdiction is the securities intermediary's 1199  
jurisdiction. 1200

(2) If division (E)(1) of this section does not apply and an 1201  
agreement between the securities intermediary and its entitlement 1202  
holder governing the securities account expressly provides that 1203  
the agreement is governed by the law of a particular jurisdiction, 1204  
that jurisdiction is the securities intermediary's jurisdiction. 1205

(3) If divisions (E)(1) and (2) of this section do not apply 1206  
and an agreement between the securities intermediary and its 1207  
entitlement holder does not specify the governing law as provided 1208  
in division (E)(1) of this section, but the securities account 1209  
expressly ~~specifies~~ provides that the securities account is 1210  
maintained at an office in a particular jurisdiction, that 1211  
jurisdiction is the securities intermediary's jurisdiction. 1212

~~(3)(4)~~ If ~~an agreement between the securities intermediary~~ 1213  
~~and its entitlement holder does not specify a jurisdiction as~~ 1214  
~~provided in division divisions (E)(1) ~~or, (2), and (3)~~ of this~~ 1215

section do not apply, the securities intermediary's jurisdiction 1216  
is the jurisdiction in which ~~is located~~ the office identified in 1217  
an account statement as the office serving the entitlement 1218  
holder's account is located. 1219

~~(4)(5) If an agreement between the securities intermediary 1220  
and its entitlement holder does not specify a jurisdiction as 1221  
provided in division divisions (E)(1) or, (2) of this section and 1222  
an account statement does not identify an office serving the 1223  
entitlement holder's account as provided in division (E), (3), and 1224  
(4) of this section do not apply, the securities intermediary's 1225  
jurisdiction is the jurisdiction in which ~~is located~~ the chief 1226  
executive office of the securities intermediary is located. 1227~~

(F) A securities intermediary's jurisdiction is not 1228  
determined by the physical location of certificates representing 1229  
financial assets, or by the jurisdiction in which is organized the 1230  
issuer of the financial asset with respect to which an entitlement 1231  
holder has a security entitlement, or by the location of 1232  
facilities for data processing or other record keeping concerning 1233  
the account. 1234

**Sec. 1308.16.** (A) Except as otherwise provided in divisions 1235  
(B) and (C) of this section, upon delivery a purchaser of a 1236  
certificated or uncertificated security ~~to a purchaser, the 1237  
purchaser~~ acquires all rights in the security that the transferor 1238  
had or had power to transfer. 1239

(B) A purchaser of a limited interest acquires rights only to 1240  
the extent of the interest purchased. 1241

(C) A purchaser of a certificated security who as a previous 1242  
holder had notice of an adverse claim does not improve its 1243  
position by taking from a protected purchaser. 1244

**Sec. 1308.24.** (A) A purchaser has "control" of a certificated 1245

security in bearer form if the certificated security is delivered 1246  
to the purchaser. 1247

(B) A purchaser has "control" of a certificated security in 1248  
registered form if the certificated security is delivered to the 1249  
purchaser, and: 1250

(1) The certificate is indorsed to the purchaser or in blank 1251  
by an effective indorsement; or 1252

(2) The certificate is registered in the name of the 1253  
purchaser, upon original issue or registration of transfer by the 1254  
issuer. 1255

(C) A purchaser has "control" of an uncertificated security 1256  
if: 1257

(1) The uncertificated security is delivered to the 1258  
purchaser; or 1259

(2) The issuer has agreed that it will comply with 1260  
instructions originated by the purchaser without further consent 1261  
by the registered owner. 1262

(D) A purchaser has "control" of a security entitlement if: 1263

(1) The purchaser becomes the entitlement holder; or 1264

(2) The securities intermediary has agreed that it will 1265  
comply with entitlement orders originated by the purchaser without 1266  
further consent by the entitlement holder; or 1267

(3) Another person has control of the security entitlement on 1268  
behalf of the purchaser or, having previously acquired control of 1269  
the security entitlement, acknowledges having control on behalf of 1270  
the purchaser. 1271

(E) If an interest in a security entitlement is granted by 1272  
the entitlement holder to the entitlement holder's own securities 1273  
intermediary, the securities intermediary has control. 1274

(F) A purchaser who has satisfied the requirements of 1275  
division (C)~~(2)~~ or (D)~~(2)~~ of this section has control even if the 1276  
registered owner in the case of division (C)~~(2)~~ of this section or 1277  
the entitlement holder in the case of division (D)~~(2)~~ of this 1278  
section retains the right to make substitutions for the 1279  
uncertificated security or security entitlement, to originate 1280  
instructions or entitlement orders to the issuer or securities 1281  
intermediary, or otherwise to deal with the uncertificated 1282  
security or security entitlement. 1283

(G) An issuer or a securities intermediary may not enter into 1284  
an agreement of the kind described in division (C)(2) or (D)(2) of 1285  
this section without the consent of the registered owner or 1286  
entitlement holder, but an issuer or a securities intermediary is 1287  
not required to enter into such an agreement even though the 1288  
registered owner or entitlement holder so directs. An issuer or 1289  
securities intermediary that has entered into such an agreement is 1290  
not required to confirm the existence of the agreement to another 1291  
party unless requested to do so by the registered owner or 1292  
entitlement holder. 1293

**Sec. 1308.27.** (A) Delivery of a certificated security to a 1294  
purchaser occurs when: 1295

(1) The purchaser acquires possession of the security 1296  
certificate; 1297

(2) Another person, other than a securities intermediary, 1298  
either acquires possession of the security certificate on behalf 1299  
of the purchaser or, having previously acquired possession of the 1300  
certificate, acknowledges that it holds for the purchaser; or 1301

(3) A securities intermediary acting on behalf of the 1302  
purchaser acquires possession of the security certificate, only if 1303  
the certificate is in registered form and ~~has been~~ is (a) 1304  
registered in the name of the purchaser, (b) payable to the order 1305

of the purchaser, or (c) specially indorsed to the purchaser by an 1306  
effective indorsement and has not been indorsed to the securities 1307  
intermediary or in blank. 1308

(B) Delivery of an uncertificated security to a purchaser 1309  
occurs when: 1310

(1) The issuer registers the purchaser as the registered 1311  
owner, upon original issue or registration of transfer; or 1312

(2) Another person, other than a securities intermediary, 1313  
either becomes the registered owner of the uncertificated security 1314  
on behalf of the purchaser or, having previously become the 1315  
registered owner, acknowledges that it holds for the purchaser. 1316

**Sec. 1308.60.** (A) ~~An~~ In a case not covered by the priority 1317  
rules in Chapter 1309. of the Revised Code or the rules stated in 1318  
division (C) of this section, an action based on an adverse claim 1319  
to a financial asset or security entitlement, whether framed in 1320  
conversion, replevin, constructive trust, equitable lien, or other 1321  
theory, may not be asserted against a person who purchases a 1322  
security entitlement, or an interest ~~therein~~ in a security 1323  
entitlement, from an entitlement holder if the purchaser gives 1324  
value, does not have notice of the adverse claim, and obtains 1325  
control. 1326

(B) If an adverse claim could not have been asserted against 1327  
an entitlement holder under section 1308.52 of the Revised Code, 1328  
the adverse claim cannot be asserted against a person who 1329  
purchases a security entitlement, or an interest ~~therein~~ in a 1330  
security entitlement, from the entitlement holder. 1331

(C) In a case not covered by the priority rules in Chapter 1332  
1309. of the Revised Code, a purchaser for value of a security 1333  
entitlement, or an interest ~~therein~~ in a security entitlement, who 1334  
obtains control has priority over a purchaser of a security 1335  
entitlement, or an interest ~~therein~~ in a security entitlement, who 1336

does not obtain control. ~~Purchasers~~ Except as otherwise provided 1337  
in division (D) of this section, purchasers who have control rank 1338  
equally, except that a according to priority in time of: 1339

(1) The purchaser's becoming the person for whom the 1340  
securities account, in which the security entitlement is carried, 1341  
is maintained, if the purchaser obtained control under division 1342  
(D)(1) of section 1308.24 of the Revised Code; 1343

(2) The securities intermediary's agreement to comply with 1344  
the purchaser's entitlement orders with respect to security 1345  
entitlements carried or to be carried in the securities account in 1346  
which the security entitlement is carried, if the purchaser 1347  
obtained control under division (D)(2) of section 1308.24 of the 1348  
Revised Code; or 1349

(3) If the purchaser obtained control through another person 1350  
under division (D)(3) of section 1308.24 of the Revised Code, the 1351  
time on which priority would be based under division (C) of this 1352  
section if the other person were the secured party. 1353

(D) A securities intermediary as purchaser has priority over 1354  
a conflicting purchaser who has control unless otherwise agreed by 1355  
the securities intermediary. 1356

**Sec. 1309.101.** (A) This chapter may be cited as "Uniform 1357  
Commercial Code, secured transactions." 1358

(B) This chapter uses the numbering system of the national 1359  
conference of commissioners on uniform state laws. The digits to 1360  
the right of the decimal point are sequential and not supplemental 1361  
to any preceding Revised Code section. 1362

**Sec. 1309.102.** (A) As used in this chapter, unless the 1363  
context requires otherwise: 1364

(1) "Accession" means goods that are physically united with 1365

other goods in such a manner that the identity of the original 1366  
goods is not lost. 1367

(2)(a) "Account," except as used in "account for," means a 1368  
right to payment of a monetary obligation, whether or not earned 1369  
by performance, (i) for property that has been or is to be sold, 1370  
leased, licensed, assigned, or otherwise disposed of, (ii) for 1371  
services rendered or to be rendered, (iii) for a policy of 1372  
insurance issued or to be issued, (iv) for a secondary obligation 1373  
incurred or to be incurred, (v) for energy provided or to be 1374  
provided, (vi) for the use or hire of a vessel under a charter or 1375  
other contract, (vii) arising out of the use of a credit or charge 1376  
card or information contained on or for use with the card, or 1377  
(viii) as winnings in a lottery or other game of chance operated 1378  
or sponsored by a state, governmental unit of a state, or person 1379  
licensed or authorized to operate the game by a state or 1380  
governmental unit of a state. 1381

"Account" includes health-care insurance receivables. 1382

(b) "Account" does not include (i) rights to payment 1383  
evidenced by chattel paper or an instrument, (ii) commercial tort 1384  
claims, (iii) deposit accounts, (iv) investment property, (v) 1385  
letter-of-credit rights or letters of credit, or (vi) rights to 1386  
payment for money or funds advanced or sold, other than rights 1387  
arising out of the use of a credit or charge card or information 1388  
contained on or for use with the card. 1389

(3) "Account debtor" means a person who is obligated on an 1390  
account, chattel paper, or general intangible. "Account debtor" 1391  
does not include a person who is obligated to pay a negotiable 1392  
instrument, even if the instrument constitutes part of chattel 1393  
paper. 1394

(4) "Accounting," except as used in "accounting for," means a 1395  
record: 1396

<u>(a) Authenticated by a secured party;</u>	1397
<u>(b) Indicating the aggregate unpaid secured obligations as of</u>	1398
<u>a date not more than thirty-five days earlier or thirty-five days</u>	1399
<u>later than the date of the record; and</u>	1400
<u>(c) Identifying the components of the obligations in</u>	1401
<u>reasonable detail.</u>	1402
<u>(5) "Agricultural lien" means an interest, other than a</u>	1403
<u>security interest, in farm products:</u>	1404
<u>(a) That secures payment or performance of an obligation for:</u>	1405
	1406
<u>(i) Goods or services furnished in connection with a debtor's</u>	1407
<u>farming operation; or</u>	1408
<u>(ii) Rent on real property leased by a debtor in connection</u>	1409
<u>with its farming operation.</u>	1410
<u>(b) That is created by statute in favor of a person who:</u>	1411
<u>(i) In the ordinary course of business, furnished goods or</u>	1412
<u>services to a debtor in connection with the debtor's farming</u>	1413
<u>operation; or</u>	1414
<u>(ii) Leased real property to a debtor in connection with the</u>	1415
<u>debtor's farming operation; and</u>	1416
<u>(c) Whose effectiveness does not depend on the person's</u>	1417
<u>possession of the personal property.</u>	1418
<u>(6) "As-extracted collateral" means:</u>	1419
<u>(a) Oil, gas, or other minerals that are subject to a</u>	1420
<u>security interest that:</u>	1421
<u>(i) Is created by a debtor having an interest in the minerals</u>	1422
<u>before extraction; and</u>	1423
<u>(ii) Attaches to the minerals as extracted; or</u>	1424

(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. 1425  
1426  
1427

(7) "Authenticate" means: 1428

(a) To sign; or 1429

(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. 1430  
1431  
1432  
1433

(8) "Bank" means an organization that is engaged in the business of banking. "Bank" includes savings banks, savings and loan associations, credit unions, and trust companies. 1434  
1435  
1436

(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like. 1437  
1438

(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. 1439  
1440  
1441  
1442  
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(11)(a) "Chattel paper" means a record that evidences both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. 1444  
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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. 1450  
1451  
1452  
1453

(b) If a transaction is evidenced by records that include an 1454

instrument or series of instruments, the group of records taken 1455  
together constitutes chattel paper. 1456

(c) "Chattel paper" does not include (i) charters or other 1457  
contracts involving the use or hire of a vessel or (ii) records 1458  
that evidence a right to payment arising out of the use of a 1459  
credit or charge card or information contained on or for use with 1460  
the card. 1461

(12) "Collateral" means the property subject to a security 1462  
interest or agricultural lien, including: 1463

(a) Proceeds to which a security interest attaches; 1464

(b) Accounts, chattel paper, payment intangibles, and 1465  
promissory notes that have been sold; and 1466

(c) Goods that are the subject of a consignment. 1467

(13) "Commercial tort claim" means a claim arising in tort 1468  
with respect to which: 1469

(a) The claimant is an organization. or 1470

(b) The claimant is an individual, and the claim: 1471

(i) Arose in the course of the claimant's business or 1472  
profession; and 1473

(ii) Does not include damages arising out of personal injury 1474  
to or the death of an individual. 1475

(14) "Commodity account" means an account maintained by a 1476  
commodity intermediary in which a commodity contract is carried 1477  
for a commodity customer. 1478

(15) "Commodity contract" means a commodity futures contract, 1479  
an option on a commodity futures contract, a commodity option, or 1480  
another contract if the contract or option is: 1481

(a) Traded on or subject to the rules of a board of trade 1482  
that has been designated as a contract market for such a contract 1483

<u>pursuant to the federal commodities laws; or</u>	1484
<u>(b) Traded on a foreign commodity board of trade, exchange,</u>	1485
<u>or market and is carried on the books of a commodity intermediary</u>	1486
<u>for a commodity customer.</u>	1487
<u>(16) "Commodity customer" means a person for whom a commodity</u>	1488
<u>intermediary carries a commodity contract on its books.</u>	1489
<u>(17) "Commodity intermediary" means a person that:</u>	1490
<u>(a) Is registered as a futures commission merchant under the</u>	1491
<u>federal commodities laws; or</u>	1492
<u>(b) In the ordinary course of its business provides clearance</u>	1493
<u>or settlement services for a board of trade that has been</u>	1494
<u>designated as a contract market pursuant to the federal</u>	1495
<u>commodities laws.</u>	1496
<u>(18) "Communicate" means:</u>	1497
<u>(a) To send a written or other tangible record;</u>	1498
<u>(b) To transmit a record by any means agreed upon by the</u>	1499
<u>persons sending and receiving the record; or</u>	1500
<u>(c) In the case of transmission of a record to or by a filing</u>	1501
<u>office, to transmit a record by any means prescribed by</u>	1502
<u>filing-office rule.</u>	1503
<u>(19) "Consignee" means a merchant to whom goods are delivered</u>	1504
<u>in a consignment.</u>	1505
<u>(20) "Consignment" means a transaction, regardless of its</u>	1506
<u>form, in which a person delivers goods to a merchant for the</u>	1507
<u>purpose of sale and:</u>	1508
<u>(a) The merchant:</u>	1509
<u>(i) Deals in goods of that kind under a name other than the</u>	1510
<u>name of the person making delivery;</u>	1511

<u>(ii) Is not an auctioneer; and</u>	1512
<u>(iii) Is not generally known by its creditors to be</u>	1513
<u>substantially engaged in selling the goods of others;</u>	1514
<u>(b) With respect to each delivery, the aggregate value of the</u>	1515
<u>goods is one thousand dollars or more at the time of delivery.</u>	1516
<u>(c) The goods are not consumer goods immediately before</u>	1517
<u>delivery; and</u>	1518
<u>(d) The transaction does not create a security interest that</u>	1519
<u>secures an obligation.</u>	1520
<u>(21) "Consignor" means a person that delivers goods to a</u>	1521
<u>consignee in a consignment.</u>	1522
<u>(22) "Consumer debtor" means a debtor in a consumer</u>	1523
<u>transaction.</u>	1524
<u>(23) "Consumer goods" means goods that are used or bought for</u>	1525
<u>use primarily for personal, family, or household purposes.</u>	1526
<u>(24) "Consumer-goods transaction" means a consumer</u>	1527
<u>transaction in which:</u>	1528
<u>(a) An individual incurs an obligation primarily for</u>	1529
<u>personal, family, or household purposes; and</u>	1530
<u>(b) A security interest in consumer goods secures the</u>	1531
<u>obligation.</u>	1532
<u>(25) "Consumer obligor" means an obligor who is an individual</u>	1533
<u>and who incurred the obligation as part of a transaction entered</u>	1534
<u>into primarily for personal, family, or household purposes.</u>	1535
<u>(26) "Consumer transaction" means a transaction in which: (a)</u>	1536
<u>an individual incurs an obligation primarily for personal, family,</u>	1537
<u>or household purposes, (b) a security interest secures the</u>	1538
<u>obligation, and (c) the collateral is held or acquired primarily</u>	1539
<u>for personal, family, or household purposes. "Consumer</u>	1540

<u>transaction" includes consumer-goods transactions.</u>	1541
<u>(27) "Continuation statement" means an amendment of a</u>	1542
<u>financing statement that:</u>	1543
<u>(a) Identifies, by its file number, the initial financing</u>	1544
<u>statement to which it relates; and</u>	1545
<u>(b) Indicates that it is a continuation statement for, or</u>	1546
<u>that it is filed to continue the effectiveness of, the identified</u>	1547
<u>financing statement.</u>	1548
<u>(28) "Debtor" means:</u>	1549
<u>(a) A person having an interest, other than a security</u>	1550
<u>interest or other lien, in the collateral, whether or not the</u>	1551
<u>person is an obligor;</u>	1552
<u>(b) A seller of accounts, chattel paper, payment intangibles,</u>	1553
<u>or promissory notes; or</u>	1554
<u>(c) A consignee.</u>	1555
<u>(29) "Deposit account" means a demand, time, savings,</u>	1556
<u>passbook, or similar account maintained with a bank but does not</u>	1557
<u>include investment property or accounts evidenced by an</u>	1558
<u>instrument.</u>	1559
<u>(30) "Document" means a document of title or a receipt of the</u>	1560
<u>type described in section 1307.06 of the Revised Code.</u>	1561
<u>(31) "Electronic chattel paper" means chattel paper evidenced</u>	1562
<u>by a record consisting of information stored in an electronic</u>	1563
<u>medium.</u>	1564
<u>(32) "Encumbrance" means a right, other than an ownership</u>	1565
<u>interest, in real property. "Encumbrance" includes mortgages and</u>	1566
<u>other liens on real property.</u>	1567
<u>(33) "Equipment" means goods other than inventory, farm</u>	1568
<u>products, or consumer goods.</u>	1569

<u>(34) "Farm products" means goods, other than standing timber,</u>	1570
<u>with respect to which the debtor is engaged in a farming operation</u>	1571
<u>and that are:</u>	1572
<u>(a) Crops grown, growing, or to be grown, including:</u>	1573
<u>(i) Crops produced on trees, vines, and bushes; and</u>	1574
<u>(ii) Aquatic goods produced in aquacultural operations;</u>	1575
<u>(b) Livestock, born or unborn, including aquatic goods</u>	1576
<u>produced in aquacultural operations;</u>	1577
<u>(c) Supplies used or produced in a farming operation; or</u>	1578
<u>(d) Products of crops or livestock in their unmanufactured</u>	1579
<u>states.</u>	1580
<u>(35) "Farming operation" means raising, cultivating,</u>	1581
<u>propagating, fattening, grazing, or any other farming, livestock,</u>	1582
<u>or aquacultural operation.</u>	1583
<u>(36) "File number" means the number assigned to an initial</u>	1584
<u>financing statement under division (A) of section 1309.519 of the</u>	1585
<u>Revised Code.</u>	1586
<u>(37) "Filing office" means an office designated in section</u>	1587
<u>1309.501 of the Revised Code as the place to file a financing</u>	1588
<u>statement.</u>	1589
<u>(38) "Filing-office rule" means a rule adopted under section</u>	1590
<u>1309.526 of the Revised Code.</u>	1591
<u>(39) "Financing statement" means a record composed of an</u>	1592
<u>initial financing statement and any filed record relating to the</u>	1593
<u>initial financing statement.</u>	1594
<u>(40) "Fixture filing" means the filing of a financing</u>	1595
<u>statement covering goods that are or are to become fixtures and</u>	1596
<u>satisfying divisions (A) and (B) of section 1309.502 of the</u>	1597
<u>Revised Code. "Fixture filing" includes the filing of a financing</u>	1598

statement covering goods of a transmitting utility that are or are 1599  
to become fixtures. 1600

(41) "Fixtures" means goods that have become so related to 1601  
particular real property that an interest in them arises under 1602  
real property law. 1603

(42) "General intangible" means any personal property, 1604  
including things in action, other than accounts, chattel paper, 1605  
commercial tort claims, deposit accounts, documents, goods, 1606  
instruments, investment property, letter-of-credit rights, letters 1607  
of credit, money, and oil, gas, or other minerals before 1608  
extraction. "General intangible" includes payment intangibles and 1609  
software. 1610

(43) "Good faith" means honesty in fact and the observance of 1611  
reasonable commercial standards of fair dealing. 1612

(44)(a) "Goods" means all things that are movable when a 1613  
security interest attaches. "Goods" includes (i) fixtures, (ii) 1614  
standing timber that is to be cut and removed under a conveyance 1615  
or contract for sale, (iii) the unborn young of animals, (iv) 1616  
crops grown, growing, or to be grown, even if the crops are 1617  
produced on trees, vines, or bushes, and (v) manufactured homes. 1618

(b) "Goods" also includes a computer program embedded in 1619  
goods and any supporting information provided in connection with a 1620  
transaction relating to the program if (i) the program is 1621  
associated with the goods in such a manner that it customarily is 1622  
considered part of the goods, or (ii) by becoming the owner of the 1623  
goods, a person acquires a right to use the program in connection 1624  
with the goods. 1625

(c) "Goods" does not include a computer program embedded in 1626  
goods that consist solely of the medium in which the program is 1627  
embedded. "Goods" does not include accounts, chattel paper, 1628  
commercial tort claims, deposit accounts, documents, general 1629

intangibles, instruments, investment property, letter-of-credit 1630  
rights, letters of credit, money, or oil, gas, or other minerals 1631  
before extraction. 1632

(45) "Governmental unit" means a subdivision, agency, 1633  
department, county, parish, municipal corporation, or other unit 1634  
of the government of the United States, a state, or a foreign 1635  
country. "Governmental unit" includes an organization having a 1636  
separate corporate existence if the organization is eligible to 1637  
issue debt on which interest is exempt from income taxation under 1638  
the laws of the United States. 1639

(46) "Health-care-insurance receivable" means an interest in 1640  
or claim under a policy of insurance that is a right to payment of 1641  
a monetary obligation for health-care goods or services provided. 1642

(47)(a) "Instrument" means a negotiable instrument or any 1643  
other writing that evidences a right to the payment of a monetary 1644  
obligation, is not itself a security agreement or lease, and is of 1645  
a type that in ordinary course of business is transferred by 1646  
delivery with any necessary indorsement or assignment. 1647

(b) "Instrument" does not include (i) investment property, 1648  
(ii) letters of credit, or (iii) writings that evidence a right to 1649  
payment arising out of the use of a credit or charge card or 1650  
information contained on or for use with the card. 1651

(48) "Inventory" means goods, other than farm products, that: 1652

(a) Are leased by a person as lessor; 1653

(b) Are held by a person for sale or lease or to be furnished 1654  
under a contract of service; 1655

(c) Are furnished by a person under a contract of service; or 1656

(d) Consist of raw materials, work in process, or materials 1657  
used or consumed in a business. 1658  
1659

(49) "Investment property" means a security, whether 1660  
certificated or uncertificated, a security entitlement, a 1661  
securities account, a commodity contract, or a commodity account. 1662

(50) "Jurisdiction of organization," with respect to a 1663  
registered organization, means the jurisdiction under whose law 1664  
the organization is organized. 1665

(51) "Letter-of-credit right" means a right to payment or 1666  
performance under a letter of credit, whether or not the 1667  
beneficiary has demanded or is at the time entitled to demand 1668  
payment or performance. "Letter-of-credit right" does not include 1669  
the right of a beneficiary to demand payment or performance under 1670  
a letter of credit. 1671

(52) "Lien creditor" means: 1672

(a) A creditor who has acquired a lien on the property 1673  
involved by attachment, levy or the like; 1674

(b) An assignee for benefit of creditors from the time of 1675  
assignment; 1676

(c) A trustee in bankruptcy from the date of the filing of 1677  
the petition; or 1678

(d) A receiver in equity from the time of appointment. 1679

(53) "Manufactured home" means a structure, transportable in 1680  
one or more sections, that, in the traveling mode, is eight body 1681  
feet or more in width or forty body feet or more in length, or, 1682  
when erected on site, is three hundred twenty or more square feet, 1683  
and that is built on a permanent chassis and designed to be used 1684  
as a dwelling with or without a permanent foundation when 1685  
connected to the required utilities, and includes the plumbing, 1686  
heating, air conditioning, and electrical systems contained in the 1687  
structure. "Manufactured home" includes any structure that meets 1688  
all of the requirements of this paragraph except the size 1689

requirements and with respect to which the manufacturer 1690  
voluntarily files a certification required by the United States 1691  
secretary of housing and urban development and complies with the 1692  
standards established under Title 42 of the United States Code. 1693

(54) "Manufactured-home transaction" means a secured 1694  
transaction: 1695

(a) That creates a purchase-money security interest in a 1696  
manufactured home, other than a manufactured home held as 1697  
inventory; or 1698

(b) In which a manufactured home, other than a manufactured 1699  
home held as inventory, is the primary collateral. 1700

(55) "Mortgage" means a consensual interest in real property, 1701  
including fixtures, that secures payment or performance of an 1702  
obligation. 1703

(56) "New debtor" means a person that becomes bound as debtor 1704  
under division (D) of section 1309.203 of the Revised Code by a 1705  
security agreement previously entered into by another person. 1706

(57)(a) "New value" means (i) money, (ii) money's worth in 1707  
property, services, or new credit, or (iii) release by a 1708  
transferee of an interest in property previously transferred to 1709  
the transferee. 1710

(b) "New value" does not include an obligation substituted 1711  
for another obligation. 1712

(58) "Noncash proceeds" means proceeds other than cash 1713  
proceeds. 1714

(59)(a) "Obligor" means a person who, with respect to an 1715  
obligation secured by a security interest in or an agricultural 1716  
lien on the collateral, (i) owes payment or other performance of 1717  
the obligation, (ii) has provided property other than the 1718  
collateral to secure payment or other performance of the 1719

obligation, or (iii) is otherwise accountable in whole or in part 1720  
for payment or other performance of the obligation. 1721

(b) "Obligor" does not include issuers or nominated persons 1722  
under a letter of credit. 1723

(60) "Original debtor," except as used in division (C) of 1724  
section 1309.310 of the Revised Code, means a person who, as 1725  
debtor, entered into a security agreement to which a new debtor 1726  
has become bound under division (D) of section 1309.203 of the 1727  
Revised Code. 1728

(61) "Payment intangible" means a general intangible under 1729  
which the account debtor's principal obligation is a monetary 1730  
obligation. 1731

(62) "Person related to," with respect to an individual, 1732  
means: 1733

(a) The spouse of the individual; 1734

(b) A brother, brother-in-law, sister, or sister-in-law of 1735  
the individual; 1736

(c) An ancestor or lineal descendant of the individual or the 1737  
individual's spouse; or 1738

(d) Any other relative, by blood or marriage, of the 1739  
individual or the individual's spouse who shares the same home 1740  
with the individual. 1741

(63) "Person related to," with respect to an organization, 1742  
means: 1743

(a) A person directly or indirectly controlling, controlled 1744  
by, or under common control with the organization; 1745

(b) An officer or director of, or a person performing similar 1746  
functions with respect to, the organization; 1747

(c) An officer or director of, or a person performing similar 1748

<u>functions with respect to, a person described in division</u>	1749
<u>(A)(63)(a) of this section;</u>	1750
<u>(d) The spouse of an individual described in division</u>	1751
<u>(A)(63)(a), (b), or (c) of this section; or</u>	1752
<u>(e) An individual who is related by blood or marriage to an</u>	1753
<u>individual described in division (A)(63)(a), (b), (c), or (d) of</u>	1754
<u>this section and shares the same home with the individual.</u>	1755
<u>(64) "Proceeds," except as used in division (B) of section</u>	1756
<u>1309.609 of the Revised Code, means the following property:</u>	1757
<u>(a) Whatever is acquired upon the sale, lease, license,</u>	1758
<u>exchange, or other disposition of collateral;</u>	1759
<u>(b) Whatever is collected on, or distributed on account of,</u>	1760
<u>collateral;</u>	1761
<u>(c) Rights arising out of collateral;</u>	1762
<u>(d) To the extent of the value of collateral, claims arising</u>	1763
<u>out of the loss, nonconformity, or interference with the use of,</u>	1764
<u>defects or infringement of rights in, or damage to the collateral;</u>	1765
<u>or</u>	1766
<u>(e) To the extent of the value of collateral and to the</u>	1767
<u>extent payable to the debtor or the secured party, insurance</u>	1768
<u>payable by reason of the loss or nonconformity of, defects or</u>	1769
<u>infringement of rights in, or damage to the collateral.</u>	1770
<u>(65) "Promissory note" means an instrument that evidences a</u>	1771
<u>promise to pay a monetary obligation, does not evidence an order</u>	1772
<u>to pay, and does not contain an acknowledgment by a bank that the</u>	1773
<u>bank has received for deposit a sum of money or funds.</u>	1774
<u>(66) "Proposal" means a record authenticated by a secured</u>	1775
<u>party that includes the terms on which the secured party is</u>	1776
<u>willing to accept collateral in full or partial satisfaction of</u>	1777
<u>the obligation it secures pursuant to sections 1309.620, 1309.621,</u>	1778

<u>and 1309.622 of the Revised Code.</u>	1779
<u>(67) "Public-finance transaction" means a secured transaction</u>	1780
<u>in connection with which:</u>	1781
<u>(a) Debt securities are issued;</u>	1782
<u>(b) All or a portion of the securities issued have an initial</u>	1783
<u>stated maturity of at least twenty years; and</u>	1784
<u>(c) The debtor, obligor, secured party, account debtor or</u>	1785
<u>other person obligated on collateral, assignor or assignee of a</u>	1786
<u>secured obligation, or assignor or assignee of a security interest</u>	1787
<u>is a state or a governmental unit of a state.</u>	1788
<u>(68) "Pursuant to commitment," with respect to an advance</u>	1789
<u>made or other value given by a secured party, means pursuant to</u>	1790
<u>the secured party's obligation, whether or not a subsequent event</u>	1791
<u>of default or other event not within the secured party's control</u>	1792
<u>has relieved or may relieve the secured party from its obligation.</u>	1793
<u>(69) "Record," except as used in "for record," "of record,"</u>	1794
<u>"record or legal title," and "record owner," means information</u>	1795
<u>that is inscribed on a tangible medium or that is stored in an</u>	1796
<u>electronic or other medium and is retrievable in perceivable form.</u>	1797
<u>(70) "Registered organization" means an organization</u>	1798
<u>organized solely under the law of a single state or the United</u>	1799
<u>States and as to which the state or the United States must</u>	1800
<u>maintain a public record showing the organization to have been</u>	1801
<u>organized.</u>	1802
<u>(71) "Secondary obligor" means an obligor to the extent that:</u>	1803
<u>(a) The obligor's obligation is secondary; or</u>	1804
<u>(b) The obligor has a right of recourse with respect to an</u>	1805
<u>obligation secured by collateral against the debtor, another</u>	1806
<u>obligor, or property of either.</u>	1807

<u>(72) "Secured party" means:</u>	1808
<u>(a) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;</u>	1809 1810 1811
<u>(b) A person that holds an agricultural lien;</u>	1812
<u>(c) A consignor;</u>	1813
<u>(d) A person to whom accounts, chattel paper, payment intangibles, or promissory notes have been sold;</u>	1814 1815
<u>(e) A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for;</u>	1816 1817 1818
<u>(f) A person who holds a security interest arising under section 1302.42, 1302.49, 1302.85, 1304.20, 1305.18, or 1310.54 of the Revised Code.</u>	1819 1820 1821
<u>(73) "Security agreement" means an agreement that creates or provides for a security interest.</u>	1822 1823
<u>(74) "Send," in connection with a record or notification, means:</u>	1824 1825
<u>(a) To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or</u>	1826 1827 1828 1829
<u>(b) To cause the record or notification to be received within the time that it would have been received if properly sent under division (A)(74)(a) of this section.</u>	1830 1831 1832
<u>(75) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. "Software" does not include a computer program that is included in the definition of goods.</u>	1833 1834 1835 1836

(76) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States. 1837  
1838  
1839  
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(77) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property. 1841  
1842  
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(78) "Tangible chattel paper" means chattel paper evidenced by a record consisting of information that is inscribed on a tangible medium. 1845  
1846  
1847

(79) "Termination statement" means an amendment of a financing statement that: 1848  
1849

(a) Identifies, by its file number, the initial financing statement to which it relates; and 1850  
1851

(b) Indicates either that it is a termination statement or that the identified financing statement is no longer effective. 1852  
1853

(80) "Transmitting utility" means a person primarily engaged in the business of: 1854  
1855

(a) Operating a railroad, subway, street railway, or trolley bus; 1856  
1857

(b) Transmitting communications electrically, electromagnetically, or by light; 1858  
1859

(c) Transmitting goods by pipeline or sewer; or 1860

(d) Transmitting or producing and transmitting electricity, steam, gas, or water. 1861  
1862

(B) Other definitions applying to this chapter are: 1863

(1) "Applicant" has the same meaning as in section 1305.01 of the Revised Code. 1864  
1865

<u>(2) "Beneficiary" has the same meaning as in section 1305.01 of the Revised Code.</u>	1866
<u>(3) "Broker" has the same meaning as in section 1308.01 of the Revised Code.</u>	1868
<u>(4) "Certificated security" has the same meaning as in section 1308.01 of the Revised Code.</u>	1870
<u>(5) "Check" has the same meaning as in section 1303.03 of the Revised Code.</u>	1872
<u>(6) "Clearing corporation" has the same meaning as in section 1308.01 of the Revised Code.</u>	1874
<u>(7) "Contract for sale" has the same meaning as in section 1302.01 of the Revised Code.</u>	1876
<u>(8) "Customer" has the same meaning as in section 1304.01 of the Revised Code.</u>	1878
<u>(9) "Entitlement holder" has the same meaning as in section 1308.01 of the Revised Code.</u>	1880
<u>(10) "Financial asset" has the same meaning as in section 1308.01 of the Revised Code.</u>	1882
<u>(11) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.</u>	1884
<u>(12) "Issuer," with respect to a letter of credit or letter-of-credit right, has the same meaning as in section 1305.01 of the Revised Code.</u>	1886
<u>(13) "Issuer," with respect to a security, has the same meaning as in section 1308.08 of the Revised Code.</u>	1887
<u>(14) "Lease," "lease agreement," "lease contract," "leasehold interest," "lessee," "lessee in ordinary course of business," "lessor," and "lessor's residual interest" have the same meanings as in section 1310.01 of the Revised Code.</u>	1888
	1889
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<u>(15) "Letter of credit" has the same meaning as in section 1305.01 of the Revised Code.</u>	1895 1896
<u>(16) "Merchant" has the same meaning as in section 1302.01 of the Revised Code.</u>	1897 1898
<u>(17) "Negotiable instrument" has the same meaning as in section 1303.03 of the Revised Code.</u>	1899 1900
<u>(18) "Nominated person" has the same meaning as in section 1305.01 of the Revised Code.</u>	1901 1902
<u>(19) "Note" has the same meaning as in section 1303.03 of the Revised Code.</u>	1903 1904
<u>(20) "Proceeds of a letter of credit" has the same meaning as in section 1305.13 of the Revised Code.</u>	1905 1906
<u>(21) "Prove" has the same meaning as in section 1303.01 of the Revised Code.</u>	1907 1908
<u>(22) "Sale" has the same meaning as in division (A)(11) of section 1302.01 of the Revised Code.</u>	1909 1910
<u>(23) "Securities account" has the same meaning as in section 1308.51 of the Revised Code.</u>	1911 1912
<u>(24) "Securities intermediary," "security," "security certificate," "security entitlement," and "uncertificated security" have the same meanings as in section 1308.01 of the Revised Code.</u>	1913 1914 1915 1916
<u>(C) The terms and principles of construction and interpretations set forth in sections 1301.01 to 1301.14 of the Revised Code are applicable to this chapter.</u>	1917 1918 1919
<b><u>Sec. 1309.103. (A) As used in this section:</u></b>	1920
<u>(1) "Purchase-money collateral" means goods or software that secures a purchase-money obligation incurred with respect to that</u>	1921 1922

<u>collateral; and</u>	1923
<u>(2) "Purchase-money obligation" means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.</u>	1924 1925 1926 1927
<u>(B) A security interest in goods is a purchase-money security interest:</u>	1928 1929
<u>(1) To the extent that the goods are purchase-money collateral with respect to that security interest;</u>	1930 1931
<u>(2) If the security interest is in inventory that is or was purchase-money collateral, also to the extent that the security interest secures a purchase-money obligation incurred with respect to other inventory in which the secured party holds or held a purchase-money security interest; and</u>	1932 1933 1934 1935 1936
<u>(3) To the extent that the security interest secures a purchase-money obligation incurred with respect to software in which the secured party holds or held a purchase-money security interest.</u>	1937 1938 1939 1940
<u>(C) A security interest in software is a purchase-money security interest to the extent that the security interest also secures a purchase-money obligation incurred with respect to goods in which the secured party holds or held a purchase-money security interest if:</u>	1941 1942 1943 1944 1945
<u>(1) The debtor acquired its interest in the software in an integrated transaction in which it acquired an interest in the goods. and</u>	1946 1947 1948
<u>(2) The debtor acquired its interest in the software for the principal purpose of using the software in the goods.</u>	1949 1950
<u>(D) The security interest of a consignor in goods that are the subject of a consignment is a purchase-money security interest</u>	1951 1952

<u>in inventory.</u>	1953
<u>(E) In a transaction other than a consumer-goods transaction,</u>	1954
<u>if the extent to which a security interest is a purchase-money</u>	1955
<u>security interest depends on the application of a payment to a</u>	1956
<u>particular obligation, the payment must be applied:</u>	1957
<u>(1) In accordance with any reasonable method of application</u>	1958
<u>to which the parties agree;</u>	1959
<u>(2) In the absence of the parties' agreement to a reasonable</u>	1960
<u>method, in accordance with any intention of the obligor manifested</u>	1961
<u>at or before the time of payment; or</u>	1962
<u>(3) In the absence of an agreement to a reasonable method and</u>	1963
<u>a timely manifestation of the obligor's intention, in the</u>	1964
<u>following order:</u>	1965
<u>(a) To obligations that are not secured;</u>	1966
<u>(b) If more than one obligation is secured, to obligations</u>	1967
<u>secured by purchase-money security interests in the order in which</u>	1968
<u>those obligations were incurred.</u>	1969
<u>(F) In a transaction other than a consumer-goods transaction,</u>	1970
<u>a purchase-money security interest does not lose its status as a</u>	1971
<u>purchase-money security interest, even if:</u>	1972
<u>(1) The purchase-money collateral also secures an obligation</u>	1973
<u>that is not a purchase-money obligation.</u>	1974
<u>(2) Collateral that is not purchase-money collateral also</u>	1975
<u>secures the purchase-money obligation. or</u>	1976
<u>(3) The purchase-money obligation has been renewed,</u>	1977
<u>refinanced, consolidated, or restructured.</u>	1978
<u>(G) In a transaction other than a consumer-goods transaction,</u>	1979
<u>a secured party claiming a purchase-money security interest has</u>	1980
<u>the burden of establishing the extent to which the security</u>	1981

interest is a purchase-money security interest. 1982

(H) The limitation in divisions (E), (F), and (G) of this section to transactions other than consumer-goods transactions is intended to leave to a court the determination of the proper rules in consumer-goods transactions. The court shall not infer from that limitation the nature of the proper rule in consumer-goods transactions and may continue to apply established approaches. 1983  
1984  
1985  
1986  
1987  
1988

**Sec. 1309.104.** (A) A secured party has control of a deposit account if: 1989  
1990

(1) The secured party is the bank with which the deposit account is maintained; 1991  
1992

(2) The debtor, secured party, and bank have agreed in an authenticated record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor; or 1993  
1994  
1995  
1996

(3) The secured party becomes the bank's customer with respect to the deposit account. 1997  
1998

(B) A secured party that has satisfied division (A) of this section has control of a deposit account, even if the debtor retains the right to direct the disposition of funds from the deposit account. 1999  
2000  
2001  
2002

**Sec. 1309.105.** A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that: 2003  
2004  
2005

(A) A single authoritative copy of the record or records exists that is unique, identifiable, and, except as otherwise provided in divisions (D), (E), and (F) of this section, unalterable; 2006  
2007  
2008  
2009

(B) The authoritative copy identifies the secured party as 2010

<u>the assignee of the record or records;</u>	2011
<u>(C) The authoritative copy is communicated to and maintained by the secured party or its designated custodian;</u>	2012 2013
<u>(D) Copies or revisions that add or change an identified assignee of the authoritative copy may be made only with the participation of the secured party;</u>	2014 2015 2016
<u>(E) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and</u>	2017 2018 2019
<u>(F) Any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.</u>	2020 2021
<b><u>Sec. 1309.106.</u></b> (A) <u>A person has control of a certificated security, uncertificated security, or security entitlement as provided in section 1308.24 of the Revised Code.</u>	2022 2023 2024
<u>(B) A secured party has control over a commodity contract if:</u>	2025 2026
<u>(1) The secured party is the commodity intermediary with which the commodity contract is carried; or</u>	2027 2028
<u>(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.</u>	2029 2030 2031 2032 2033
<u>(C) A secured party having control of all security entitlements or commodity contracts carried in a securities account or commodity account has control over the securities account or commodity account.</u>	2034 2035 2036 2037
<b><u>Sec. 1309.107.</u></b> <u>A secured party has control of a</u>	2038

letter-of-credit right to the extent of any right to payment or 2039  
performance by the issuer or any nominated person if the issuer or 2040  
nominated person has consented to an assignment of proceeds of the 2041  
letter of credit under division (C) of section 1305.13 of the 2042  
Revised Code or otherwise applicable law or practice. 2043

**Sec. ~~1309.08~~ 1309.108.** ~~For the purposes of sections 1309.01~~ 2044  
~~to 1309.50, inclusive, of the Revised Code (A) Except as provided~~ 2045  
in divisions (C), (D), and (E) of this section, any description of 2046  
personal or real property or real estate is sufficient whether or 2047  
not it is specific if it reasonably identifies what is described. 2048

(B) Except as otherwise provided in division (D) of this 2049  
section, a description of collateral reasonably identifies the 2050  
collateral if it identifies the collateral by: 2051

(1) Specific listing; 2052

(2) Category; 2053

(3) Except as otherwise provided in division (E) of this 2054  
section, a type of collateral defined in Chapters 1301., 1302., 2055  
1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the Revised 2056  
Code; 2057

(4) Quantity; 2058

(5) Computational or allocational formula or procedure; or 2059

(6) Except as otherwise provided in division (C) of this 2060  
section, any other method, if the identity of the collateral is 2061  
objectively determinable. 2062

(C) A description of collateral as "all the debtor's assets" 2063  
or "all the debtor's personal property" or using words of similar 2064  
import does not reasonably identify the collateral. 2065

(D) Except as otherwise provided in division (E) of this 2066  
section, a description of a security entitlement, securities 2067

<u>account, or commodity account is sufficient if it describes:</u>	2068
<u>(1) The collateral by those terms or as investment property;</u>	2069
<u>or</u>	2070
<u>(2) The underlying financial asset or commodity contract.</u>	2071
<u>(E) A description only by type of collateral defined in</u>	2072
<u>Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309.,</u>	2073
<u>and 1310. of the Revised Code is an insufficient description of:</u>	2074
<u>(1) A commercial tort claim; or</u>	2075
<u>(2) In a consumer transaction, consumer goods, a security</u>	2076
<u>entitlement, a securities account, or a commodity account.</u>	2077
<u>Sec. 1309.109. (A) Except as otherwise provided in divisions</u>	2078
<u>(C) and (D) of this section, this chapter applies to:</u>	2079
<u>(1) A transaction, regardless of its form, that creates a</u>	2080
<u>security interest in personal property or fixtures by contract;</u>	2081
<u>(2) An agricultural lien;</u>	2082
<u>(3) A sale of accounts, chattel paper, payment intangibles,</u>	2083
<u>or promissory notes;</u>	2084
<u>(4) A consignment;</u>	2085
<u>(5) A security interest arising under section 1302.42,</u>	2086
<u>1302.49, division (C) of section 1302.85, or division (E) of</u>	2087
<u>section 1310.54 of the Revised Code, as provided in section</u>	2088
<u>1309.110 of the Revised Code; and</u>	2089
<u>(6) A security interest arising under section 1304.20 or</u>	2090
<u>1305.18 of the Revised Code.</u>	2091
<u>(B) The application of this chapter to a security interest in</u>	2092
<u>a secured obligation is not affected by the fact that the</u>	2093
<u>obligation is itself secured by a transaction or interest to which</u>	2094
<u>this chapter does not apply.</u>	2095

<u>(C) This chapter does not apply to the extent that:</u>	2096
<u>(1) A statute, regulation, or treaty of the United States preempts this chapter;</u>	2097 2098
<u>(2) Another statute of this state expressly governs the creation, perfection, priority, or enforcement of a security interest created by this state or a governmental unit of this state;</u>	2099 2100 2101 2102
<u>(3) A statute of another state, a foreign country, or a governmental unit of another state or a foreign country, other than a statute generally applicable to security interests, expressly governs creation, perfection, priority, or enforcement of a security interest created by the state, country, or governmental unit; or</u>	2103 2104 2105 2106 2107 2108
<u>(4) The rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under section 1305.13 of the Revised Code.</u>	2109 2110 2111
<u>(D) This chapter does not apply to:</u>	2112
<u>(1) A landlord's lien, other than an agricultural lien;</u>	2113
<u>(2)(a) A lien, not enumerated in division (D)(2) of this section and other than an agricultural lien, given by statute or other rule of law for services or materials, including any lien created under any provision of Chapter 926., sections 1311.55 to 1311.57, sections 1311.71 to 1311.80, section 1701.66, or Chapter 4585. of the Revised Code;</u>	2114 2115 2116 2117 2118 2119
<u>(b) Notwithstanding division (D)(2)(a) of this section, section 1309.333 of the Revised Code applies with respect to priority of the lien.</u>	2120 2121 2122
<u>(3) An assignment of a claim for wages, salary, or other compensation of an employee;</u>	2123 2124
<u>(4) A sale of accounts, chattel paper, payment intangibles,</u>	2125

<u>or promissory notes as part of a sale of the business out of which</u>	2126
<u>they arose;</u>	2127
<u>(5) An assignment of accounts, chattel paper, payment</u>	2128
<u>intangibles, or promissory notes that is for the purpose of</u>	2129
<u>collection only;</u>	2130
<u>(6) An assignment of a right to payment under a contract to</u>	2131
<u>an assignee that is also obligated to perform under the contract;</u>	2132
<u>(7) An assignment of a single account, payment intangible, or</u>	2133
<u>promissory note to an assignee in full or partial satisfaction of</u>	2134
<u>a preexisting indebtedness;</u>	2135
<u>(8) A transfer of an interest in or an assignment of a claim</u>	2136
<u>under a policy of insurance, other than an assignment by or to a</u>	2137
<u>health-care provider of a health-care-insurance receivable and any</u>	2138
<u>subsequent assignment of the right to payment, except that</u>	2139
<u>sections 1309.315 and 1309.322 of the Revised Code apply with</u>	2140
<u>respect to proceeds and priorities in proceeds;</u>	2141
<u>(9) An assignment of a right represented by a judgment, other</u>	2142
<u>than a judgment taken on a right to payment that was collateral;</u>	2143
	2144
<u>(10) A right of recoupment or set-off, but:</u>	2145
<u>(a) Section 1309.340 of the Revised Code applies with respect</u>	2146
<u>to the effectiveness of rights of recoupment or set-off against</u>	2147
<u>deposit accounts; and</u>	2148
<u>(b) Section 1309.404 of the Revised Code applies with respect</u>	2149
<u>to defenses or claims of an account debtor.</u>	2150
<u>(11) The creation or transfer of an interest in or lien on</u>	2151
<u>real property, including a lease or rents under a lease, except to</u>	2152
<u>the extent that provision is made for:</u>	2153
<u>(a) Liens on real property in sections 1309.203 and 1309.308</u>	2154
<u>of the Revised Code;</u>	2155

<u>(b) Fixtures in section 1309.334 of the Revised Code;</u>	2156
<u>(c) Fixture filings in sections 1309.501, 1309.502, 1309.512,</u> <u>1309.516, and 1309.519 of the Revised Code; and</u>	2157 2158
<u>(d) Security agreements covering personal and real property</u> <u>in section 1309.604 of the Revised Code.</u>	2159 2160
<u>(12) An assignment of a claim arising in tort, other than a</u> <u>commercial tort claim, but sections 1309.315 and 1309.322 of the</u> <u>Revised Code apply with respect to proceeds and priorities in</u> <u>proceeds; or</u>	2161 2162 2163 2164
<u>(13) An assignment of a deposit account in a consumer</u> <u>transaction, but sections 1309.315 and 1309.322 of the Revised</u> <u>Code apply with respect to proceeds and priorities in proceeds.</u>	2165 2166 2167
<b>Sec. <del>1309.11</del> <u>1309.110</u>.</b> A security interest arising solely under <del>sections 1302.01 to 1302.98 of the Revised Code</del> <u>section</u> <u>1302.42 or 1302.49, division (C) of section 1302.85, or sections</u> <u>1310.01 to 1310.78 division (E) of section 1310.54</u> of the Revised Code is subject to <del>sections 1309.01 to 1309.50 of the Revised Code</del> <del>except that, to the extent that and so long as this chapter.</del> <u>However, until the debtor does not have or does not lawfully</u> <u>obtain <del>obtains</del> possession of the goods, all of the following</u> <u>apply:</u>	2168 2169 2170 2171 2172 2173 2174 2175 2176
<u>(A) No security agreement is necessary to make the The</u> <u>security interest is enforceable; even if division (B)(3) of</u> <u>section 1309.203 of the Revised Code has not been satisfied;</u>	2177 2178 2179
<u>(B) No filing Filing is not required to perfect the security</u> <u>interest;</u>	2180 2181
<u>(C) The rights of the secured party on after default by the</u> <u>debtor are governed by sections 1302.01 to 1309.98 of the Revised</u> <u>Code in the case of a security interest arising solely under those</u> <u>sections or by sections 1310.01 to 1310.78 Chapter 1302. or 1310.</u>	2182 2183 2184 2185

of the Revised Code ~~in the case of a security interest arising~~ 2186  
~~solely under those sections; and~~ 2187

(D) The security interest has priority over a conflicting 2188  
security interest created by the debtor. 2189

**Sec. 1309.201.** (A) Except as otherwise provided in Chapters 2190  
1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. 2191  
of the Revised Code, a security agreement is effective according 2192  
to its terms between the parties, against purchasers of the 2193  
collateral, and against creditors. 2194

(B) A transaction, although subject to this chapter, is also 2195  
subject to Chapter 1317., sections 1321.01 to 1321.33 and 2196  
divisions (A), (B), and (C) of section 1321.99 of the Revised 2197  
Code. 2198

(C) In the event of conflict between the provisions of this 2199  
chapter and the provisions of sections 1317.01 to 1317.99, 1321.01 2200  
to 1321.33, and divisions (A), (B), and (C) of section 1321.99 of 2201  
the Revised Code, the provisions of sections 1317.01 to 1317.99, 2202  
1321.01 to 1321.33, and divisions (A), (B), and (C) of section 2203  
1321.99 of the Revised Code shall prevail. Failure to comply with 2204  
those provisions has only the effect provided in those provisions. 2205

(D) This article does not: 2206

(1) Validate any rate, charge, agreement, or practice that 2207  
violates a rule of law, statute, or regulation described in 2208  
division (B) of this section; or 2209

(2) Extend the application of the rule of law, statute, or 2210  
regulation to a transaction not otherwise subject to it. 2211

**Sec. ~~1309.13~~ 1309.202.** Each provision Except as otherwise 2212  
provided with respect to consignments or sales of accounts, 2213  
chattel paper, payment intangibles, or promissory notes, the 2214

~~provisions of sections 1309.01 to 1309.50, inclusive, of the~~ 2215  
~~Revised Code this chapter with regard to rights, and obligations,~~ 2216  
~~and remedies applies~~ apply whether title to collateral is in the 2217  
secured party or in the debtor. 2218

Sec. 1309.203. (A) A security interest attaches to collateral 2219  
when it becomes enforceable against the debtor with respect to the 2220  
collateral, unless an agreement expressly postpones the time of 2221  
attachment. 2222

(B) Except as otherwise provided in divisions (C) to (I) of 2223  
this section, a security interest is enforceable against the 2224  
debtor and third parties with respect to the collateral only if: 2225

(1) Value has been given; 2226

(2) The debtor has rights in the collateral or the power to 2227  
transfer rights in the collateral to a secured party; and 2228

(3) One of the following conditions is met: 2229

(a) The debtor has authenticated a security agreement that 2230  
provides a description of the collateral and, if the security 2231  
interest covers timber to be cut, a description of the land 2232  
concerned; 2233

(b) The collateral is not a certificated security and is in 2234  
the possession of the secured party under section 1309.313 of the 2235  
Revised Code pursuant to the debtor's security agreement; 2236

(c) The collateral is a certificated security in registered 2237  
form and the security certificate has been delivered to the 2238  
secured party under section 1308.27 of the Revised Code pursuant 2239  
to the debtor's security agreement; or 2240

(d) The collateral is deposit accounts, electronic chattel 2241  
paper, investment property, or letter-of-credit rights, and the 2242  
secured party has control under section 1309.104, 1309.105, 2243

1309.106, or 1309.107 of the Revised Code pursuant to the debtor's 2244  
security agreement. 2245

(C) Division (B) of this section is subject to section 2246  
1304.20 of the Revised Code on the security interest of a 2247  
collecting bank, section 1305.18 of the Revised Code on the 2248  
security interest of a letter-of-credit issuer or nominated 2249  
person, section 1309.110 of the Revised Code on a security 2250  
interest arising under Chapter 1302. or 1310. of the Revised Code, 2251  
and section 1309.206 of the Revised Code on security interests in 2252  
investment property. 2253

(D) A person becomes bound as debtor by a security agreement 2254  
entered into by another person if, by operation of law other than 2255  
this article or by contract: 2256

(1) The security agreement becomes effective to create a 2257  
security interest in the person's property; or 2258

(2) The person becomes generally obligated for the 2259  
obligations of the other person, including the obligation secured 2260  
under the security agreement, and acquires or succeeds to all or 2261  
substantially all of the assets of the other person. 2262

(E) If a new debtor becomes bound as debtor by a security 2263  
agreement entered into by another person: 2264

(1) The agreement satisfies division (B)(3) of this section 2265  
with respect to existing or after-acquired property of the new 2266  
debtor to the extent the property is described in the agreement; 2267  
and 2268

(2) Another agreement is not necessary to make a security 2269  
interest in the property enforceable. 2270

(F) The attachment of a security interest in collateral gives 2271  
the secured party the rights to proceeds provided by section 2272  
1309.315 of the Revised Code and is also attachment of a security 2273

<u>interest in a supporting obligation for the collateral.</u>	2274
<u>(G) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien.</u>	2275 2276 2277 2278
<u>(H) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.</u>	2279 2280 2281
<u>(I) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.</u>	2282 2283 2284
<b>Sec. <del>1309.15</del> <u>1309.204</u>.</b> (A) Except as provided in division (B) of this section, a security agreement may <u>create or provide that</u> <del>any or all obligations covered by the</del> <u>for a security agreement are</u> <del>to be secured by</del> <u>interest in</u> after-acquired collateral.	2285 2286 2287 2288 2289
(B) <del>No</del> <u>A</u> security interest <del>attaches</del> <u>does not attach</u> under a <u>term constituting</u> an after-acquired property clause to <del>consumer</del> ;	2290 2291
<u>(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</u>	2292 2293 2294 2295
<u>(2) A commercial tort claim.</u>	2296
(C) <del>Obligations covered by a</del> <u>A</u> security agreement may <del>include</del> <u>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.</u>	2297 2298 2299 2300 2301 2302

~~Sec. 1309.16~~ 1309.205. (A) A security interest is not invalid 2303  
or fraudulent against creditors ~~by reason of liberty in the solely~~ 2304  
because: 2305

(1) The debtor has the right or ability to use: 2306

(a) Use, commingle, or dispose of all or part of the 2307  
collateral, including returned or repossessed goods, ~~or to collect~~ 2308  
~~or~~ 2309

(b) Collect, compromise accounts or chattel paper, or to 2310  
accept, enforce, or otherwise deal with collateral; 2311

(c) Accept the return of goods collateral or make 2312  
repossessions, or to use; or 2313

(d) Use, commingle, or dispose of proceeds, or by reason of 2314  
the failure of the; or 2315

(2) The secured party fails to require the debtor to account 2316  
for proceeds or replace collateral. This 2317

(B) This section does not relax the requirements of 2318  
possession where if attachment, perfection, or enforcement of a 2319  
security interest depends upon possession of the collateral by the 2320  
secured party ~~or by a bailee.~~ 2321

Sec. 1309.206. (A) A security interest in favor of a 2322  
securities intermediary attaches to a person's security 2323  
entitlement if: 2324

(1) The person buys a financial asset through a securities 2325  
intermediary in a transaction in which the person is obligated to 2326  
pay the purchase price to the securities intermediary at the time 2327  
of the purchase; and 2328

(2) The securities intermediary credits the financial asset 2329  
to the buyer's securities account before the buyer pays the 2330

<u>securities intermediary.</u>	2331
<u>(B) The security interest described in division (A) of this section secures the person's obligation to pay for the financial asset.</u>	2332 2333 2334
<u>(C) A security interest in favor of a person that delivers a certificated security or other financial asset represented by a writing attaches to the security or other financial asset if:</u>	2335 2336 2337
<u>(1) The security or other financial asset:</u>	2338
<u>(a) In the ordinary course of business is transferred by delivery with any necessary indorsement or assignment; and</u>	2339 2340
<u>(b) Is delivered under an agreement between persons in the business of dealing with such securities or financial assets; and</u>	2341 2342
<u>(2) The agreement calls for delivery against payment.</u>	2343
<u>(D) The security interest described in division (C) of this section secures the obligation to make payment for the delivery.</u>	2344 2345
<b>Sec. <del>1309.18</del> 1309.207.</b> (A) <del>A</del> <u>Except as otherwise provided in division (D) of this section, a secured party must shall use reasonable care in the custody and preservation of collateral in his the secured party's possession. In the case of an instrument or chattel paper, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.</u>	2346 2347 2348 2349 2350 2351
<u>(B) <del>Unless</del> Except as otherwise agreed provided in division (D) of this section, when collateral is in the if a secured party's party has possession of collateral:</u>	2352 2353 2354
<u>(1) <del>reasonable</del> Reasonable expenses, including the cost of any insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the collateral are chargeable to the debtor and are secured by the collateral;</u>	2355 2356 2357 2358
<u>(2) <del>the</del> The risk of accidental loss or damage is on the</u>	2359

debtor to the extent of ~~any a~~ deficiency in any effective insurance coverage; 2360  
2361

~~(3) the secured party may hold as additional security any increase or profits, except money, received from the collateral, but money so received, unless remitted to the debtor, shall be applied in reduction of the secured obligation;~~ 2362  
2363  
2364  
2365

~~(4) the~~ The secured party ~~must~~ shall keep the collateral identifiable but fungible collateral may be commingled; 2366  
2367

~~(5) the secured party may repledge the collateral upon terms which do not impair the debtor's right to redeem it.~~ 2368  
2369

~~(C) A secured party is liable for any loss caused by his failure to meet any obligation imposed by divisions (B) (1) to (B) (5), inclusive, of this section, but does not lose his security interest.~~ 2370  
2371  
2372  
2373

~~(D) A~~ and 2374

~~(4) The~~ The secured party may use or operate the collateral ~~for~~; 2375

~~(a) For~~ For the purpose of preserving the collateral or its value or pursuant to the; 2376  
2377

~~(b) As permitted by an order of a court of appropriate having competent jurisdiction; or, except~~ 2378  
2379

~~(c) Except~~ Except in the case of consumer goods, in the manner and to the extent ~~provided in the security agreement agreed by the debtor.~~ 2380  
2381  
2382

~~(C) Except as otherwise provided in division (D) of this section, a secured party having possession of collateral or control of collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code:~~ 2383  
2384  
2385  
2386

~~(1) May hold as additional security any proceeds, except money or funds, received from the collateral;~~ 2387  
2388

<u>(2) Shall apply money or funds received from the collateral</u>	2389
<u>to reduce the secured obligation, unless remitted to the debtor;</u>	2390
<u>and</u>	2391
<u>(3) May create a security interest in the collateral.</u>	2392
<u>(D) If the secured party is a buyer of accounts, chattel</u>	2393
<u>paper, payment intangibles, or promissory notes or a consignor:</u>	2394
<u>(1) Division (A) of this section does not apply unless the</u>	2395
<u>secured party is entitled under an agreement:</u>	2396
<u>(a) To charge back uncollected collateral; or</u>	2397
<u>(b) Otherwise to full or limited recourse against the debtor</u>	2398
<u>or a secondary obligor based on the nonpayment or other default of</u>	2399
<u>an account debtor or other obligor on the collateral; and</u>	2400
<u>(2) Divisions (B) and (C) of this section do not apply.</u>	2401
<b><u>Sec. 1309.208. (A) This section applies to cases in which</u></b>	2402
<u>there is no outstanding secured obligation and the secured party</u>	2403
<u>is not committed to make advances, incur obligations, or otherwise</u>	2404
<u>give value.</u>	2405
<u>(B) Within ten days after receiving an authenticated demand</u>	2406
<u>by the debtor:</u>	2407
<u>(1) A secured party having control of a deposit account under</u>	2408
<u>division (A)(2) of section 1309.104 of the Revised Code shall send</u>	2409
<u>to the bank with which the deposit account is maintained an</u>	2410
<u>authenticated statement that releases the bank from any further</u>	2411
<u>obligation to comply with instructions originated by the secured</u>	2412
<u>party.</u>	2413
<u>(2) A secured party having control of a deposit account under</u>	2414
<u>division (A)(3) of section 1309.104 of the Revised Code shall:</u>	2415
	2416
<u>(a) Pay the debtor the balance on deposit in the deposit</u>	2417

<u>account; or</u>	2418
<u>(b) Transfer the balance on deposit into a deposit account in the debtor's name;</u>	2419 2420
<u>(3) A secured party, other than a buyer, having control of electronic chattel paper under section 1309.105 of the Revised Code shall:</u>	2421 2422 2423
<u>(a) Communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;</u>	2424 2425
<u>(b) If the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic chattel paper is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and</u>	2426 2427 2428 2429 2430 2431 2432 2433
<u>(c) Take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy that add or change an identified assignee of the authoritative copy without the consent of the secured party.</u>	2434 2435 2436 2437
<u>(4) A secured party having control of investment property under division (D)(2) of section 1308.24 or division (B) of section 1309.106 of the Revised Code shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party. and</u>	2438 2439 2440 2441 2442 2443 2444 2445 2446
<u>(5) A secured party having control of a letter-of-credit right under section 1309.107 of the Revised Code shall send to</u>	2447 2448

each person having an unfulfilled obligation to pay or deliver 2449  
proceeds of the letter of credit to the secured party an 2450  
authenticated release from any further obligation to pay or 2451  
deliver proceeds of the letter of credit to the secured party. 2452

**Sec. 1309.209.** (A) Except as otherwise provided in division 2453  
(C) of this section, this section applies if: 2454

(1) There is no outstanding secured obligation; and 2455

(2) The secured party is not committed to make advances, 2456  
incur obligations, or otherwise give value. 2457

(B) Within ten days after receiving an authenticated demand 2458  
by the debtor, a secured party shall send to an account debtor 2459  
that has received notification of an assignment to the secured 2460  
party as assignee under division (A) of section 1309.406 of the 2461  
Revised Code an authenticated record that releases the account 2462  
debtor from any further obligation to the secured party. 2463

(C) This section does not apply to an assignment constituting 2464  
the sale of an account, chattel paper, or payment intangible. 2465  
2466

**Sec. 1309.210.** (A) As used in this section: 2467

(1) "Request" means a record of a type described in division 2468  
(A)(2), (3), or (4) of this section. 2469

(2) "Request for an accounting" means a record authenticated 2470  
by a debtor requesting that the recipient provide an accounting of 2471  
the unpaid obligations secured by collateral and reasonably 2472  
identifying the transaction or relationship that is the subject of 2473  
the request. 2474

(3) "Request regarding a list of collateral" means a record 2475  
authenticated by a debtor requesting that the recipient approve or 2476  
correct a list of what the debtor believes to be the collateral 2477

securing an obligation and reasonably identifying the transaction 2478  
or relationship that is the subject of the request. 2479

(4) "Request regarding a statement of account" means a record 2480  
authenticated by a debtor requesting that the recipient approve or 2481  
correct a statement indicating what the debtor believes to be the 2482  
aggregate amount of unpaid obligations secured by collateral as of 2483  
a specified date and reasonably identifying the transaction or 2484  
relationship that is the subject of the request. 2485

(B) Subject to divisions (C), (D), (E), and (F) of this 2486  
section, a secured party, other than a buyer of accounts, chattel 2487  
paper, payment intangibles, or promissory notes or a consignor, 2488  
shall comply with a request within fourteen days after receipt: 2489

(1) In the case of a request for an accounting, by 2490  
authenticating and sending to the debtor an accounting; and 2491

(2) In the case of a request regarding a list of collateral 2492  
or a request regarding a statement of account, by authenticating 2493  
and sending to the debtor an approval or correction. 2494

(C) A secured party that claims a security interest in all of 2495  
a particular type of collateral owned by the debtor may comply 2496  
with a request regarding a list of collateral by sending to the 2497  
debtor an authenticated record including a statement to that 2498  
effect within fourteen days after receipt. 2499

(D) A person that receives a request regarding a list of 2500  
collateral, claims no interest in the collateral when it receives 2501  
the request, and claimed an interest in the collateral at an 2502  
earlier time shall comply with the request within fourteen days 2503  
after receipt by sending to the debtor an authenticated record: 2504

(1) Disclaiming any interest in the collateral; and 2505

(2) If known to the recipient, providing the name and mailing 2506  
address of any assignee of or successor to the recipient's 2507  
interest in the collateral. 2508

(E) A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor an authenticated record: 2509  
2510  
2511  
2512  
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2514

(1) Disclaiming any interest in the obligations; and 2515

(2) If known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the obligations. 2516  
2517  
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(F) A debtor is entitled without charge to one response to a request under this section during any six-month period. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response. 2519  
2520  
2521  
2522

**Sec. 1309.301.** Except as otherwise provided in sections 1309.303 to 1309.306 of the Revised Code, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral: 2523  
2524  
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(A) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral. 2528  
2529  
2530  
2531  
2532

(B) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral. 2533  
2534  
2535  
2536

(C) Except as otherwise provided in division (D) of this section, while negotiable documents, goods, instruments, money, or 2537  
2538

<u>tangible chattel paper is located in a jurisdiction, the local law</u>	2539
<u>of that jurisdiction governs:</u>	2540
<u>(1) Perfection of a security interest in the goods by filing</u>	2541
<u>a fixture filing;</u>	2542
<u>(2) Perfection of a security interest in timber to be cut;</u>	2543
<u>and</u>	2544
<u>(3) The effect of perfection or nonperfection and the</u>	2545
<u>priority of a nonpossessory security interest in the collateral.</u>	2546
<u>(D) The local law of the jurisdiction in which the wellhead</u>	2547
<u>or minehead is located governs perfection, the effect of</u>	2548
<u>perfection or nonperfection, and the priority of a security</u>	2549
<u>interest in as-extracted collateral.</u>	2550
<u>Sec. 1309.302. While farm products are located in a</u>	2551
<u>jurisdiction, the local law of that jurisdiction governs</u>	2552
<u>perfection, the effect of perfection or nonperfection, and the</u>	2553
<u>priority of an agricultural lien on the farm products.</u>	2554
<u>Sec. 1309.303. (A) This section applies to goods covered by a</u>	2555
<u>certificate of title, even if there is no other relationship</u>	2556
<u>between the jurisdiction under whose certificate of title the</u>	2557
<u>goods are covered and the goods or the debtor.</u>	2558
<u>(B) Goods become covered by a certificate of title when a</u>	2559
<u>valid application for the certificate of title and the applicable</u>	2560
<u>fee are delivered to the appropriate authority. Goods cease to be</u>	2561
<u>covered by a certificate of title at the earlier of the time the</u>	2562
<u>certificate of title ceases to be effective under the law of the</u>	2563
<u>issuing jurisdiction or the time the goods become covered</u>	2564
<u>subsequently by a certificate of title issued by another</u>	2565
<u>jurisdiction.</u>	2566
<u>(C) The local law of the jurisdiction under whose certificate</u>	2567

of title the goods are covered governs perfection, the effect of 2568  
perfection or nonperfection, and the priority of a security 2569  
interest in goods covered by a certificate of title from the time 2570  
the goods become covered by the certificate of title until the 2571  
goods cease to be covered by the certificate of title. 2572

**Sec. 1309.304.** (A) The local law of a bank's jurisdiction 2573  
governs perfection, the effect of perfection or nonperfection, and 2574  
the priority of a security interest in a deposit account 2575  
maintained with that bank. 2576

(B) The following rules determine a bank's jurisdiction for 2577  
purposes of this section: 2578

(1) If an agreement between the bank and the debtor governing 2579  
the deposit account expressly provides that a particular 2580  
jurisdiction is the bank's jurisdiction for purposes of this 2581  
chapter or Chapters 1301. to 1305. and 1307. to 1310. of the 2582  
Revised Code, that jurisdiction is the bank's jurisdiction. 2583

(2) If division (B)(1) of this section does not apply and an 2584  
agreement between the bank and its customer governing the deposit 2585  
account expressly provides that the agreement is governed by the 2586  
law of a particular jurisdiction, that jurisdiction is the bank's 2587  
jurisdiction. 2588

(3) If neither division (B)(1) nor (2) of this section 2589  
applies and an agreement between the bank and its customer 2590  
governing the deposit account expressly provides that the deposit 2591  
account is maintained at an office in a particular jurisdiction, 2592  
that jurisdiction is the bank's jurisdiction. 2593

(4) If neither division (B)(1), (2), nor (3) of this section 2594  
applies, the bank's jurisdiction is the jurisdiction in which the 2595  
office identified in an account statement as the office serving 2596  
the customer's account is located. 2597

(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. 2598  
2599  
2600

Sec. 1309.305. (A) Except as otherwise provided in division (C) of this section, the following rules apply: 2601  
2602

(1) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby. 2603  
2604  
2605  
2606  
2607

(2) The local law of the issuer's jurisdiction as specified in division (D) of section 1308.05 of the Revised Code governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security. 2608  
2609  
2610  
2611

(3) The local law of the securities intermediary's jurisdiction as specified in division (E) of section 1308.05 of the Revised Code governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account. 2612  
2613  
2614  
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2616

(4) The local law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a commodity contract or commodity account. 2617  
2618  
2619  
2620

(B) The following rules determine a commodity intermediary's jurisdiction for purposes of sections 1309.301 to 1309.342 of the Revised Code: 2621  
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2623

(1) If an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that a particular jurisdiction is the commodity intermediary's jurisdiction for purposes of sections 1309.301 to 2624  
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2626  
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1309.342 of the Revised Code, this chapter, or Chapters 1301., 2628  
1302., 1303., 1304., 1305., 1307., 1308., 1309., and 1310. of the 2629  
Revised Code, that jurisdiction is the commodity intermediary's 2630  
jurisdiction. 2631

(2) If division (B)(1) of this section does not apply and an 2632  
agreement between the commodity intermediary and commodity 2633  
customer governing the commodity account expressly provides that 2634  
the agreement is governed by the law of a particular jurisdiction, 2635  
that jurisdiction is the commodity intermediary's jurisdiction. 2636

(3) If divisions (B)(1) and (2) of this section do not apply 2637  
and an agreement between the commodity intermediary and commodity 2638  
customer governing the commodity account expressly provides that 2639  
the commodity account is maintained at an office in a particular 2640  
jurisdiction, that jurisdiction is the commodity intermediary's 2641  
jurisdiction. 2642

(4) If divisions (B)(1), (2), and (3) of this section do not 2643  
apply, the commodity intermediary's jurisdiction is the 2644  
jurisdiction in which the office identified in an account 2645  
statement as the office serving the commodity customer's account 2646  
is located. 2647

(5) If neither division (B)(1), (2), (3), nor (4) of this 2648  
section applies, the commodity intermediary's jurisdiction is the 2649  
jurisdiction in which the chief executive office of the commodity 2650  
intermediary is located. 2651

(C) The local law of the jurisdiction in which the debtor is 2652  
located governs: 2653

(1) Perfection of a security interest in investment property 2654  
by filing; 2655

(2) Automatic perfection of a security interest in investment 2656  
property created by a broker or securities intermediary; and 2657

2658

(3) Automatic perfection of a security interest in a commodity contract or commodity account created by a commodity intermediary. 2659  
2660  
2661

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. 2662  
2663  
2664  
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2666  
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(B) For purposes of sections 1309.301 to 1309.342 of the Revised Code, an issuer's jurisdiction or nominated person's jurisdiction is the jurisdiction whose law governs the liability of the issuer or nominated person with respect to the letter-of-credit right as provided in section 1305.15 of the Revised Code. 2668  
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2670  
2671  
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(C) This section does not apply to a security interest that is perfected only under division (D) of section 1309.308 of the Revised Code. 2674  
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2676

Sec. 1309.307. (A) As used in this section, "place of business" means a place where a debtor conducts the debtor's affairs. 2677  
2678  
2679

(B) Except as otherwise provided in this section, the following rules determine a debtor's location: 2680  
2681

(1) A debtor who is an individual is located at the individual's principal residence. 2682  
2683

(2) A debtor that is an organization and has only one place of business is located at its place of business. 2684  
2685

(3) A debtor that is an organization and has more than one place of business is located at its chief executive office. 2686  
2687

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

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

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

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

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

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

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

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

(1) The suspension, revocation, forfeiture, or lapse of the registered organization's status in its jurisdiction of organization; or 2719  
2720  
2721

(2) The dissolution, winding up, or cancellation of the existence of the registered organization. 2722  
2723

(H) The United States is located in the District of Columbia. 2724  
2725

(I) A branch or agency of a bank that is not organized under the law of the United States or a state is located in the state in which the branch or agency is licensed, if all branches and agencies of the bank are licensed in only one state. 2726  
2727  
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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. 2730  
2731  
2732  
2733

(K) This section applies only for the purposes of sections 1309.301 to 1309.342 of the Revised Code. 2734  
2735

**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. 2736  
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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. 2743  
2744  
2745  
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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. 2749  
2750  
2751  
2752

(D) Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral. 2753  
2754  
2755

(E) Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right. 2756  
2757  
2758  
2759

(F) Perfection of a security interest in a securities account also perfects a security interest in the security entitlements carried in the securities account. 2760  
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(G) Perfection of a security interest in a commodity account also perfects a security interest in the commodity contracts carried in the commodity account. 2763  
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**Sec. 1309.309.** The following security interests are perfected when they attach: 2766  
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(A) A purchase money security interest in consumer goods, except as otherwise provided in division (B) of section 1309.311 of the Revised Code with respect to consumer goods that are subject to a statute or treaty described in division (A) of section 1309.311 of the Revised Code; 2768  
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(B) An assignment of accounts or payment intangibles that does not by itself or in conjunction with other assignments to the same assignee transfer a significant part of the assignor's outstanding accounts or payment intangibles; 2773  
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(C) A sale of a payment intangible; 2777

<u>(D) A sale of a promissory note;</u>	2778
<u>(E) A security interest created by the assignment of a health-care-insurance receivable to the provider of the health-care goods or services;</u>	2779 2780 2781
<u>(F) A security interest arising under section 1302.42, 1302.49, division (C) of section 1302.85, or division (E) of section 1310.54 of the Revised Code, until the debtor obtains possession of the collateral;</u>	2782 2783 2784 2785
<u>(G) A security interest of a collecting bank arising under section 1304.20 of the Revised Code;</u>	2786 2787
<u>(H) A security interest of an issuer or nominated person arising under section 1305.18 of the Revised Code;</u>	2788 2789
<u>(I) A security interest arising in the delivery of a financial asset under division (C) of section 1309.206 of the Revised Code;</u>	2790 2791 2792
<u>(J) A security interest in investment property created by a broker or securities intermediary;</u>	2793 2794
<u>(K) A security interest in a commodity contract or a commodity account created by a commodity intermediary;</u>	2795 2796
<u>(L) An assignment for the benefit of all creditors of the transferor and subsequent transfers by the assignee thereunder; and</u>	2797 2798 2799
<u>(M) A security interest created by an assignment of a beneficial interest in a decedent's estate.</u>	2800 2801
<b><u>Sec. 1309.310.</u></b> <u>(A) Except as otherwise provided in division (B) of this section and division (B) of section 1309.312 of the Revised Code, a financing statement must be filed to perfect all security interests and agricultural liens.</u>	2802 2803 2804 2805
<u>(B) The filing of a financing statement is not necessary to</u>	2806

<u>perfect a security interest:</u>	2807
<u>(1) That is perfected under division (D), (E), (F), or (G) of section 1309.308 of the Revised Code;</u>	2808
	2809
<u>(2) That is perfected under section 1309.309 of the Revised Code when it attaches;</u>	2810
	2811
<u>(3) In property subject to a statute, regulation, or treaty described in division (A) of section 1309.311 of the Revised Code;</u>	2812
	2813
<u>(4) In goods in possession of a bailee which is perfected under division (D)(1) or (2) of section 1309.312 of the Revised Code;</u>	2814
	2815
	2816
<u>(5) In certificated securities, documents, goods, or instruments which is perfected without filing or possession under division (E), (F), or (G) of section 1309.312 of the Revised Code;</u>	2817
	2818
	2819
<u>(6) In collateral in the secured party's possession under section 1309.313 of the Revised Code;</u>	2820
	2821
<u>(7) In a certificated security perfected by delivery of the security certificate to the secured party under section 1309.313 of the Revised Code;</u>	2822
	2823
	2824
<u>(8) In deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights perfected by control under section 1309.314 of the Revised Code;</u>	2825
	2826
	2827
<u>(9) In proceeds which is perfected under section 1309.315 of the Revised Code; or</u>	2828
	2829
<u>(10) That is perfected under section 1309.316 of the Revised Code.</u>	2830
	2831
<u>(C) If a secured party assigns a perfected security interest or agricultural lien, a filing under this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.</u>	2832
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Sec. 1309.311. (A) Except as otherwise provided in division (D) of this section, the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to: 2836  
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(1) A statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt division (A) of section 1309.310 of the Revised Code; 2840  
2841  
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2843

(2) Chapters 1547., 1548., 4505., 4519., and 5309. of the Revised Code; 2844  
2845

(3) A certificate of title statute of another jurisdiction that provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property. 2846  
2847  
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(B) Compliance with the requirements of a statute, regulation, or treaty described in division (A) of this section for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this chapter. Except as otherwise provided in division (D) of this section, section 1309.313, and divisions (D) and (E) of section 1309.316 of the Revised Code for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in division (A) of this section may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral. 2851  
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(C) Except as otherwise provided in division (D) of this section and divisions (D) and (E) of section 1309.316 of the Revised Code, duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed 2863  
2864  
2865  
2866

by a statute, regulation, or treaty described in division (A) of 2867  
this section are governed by the statute, regulation, or treaty. 2868  
In other respects, the security interest is subject to this 2869  
chapter. 2870

(D) During any period in which collateral subject to a 2871  
statute specified in division (A)(2) of this section is inventory 2872  
held for sale or lease by a person or leased by that person as 2873  
lessor and that person is in the business of selling goods of that 2874  
kind, this section does not apply to a security interest in that 2875  
collateral created by that person. 2876

**Sec. ~~1309.23~~ 1309.312.** (A) A security interest in chattel 2877  
paper or, negotiable documents, instruments, or investment 2878  
property may be perfected by filing. A 2879

(B) Except as otherwise provided in divisions (C) and (D) of 2880  
section 1309.315 of the Revised Code for proceeds: 2881

(1) A security interest in a deposit account may be perfected 2882  
only by control under section 1309.314 of the Revised Code; 2883

2884

(2) And except as otherwise provided in division (D) of 2885  
section 1309.308 of the Revised Code, a security interest in the 2886  
right to proceeds of a letter-of-credit can right may be perfected 2887  
only by the secured party's taking possession of the letter of 2888  
credit. A control under section 1309.314 of the Revised Code; and 2889

(3) A security interest in money or instruments, other than 2890  
instruments which constitute part of chattel paper, can may be 2891  
perfected only by the secured party's taking possession, except as 2892  
provided in divisions (D) and (E) of this section and divisions 2893  
(B) and (C) of under section ~~1309.25~~ 1309.313 of the Revised Code 2894  
on proceeds. 2895

(B) During the period that (C) While goods are in the 2896

possession of ~~the issuer of a bailee that has issued~~ a negotiable 2897  
document ~~therefor, a~~ covering the goods: 2898

(1) ~~A~~ security interest in the goods ~~is~~ may be perfected by 2899  
perfecting a security interest in the document, ~~and any;~~ and 2900

(2) ~~A~~ security interest in ~~the goods otherwise~~ perfected 2901  
~~during such period is subject thereto~~ in the document has priority 2902  
over any security interest that becomes perfected in the goods by 2903  
another method during that time. 2904

~~(C)~~ ~~A~~ security interest in ~~(D)~~ While goods are in the 2905  
possession of a bailee ~~other than one who has issued a negotiable~~ 2906  
~~that has issued a non-negotiable~~ document ~~therefor is~~ covering the 2907  
goods, a security interest in the goods may be perfected by 2908  
issuance: 2909

(1) Issuance of a document in the name of the secured party 2910  
~~or by the;~~ 2911

(2) The bailee's receipt of notification of the secured 2912  
party's interest ~~or by filing;~~ or 2913

(3) Filing as to the goods. 2914

~~(D)~~(E) A security interest in ~~instruments,~~ certificated 2915  
securities, or negotiable documents, ~~or instruments~~ is perfected 2916  
without filing or the taking of possession for a period of 2917  
~~twenty-one~~ twenty days from the time it attaches to the extent 2918  
that it arises for new value given under ~~a written~~ an 2919  
authenticated security agreement. 2920

~~(E)~~(F) A perfected security interest in a negotiable document 2921  
or goods in possession of a bailee, other than one that has issued 2922  
a negotiable document for the goods, remains perfected for a 2923  
period of ~~twenty-one~~ twenty days without filing ~~where a~~ if the 2924  
secured party ~~having a perfected security interest in an~~ 2925  
~~instrument, a certificated security, a negotiable document, or~~ 2926  
~~goods in possession of a bailee other than one who has issued a~~ 2927

<del>negotiable document therefor:</del>	2928
<del>(1) Makes</del> <u>makes</u> available to the debtor the goods or	2929
documents representing the goods for the purpose of <del>ultimate:</del>	2930
<u>(1) Ultimate</u> sale or exchange <del>or for the purpose of loading;</del>	2931
<u>or</u>	2932
<u>(2) Loading,</u> unloading, storing, shipping, trans-shipping,	2933
manufacturing, processing, or otherwise dealing with them in a	2934
manner preliminary to their sale or exchange, <del>but priority between</del>	2935
<del>conflicting security interests in the goods is subject to division</del>	2936
<del>(C) of section 1309.31 of the Revised Code; or</del>	2937
<del>(2) Delivers.</del>	2938
<u>(G) A perfected security interest in an instrument or</u>	2939
<u>certificated security remains perfected for twenty days without</u>	2940
<u>filing if the secured party delivers the instrument or</u>	2941
<u>certificated security certificate or instrument</u> to the debtor for	2942
the purpose of <del>ultimate:</del>	2943
<u>(1) Ultimate</u> sale or exchange <del>or of presentation;</del> <u>or</u>	2944
<u>(2) Presentation,</u> collection, <u>enforcement,</u> renewal, or	2945
registration of transfer.	2946
<del>(F)(H)</del> After the <del>twenty-one</del> <u>twenty-day</u> period <del>set forth</del>	2947
<u>specified</u> in divisions <del>(D) and</del> (E), (F), or (G) of this section	2948
<u>expires,</u> perfection depends upon compliance with <u>applicable</u>	2949
<del>provisions of sections 1309.01 to 1309.50 of the Revised Code</del> <u>this</u>	2950
<u>chapter.</u>	2951
<u>Sec. 1309.313. (A) Except as otherwise provided in division</u>	2952
<u>(B) of this section, a secured party may perfect a security</u>	2953
<u>interest in negotiable documents, goods, instruments, money, or</u>	2954
<u>tangible chattel paper by taking possession of the collateral. A</u>	2955
<u>secured party may perfect a security interest in certificated</u>	2956
<u>securities by taking delivery of the certificated securities under</u>	2957

<u>section 1308.27 of the Revised Code.</u>	2958
<u>(B) With respect to goods covered by a certificate of title issued by this state, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in division (D) of section 1309.316 of the Revised Code.</u>	2959 2960 2961 2962 2963
<u>(C) With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when:</u>	2964 2965 2966 2967 2968
<u>(1) The person in possession authenticates a record acknowledging that the person holds possession of the collateral for the secured party's benefit; or</u>	2969 2970 2971
<u>(2) The person takes possession of the collateral after having authenticated a record acknowledging that the person will hold possession of collateral for the secured party's benefit.</u>	2972 2973 2974
<u>(D) If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs no earlier than the time the secured party takes possession and continues only while the secured party retains possession.</u>	2975 2976 2977 2978
<u>(E) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under section 1308.27 of the Revised Code and remains perfected by delivery until the debtor obtains possession of the security certificate.</u>	2979 2980 2981 2982 2983
<u>(F) A person in possession of collateral is not required to acknowledge that the person holds possession for a secured party's benefit.</u>	2984 2985 2986
<u>(G) If a person acknowledges that the person holds possession</u>	2987

<u>for the secured party's benefit:</u>	2988
<u>(1) The acknowledgment is effective under division (C) of this section or division (A) of section 1308.27 of the Revised Code, even if the acknowledgment violates the rights of a debtor;</u>	2989
<u>and</u>	2990
<u>(2) Unless the person otherwise agrees or law other than this chapter otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.</u>	2991
<u>(H) A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery:</u>	2992
<u>(1) To hold possession of the collateral for the secured party's benefit; or</u>	2993
<u>(2) To redeliver the collateral to the secured party.</u>	2994
<u>(I) A secured party does not relinquish possession, even if a delivery under division (H) of this section violates the rights of a debtor. A person to whom collateral is delivered under division (H) of this section does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this chapter otherwise provides.</u>	2995
<u>Sec. 1309.314. (A) A security interest in investment property, deposit accounts, letter-of-credit rights, or electronic chattel paper may be perfected by control of the collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code.</u>	2996
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(B) A security interest in deposit accounts, electronic chattel paper, or letter-of-credit rights is perfected by control under section 1309.104, 1309.105, or 1309.107 of the Revised Code when the secured party obtains control and remains perfected by control only while the secured party retains control.

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

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

(2) One of the following occurs:

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

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

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

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

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

(1) A security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the disposition was authorized by the secured party in the security agreement or otherwise, and also continues in authorized the disposition free of the security interest or agricultural lien; and 3048  
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(2) A security interest attaches to any identifiable proceeds including collections received by the debtor of collateral. 3054  
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(B) Proceeds that are commingled with other property are identifiable proceeds: 3056  
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(1) If the proceeds are goods, to the extent provided by section 1309.336 of the Revised Code; and 3058  
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(2) If the proceeds are not goods, to the extent that the secured party identifies the proceeds by a method of tracing, including application of equitable principles, that is permitted under law other than this chapter with respect to commingled property of the type involved. 3060  
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(C) ~~The~~ A security interest in proceeds is a continuously perfected security interest if the security interest in the original collateral was perfected but it ceases to be a. 3065  
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(D) A perfected security interest and in proceeds becomes unperfected ten days after receipt of the proceeds by the debtor on the twenty-first day after the security interest attaches to the proceeds unless: 3068  
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(1) The following conditions are satisfied: 3072

(a) A filed financing statement covers the original collateral and the; 3073  
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(b) The proceeds are collateral in which a security interest may be perfected by filing in the office or offices where in which the financing statement has been filed and, if the; and 3075  
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3077

<del>(c) The proceeds are <u>not</u> acquired with cash proceeds, the</del>	3078
<del>description of the collateral in the financing statement indicates</del>	3079
<del>the types of property constituting the proceeds; or.</del>	3080
<del>(2) A filed financing statement covers the original</del>	3081
<del>collateral and the <u>The</u> proceeds are identifiable cash proceeds; <u>or</u></del>	3082
<del>(3) The original collateral was investment property and the</del>	3083
<del>proceeds are identifiable cash proceeds; or</del>	3084
<del>(4) The security interest in the proceeds is perfected before</del>	3085
<del>the expiration of the ten day period. Except as provided in this</del>	3086
<del>section, a security interest in proceeds can be perfected only by</del>	3087
<del>the methods or under the circumstances permitted in sections</del>	3088
<del>1309.01 to 1309.50 of the Revised Code for original collateral of</del>	3089
<del>the same type.</del>	3090
<del>(D) In the event of insolvency proceedings instituted by or</del>	3091
<del>against a debtor, a secured party with a perfected security</del>	3092
<del>interest in proceeds has a perfected security interest only in the</del>	3093
<del>following proceeds:</del>	3094
<del>(1) In identifiable non-cash proceeds and in separate deposit</del>	3095
<del>accounts containing only proceeds;</del>	3096
<del>(2) In identifiable cash proceeds in the form of money which</del>	3097
<del>is neither commingled with other money nor deposited in a deposit</del>	3098
<del>account prior to the insolvency proceedings;</del>	3099
<del>(3) In identifiable cash proceeds in the form of checks and</del>	3100
<del>the like which are not deposited in a deposit account prior to the</del>	3101
<del>insolvency proceedings; and</del>	3102
<del>(4) In all cash and deposit accounts of the debtor in which</del>	3103
<del>proceeds have been commingled with other funds, but the perfected</del>	3104
<del>security interest under this division is:</del>	3105
<del>(a) Subject to any right of set-off; and</del>	3106
<del>(b) Limited to an amount not greater than the amount of any</del>	3107

~~cash proceeds received by the debtor within ten days before the  
institution of the insolvency proceedings, less the sum of (i) the  
payments to the secured party on account of cash proceeds received  
by the debtor; and (ii) the cash proceeds received by the debtor  
during such period to which the secured party is entitled under  
divisions (D)(1) to (3) of this section.~~

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

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

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

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

~~(4) A security interest of an unpaid transferee asserted  
under division (E)(2) or (3) of this section must be perfected for~~

~~protection against creditors of the transferor and purchasers of  
the returned or repossessed goods other than under division (C) of  
this section when the security interest attaches or within twenty  
days thereafter.~~ 3139  
3140  
3141  
3142

(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: 3143  
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3146

(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 3147  
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(2) The twenty-first day after the security interest attaches  
to the proceeds. 3150  
3151

**Sec. 1309.316.** (A) A security interest perfected pursuant to  
the law of the jurisdiction designated in division (A) of section  
1309.301 or division (C) of section 1309.305 of the Revised Code  
remains perfected until the earliest of: 3152  
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(1) The time perfection would have ceased under the law of  
that jurisdiction; 3156  
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(2) The expiration of four months after a change of the  
debtor's location to another jurisdiction; or 3158  
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(3) The expiration of one year after a transfer of collateral  
to a person that thereby becomes a debtor and is located in  
another jurisdiction. 3160  
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3162

(B) If a security interest described in division (A) of this  
section becomes perfected under the law of the other jurisdiction  
before the earliest time or event described in that division, it  
remains perfected thereafter. If the security interest does not  
become perfected under the law of the other jurisdiction before  
that earliest time or event, it becomes unperfected and is deemed 3163  
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never to have been perfected as against a purchaser of the collateral for value. 3169  
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(C) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if: 3171  
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(1) The collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction; 3174  
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(2) Thereafter, the collateral is brought into another jurisdiction; and 3177  
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(3) Upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction. 3179  
3180

(D) Except as otherwise provided in division (E) of this section, a security interest in goods covered by a certificate of title that is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered. 3181  
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(E) A security interest described in division (D) of this section becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under division (B) of section 1309.311 or section 1309.313 of the Revised Code are not satisfied before the earlier of: 3188  
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(1) The time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this state; or 3195  
3196  
3197

(2) The expiration of four months after the goods had become 3198

so covered. 3199

(F) A security interest in deposit accounts, letter-of-credit rights, or investment property that is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of: 3200  
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(1) The time the security interest would have become unperfected under the law of that jurisdiction; or 3207  
3208

(2) The expiration of four months after a change of the applicable jurisdiction to another jurisdiction. 3209  
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(G) If a security interest described in division (F) of this section becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that division, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value. 3211  
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**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: 3219  
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~~(1) Persons~~ A person entitled to priority under section ~~1309.31~~ 1309.322 of the Revised Code; and 3222  
3223

~~(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: 3224  
3225  
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(a) The security interest or agricultural lien is perfected; 3227  
or 3228

(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. 3229  
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~~(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;~~ 3232  
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~~(4) In the case of accounts, general intangibles, and investment property, a person who is not a secured party and who is a transferee to the extent that the person gives value without knowledge of the security interest and before it is perfected.~~ 3239  
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(B) If the secured party Except as otherwise provided in division (E) of this section, a buyer, other than a secured party, of tangible chattel paper, documents, goods, instruments, or a security certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected. 3243  
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(C) Except as otherwise provided in division (E) of this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected. 3250  
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(D) A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and 3255  
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before it is perfected. 3260

(E) Except as otherwise provided in sections 1309.320 and 1309.321 of the Revised Code, if a person files a financing statement with respect to a purchase money security interest before or within twenty days after the debtor receives possession delivery of the collateral, the secured party security interest takes priority over the rights of a transferee in bulk or of a buyer, lessee, or lien creditor which that arise between the time the security interest attaches and the time of filing. 3261  
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~~(C) A "lien creditor" means a creditor who has acquired a lien on the property involved by attachment, levy or the like and includes an assignee for benefit of creditors from the time of assignment, and a trustee in bankruptcy from the date of the filing of the petition or a receiver in equity from the time of appointment.~~ 3269  
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~~(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.~~ 3275  
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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. 3281  
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(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. 3284  
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Sec. 1309.319. (A) Except as otherwise provided in division 3290  
(B) of this section, for purposes of determining the rights of 3291  
creditors of, and purchasers for value of goods from, a consignee, 3292  
while the goods are in the possession of the consignee, the 3293  
consignee is deemed to have rights and title to the goods 3294  
identical to those the consignor had or had power to transfer. 3295

(B) For purposes of determining the rights of a creditor of a 3296  
consignee, law other than this chapter determines the rights and 3297  
title of a consignee while goods are in the consignee's possession 3298  
if, under sections 1309.301 to 1309.342 of the Revised Code, a 3299  
perfected security interest held by the consignor would have 3300  
priority over the rights of the creditor. 3301

Sec. 1309.320. (A) Except as otherwise provided in division 3302  
(E) of this section, a buyer in the ordinary course of business, 3303  
other than a person buying farm products from a person engaged in 3304  
farming operations, takes free of a security interest created by 3305  
the buyer's seller even if the security interest is perfected and 3306  
the buyer knows of its existence. 3307

(B) Except as otherwise provided in division (E) of this 3308  
section, a buyer of goods from a person who used or bought the 3309  
goods for use primarily for personal, family, or household 3310  
purposes takes free of a security interest, even if perfected, if 3311  
the buyer buys: 3312

(1) Without knowledge of the security interest; 3313

(2) For value; 3314

(3) Primarily for the buyer's personal, family, or household 3315  
purposes; and 3316

(4) Before the filing of a financing statement covering the 3317  
goods. 3318

(C) To the extent that it affects the priority of a security interest over a buyer of goods under division (B) of this section, the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by divisions (A) and (B) of section 1309.316 of the Revised Code. 3319  
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(D) A buyer in the ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance. 3324  
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(E) Divisions (A) and (B) of this section do not affect a security interest in goods in the possession of the secured party under section 1309.313 of the Revised Code. 3328  
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**Sec. 1309.321.** (A) As used in this section, "licensee in the ordinary course of business" means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course of business from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course of business if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices. 3331  
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(B) A licensee in the ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence. 3342  
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(C) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected 3347  
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and the lessee knows of its existence. 3350

Sec. 1309.322. (A) Except as otherwise provided in this 3351  
section, priority between conflicting security interests and 3352  
agricultural liens in the same collateral shall be determined 3353  
according to the following rules: 3354

(1) Conflicting perfected security interests and agricultural 3355  
liens rank according to priority in time of filing or perfection. 3356  
Priority dates from the earlier of the time a filing covering the 3357  
collateral is first made or the security interest or agricultural 3358  
lien is first perfected, if there is no period thereafter when 3359  
there is neither filing nor perfection. 3360

(2) A perfected security interest or agricultural lien has 3361  
priority over a conflicting unperfected security interest or 3362  
agricultural lien. 3363

(3) The first security interest or agricultural lien to 3364  
attach or become effective has priority if conflicting security 3365  
interests and agricultural liens are unperfected. 3366

(B) For the purpose of division (A)(1) of this section: 3367

(1) The time of filing or perfection as to a security 3368  
interest in collateral is also the time of filing or perfection as 3369  
to a security interest in proceeds; and 3370

(2) The time of filing or perfection as to a security 3371  
interest in collateral supported by a supporting obligation is 3372  
also the time of filing or perfection as to a security interest in 3373  
the supporting obligation. 3374

(C) Except as otherwise provided in division (F) of this 3375  
section, a security interest in collateral which qualifies for 3376  
priority over a conflicting security interest under section 3377  
1309.327, 1309.328, 1309.329, 1309.330, or 1309.331 of the Revised 3378  
Code also has priority over a conflicting security interest in: 3379

<u>(1) Any supporting obligation for the collateral; and</u>	3380
<u>(2) Proceeds of the collateral if:</u>	3381
<u>(a) The security interest in proceeds is perfected.</u>	3382
<u>(b) The proceeds are cash proceeds or of the same type as the collateral; and</u>	3383 3384
<u>(c) In the case of proceeds that are proceeds of proceeds, all intervening proceeds are cash proceeds, proceeds of the same type as the collateral, or an account relating to the collateral.</u>	3385 3386 3387
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (F) of this section, if a security interest in chattel paper, deposit accounts, negotiable documents, instruments, investment property, or letter-of-credit rights is perfected by a method other than filing, conflicting perfected security interests in proceeds of the collateral rank according to priority in time of filing.</u>	3388 3389 3390 3391 3392 3393 3394
<u>(E) Division (D) of this section applies only if the proceeds of the collateral are not cash proceeds, chattel paper, negotiable documents, instruments, investment property, or letter-of-credit rights.</u>	3395 3396 3397 3398
<u>(F) Divisions (A) to (E) of this section are subject to:</u>	3399
<u>(1) Division (G) of this section and the other provisions of sections 1309.301 to 1309.342 of the Revised Code;</u>	3400 3401
<u>(2) Section 1304.20 of the Revised Code with respect to a security interest of a collecting bank;</u>	3402 3403
<u>(3) Section 1305.18 of the Revised Code with respect to a security interest of an issuer or nominated person; and</u>	3404 3405
<u>(4) Section 1309.110 of the Revised Code with respect to a security interest arising under Chapter 1302. or 1310. of the Revised Code.</u>	3406 3407 3408

(G) A perfected agricultural lien on collateral has priority over a conflicting security interest in or agricultural lien on the same collateral if the statute creating the agricultural lien so provides. 3409  
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**Sec. 1309.323.** (A) Except as otherwise provided in division (C) of this section, for purposes of determining the priority of a perfected security interest under division (A)(1) of section 1309.322 of the Revised Code, perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that: 3413  
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(1) Is made while the security interest is perfected only: 3419

(a) Under section 1309.309 of the Revised Code when it attaches; or 3420  
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(b) Temporarily under division (E), (F), or (G) of section 1309.312 of the Revised Code. 3422  
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(2) Is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under section 1309.309 or division (E), (F), or (G) of section 1309.312 of the Revised Code. 3424  
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(B) Except as otherwise provided in division (C) of this section, a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures advances made more than forty-five days after the person becomes a lien creditor unless the advance is made: 3428  
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(1) Without knowledge of the lien; or 3434

(2) Pursuant to a commitment entered into without knowledge of the lien. 3435  
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(C) Divisions (A) and (B) of this section do not apply to a 3437

security interest held by a secured party that is a buyer of 3438  
accounts, chattel paper, payment intangibles, or promissory notes 3439  
or a consignor. 3440

(D) Except as otherwise provided in division (E) of this 3441  
section, a buyer of goods other than a buyer in ordinary course of 3442  
business takes free of a security interest to the extent that it 3443  
secures advances made after the earlier of: 3444

(1) The time the secured party acquires knowledge of the 3445  
buyer's purchase; or 3446

(2) Forty-five days after the purchase. 3447

(E) Division (D) of this section does not apply if the 3448  
advance is made pursuant to a commitment entered into without 3449  
knowledge of the buyer's purchase and before the expiration of the 3450  
forty-five-day period. 3451

(F) Except as otherwise provided in division (G) of this 3452  
section, a lessee of goods, other than a lessee in ordinary course 3453  
of business, takes the leasehold interest free of a security 3454  
interest to the extent that it secures advances made after the 3455  
earlier of: 3456

(1) The time the secured party acquires knowledge of the 3457  
lease; or 3458

(2) Forty-five days after the lease contract becomes 3459  
enforceable. 3460

(G) Division (F) of this section does not apply if the 3461  
advance is made pursuant to a commitment entered into without 3462  
knowledge of the lease and before the expiration of the 3463  
forty-five-day period. 3464

**Sec. 1309.324.** (A) Except as otherwise provided in division 3465  
(G) of this section, a perfected purchase money security interest 3466

in goods other than inventory or livestock has priority over a 3467  
conflicting security interest in the same goods, and, except as 3468  
otherwise provided in section 1309.327 of the Revised Code, a 3469  
perfected security interest in its identifiable proceeds also has 3470  
priority, if the purchase money security interest is perfected 3471  
when the debtor receives possession of the collateral or within 3472  
twenty days thereafter. 3473

(B) Subject to division (C) of this section and except as 3474  
otherwise provided in division (G) of this section, a perfected 3475  
purchase money security interest in inventory has priority over a 3476  
conflicting security interest in the same inventory, has priority 3477  
over a conflicting security in chattel paper or an instrument 3478  
constituting proceeds of the inventory and in proceeds of the 3479  
chattel paper, if provided in section 1309.330 of the Revised 3480  
Code, and, except as otherwise provided in section 1309.327 of the 3481  
Revised Code, also has priority in identifiable cash proceeds of 3482  
the inventory to the extent the identifiable cash proceeds are 3483  
received on or before the delivery of the inventory to a buyer if: 3484

(1) The purchase money security interest is perfected when 3485  
the debtor receives possession of the inventory; 3486

(2) The purchase money secured party sends an authenticated 3487  
notification to the holder of the conflicting security interest; 3488

(3) The holder of the conflicting security interest receives 3489  
the notification within five years before the debtor receives 3490  
possession of the inventory; and 3491

(4) The notification states that the person sending the 3492  
notification has or expects to acquire a purchase money security 3493  
interest in inventory of the debtor and describes the inventory. 3494

(C) Divisions (B)(2), (3), and (4) of this section apply only 3495  
if the holder of the conflicting security interest filed a 3496

<u>financing statement covering the same types of inventory:</u>	3497
<u>(1) If the purchase money security interest is perfected by filing, before the date of the filing; or</u>	3498
<u>(2) If the purchase money security interest is temporarily perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.</u>	3499
<u>(2) If the purchase money security interest is temporarily perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.</u>	3500
<u>perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.</u>	3501
<u>perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.</u>	3502
<u>perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.</u>	3503
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3504
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3505
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3506
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3507
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3508
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3509
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3510
<u>(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:</u>	3511
<u>(1) The purchase money security interest is perfected when the debtor receives possession of the livestock;</u>	3512
<u>(1) The purchase money security interest is perfected when the debtor receives possession of the livestock;</u>	3513
<u>(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;</u>	3514
<u>(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;</u>	3515
<u>(3) The holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and</u>	3516
<u>(3) The holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and</u>	3517
<u>(4) The notification and states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.</u>	3518
<u>(4) The notification and states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.</u>	3519
<u>(4) The notification and states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.</u>	3520
<u>(4) The notification and states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.</u>	3521
<u>(4) The notification and states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.</u>	3522
<u>(E) Divisions (D)(2), (3), and (4) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:</u>	3523
<u>(E) Divisions (D)(2), (3), and (4) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:</u>	3524
<u>(1) If the purchase money security interest is perfected by filing, before the date of the filing; or</u>	3525
<u>(1) If the purchase money security interest is perfected by filing, before the date of the filing; or</u>	3526

(2) If the purchase money security interest is temporarily 3527  
perfected without filing or possession under division (F) of 3528  
section 1309.312 of the Revised Code, before the beginning of the 3529  
twenty-day period. 3530

(F) Except as otherwise provided in division (G) of this 3531  
section, a perfected purchase money security interest in software 3532  
has priority over a conflicting security interest in the same 3533  
collateral, and, except as otherwise provided in section 1309.327 3534  
of the Revised Code, a perfected security interest in its 3535  
identifiable proceeds also has priority, to the extent that the 3536  
purchase money security interest in the goods in which the 3537  
software was acquired for use has priority in the goods and 3538  
proceeds of the goods under this section. 3539

(G) If more than one security interest qualifies for priority 3540  
in the same collateral under division (A), (B), (D), or (F) of 3541  
this section: 3542

(1) A security interest securing an obligation incurred as 3543  
all or part of the price of the collateral has priority over a 3544  
security interest securing an obligation incurred for value given 3545  
to enable the debtor to acquire rights in or the use of 3546  
collateral; and 3547

(2) In all other cases, division (A) of section 1309.322 of 3548  
the Revised Code applies to the qualifying security interests. 3549

**Sec. 1309.325.** (A) Except as otherwise provided in division 3550  
(B) of this section, a security interest created by a debtor is 3551  
subordinate to a security interest in the same collateral created 3552  
by another person if: 3553

(1) The debtor acquired the collateral subject to the 3554  
security interest created by the other person; 3555

(2) The security interest created by the other person was 3556

perfected when the debtor acquired the collateral; and 3557

(3) There is no period thereafter when the security interest is unperfected. 3558  
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(B) Division (A) of this section subordinates a security interest only if the security interest: 3560  
3561

(1) Otherwise would have priority solely under division (A) of section 1309.322 or section 1309.324 of the Revised Code; or 3562  
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(2) Arose solely under division (C) of section 1302.85 or division (E) of section 1310.54 of the Revised Code. 3564  
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**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. 3566  
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(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. 3574  
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**Sec. 1309.327.** The following rules govern priority among conflicting security interests in the same deposit account: 3582  
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(A) A security interest held by a secured party having control of the deposit account under section 1309.104 of the 3584  
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Revised Code has priority over a conflicting security interest 3586  
held by a secured party that does not have control. 3587

(B) Except as otherwise provided in divisions (C) and (D) of 3588  
this section, security interests perfected by control under 3589  
section 1309.314 of the Revised Code rank according to priority in 3590  
time of obtaining control. 3591

(C) Except as otherwise provided in division (D) of this 3592  
section, a security interest held by the bank with which the 3593  
deposit account is maintained has priority over a conflicting 3594  
security interest held by another secured party. 3595

(D) A security interest perfected by control under division 3596  
(A)(3) of section 1309.104 of the Revised Code has priority over a 3597  
security interest held by the bank with which the deposit account 3598  
is maintained. 3599

**Sec. 1309.328.** The following rules govern priority among 3600  
conflicting security interests in the same investment property: 3601

(A) A security interest held by a secured party having 3602  
control of investment property under section 1309.106 of the 3603  
Revised Code has priority of a security interest held by a secured 3604  
party that does not have control of the investment property. 3605

(B) Except as otherwise provided in divisions (C) and (D) of 3606  
this section, conflicting security interests held by secured 3607  
parties each of which has control under section 1309.106 of the 3608  
Revised Code rank according to priority in time of: 3609

(1) If the collateral is a security, obtaining control; 3610

(2) If the collateral is a security entitlement carried in a 3611  
securities account and: 3612

(a) If the secured party obtained control under division 3613  
(D)(1) of section 1308.24 of the Revised Code, the secured party's 3614

becoming the person for which the securities account is 3615  
maintained; 3616

(b) If the secured party obtained control under division 3617  
(D)(2) of section 1308.24 of the Revised Code, the securities 3618  
intermediary's agreement to comply with the secured party's 3619  
entitlement orders with respect to security entitlements carried 3620  
or to be carried in the securities account; or 3621

(c) If the secured party obtained control through another 3622  
person under division (D)(3) of section 1308.24 of the Revised 3623  
Code, the time on which priority would be based under this 3624  
paragraph if the other person were the secured party; or 3625

(3) If the collateral is a commodity contract carried with a 3626  
commodity intermediary, the satisfaction of the requirement for 3627  
control specified in division (B)(2) of section 1309.106 of the 3628  
Revised Code with respect to commodity contracts carried or to be 3629  
carried with the commodity intermediary. 3630

(C) A security interest held by a securities intermediary in 3631  
a security entitlement or a securities account maintained with the 3632  
securities intermediary has priority over a conflicting security 3633  
interest held by another secured party. 3634

(D) A security interest held by a commodity intermediary in a 3635  
commodity contract or a commodity account maintained with the 3636  
commodity intermediary has priority over a conflicting security 3637  
interest held by another secured party. 3638

(E) A security interest in a certificated security in 3639  
registered form that is perfected by taking delivery under 3640  
division (A) of section 1309.313 of the Revised Code and not by 3641  
control under section 1309.314 of the Revised Code has priority 3642  
over a conflicting security interest perfected by a method other 3643  
than control. 3644

(F) Conflicting security interests created by a broker, a 3645

securities intermediary, or a commodity intermediary that are 3646  
perfected without control under section 1309.106 of the Revised 3647  
Code rank equally. 3648

(G) In all other cases, priority between conflicting security 3649  
interests in investment property is governed by sections 1309.322 3650  
and 1309.323 of the Revised Code. 3651

**Sec. 1309.329.** The following govern priority among 3652  
conflicting security interests in the same letter-of-credit right: 3653

(A) A security interest held by a secured party having 3654  
control of the letter-of-credit right under section 1309.107 of 3655  
the Revised Code has priority to the extent of its control over a 3656  
conflicting security interest held by a secured party that does 3657  
not have control. 3658

(B) Security interests perfected by control under section 3659  
1309.314 of the Revised Code rank according to priority in time of 3660  
obtaining control. 3661

**Sec. 1309.330.** (A) A purchaser of chattel paper has priority 3662  
over a security interest in the chattel paper that is claimed 3663  
merely as proceeds of inventory subject to a security interest if: 3664  
3665

(1) In good faith and in the ordinary course of the 3666  
purchaser's business, the purchaser gives new value and takes 3667  
possession of the chattel paper or obtains control of the chattel 3668  
paper under section 1309.105 of the Revised Code; and 3669

(2) The chattel paper does not indicate that it has been 3670  
assigned to an identified assignee other than the purchaser. 3671

(B) A purchaser of chattel paper has priority over a security 3672  
interest in the chattel paper that is claimed other than merely as 3673  
proceeds of inventory subject to a security interest if the 3674

purchaser gives new value and takes possession of the chattel 3675  
paper or obtains control of the chattel paper under section 3676  
1309.105 of the Revised Code in good faith, in the ordinary course 3677  
of the purchaser's business, and without knowledge that the 3678  
purchase violates the rights of the secured party. 3679

(C) Except as otherwise provided in section 1309.327 of the 3680  
Revised Code, a purchaser having priority in chattel paper under 3681  
division (A) or (B) of this section also has priority in proceeds 3682  
of the chattel paper to the extent that: 3683

(1) Section 1309.322 of the Revised Code provides for 3684  
priority in the proceeds; or 3685

(2) The proceeds consist of the specific goods covered by the 3686  
chattel paper or cash proceeds of the specific goods, even if the 3687  
purchaser's security interest in the proceeds is unperfected. 3688

(D) Except as otherwise provided in division (A) of section 3689  
1309.331 of the Revised Code, a purchaser of an instrument has 3690  
priority over a security interest in the instrument perfected by a 3691  
method other than possession if the purchaser gives value and 3692  
takes possession of the instrument in good faith and without 3693  
knowledge that the purchase violates the rights of the secured 3694  
party. 3695

(E) For purposes of divisions (A) and (B) of this section, 3696  
the holder of a purchase money security interest in inventory 3697  
gives new value for chattel paper constituting proceeds of the 3698  
inventory. 3699

(F) For purposes of divisions (B) and (D) of this section, if 3700  
chattel paper or an instrument indicates that it has been assigned 3701  
to an identified secured party other than the purchaser, a 3702  
purchaser of the chattel paper or instrument has knowledge that 3703  
the purchase violates the rights of the secured party. 3704

**Sec. ~~1309.28~~ 1309.331.** ~~Nothing in sections 1309.01 to 1309.50~~ 3705  
~~of the Revised Code limits (A) This chapter does not limit the~~ 3706  
rights of a holder in due course of a negotiable instrument, as 3707  
defined in section 1303.32 of the Revised Code, or a holder to 3708  
whom a negotiable document of title has been duly negotiated under 3709  
section 1307.29 of the Revised Code, or a protected purchaser of a 3710  
security under section 1308.17 of the Revised Code, ~~and such.~~ 3711  
These holders or purchasers take priority over an earlier security 3712  
interest, even though perfected, to the extent provided in 3713  
Chapters 1303., 1307., and 1308. of the Revised Code. Filing 3714  
3715  
(B) This chapter does not limit the rights of or impose 3716  
liability on a person to the extent that the person is protected 3717  
against the assertion of a claim under Chapter 1308. of the 3718  
Revised Code. 3719  
(C) Filing under sections 1309.01 to 1309.50 of the Revised 3720  
Code, this chapter does not constitute notice of the security 3721  
interest a claim or defense to such the holders or, purchasers, or 3722  
persons described in divisions (A) and (B) of this section. 3723  
**Sec. 1309.332.** (A) A transferee of money takes the money free 3724  
of a security interest unless the transferee acts in collusion 3725  
with the debtor in violating the rights of the secured party. 3726  
3727  
(B) A transferee of funds from a deposit account takes the 3728  
funds free of a security interest in the deposit account unless 3729  
the transferee acts in collusion with the debtor in violating the 3730  
rights of the secured party. 3731  
**Sec. 1309.333.** (A) As used in this section, "possessory lien" 3732  
means an interest, other than a security interest or an 3733

<u>agricultural lien:</u>	3734
<u>(1) That secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business;</u>	3735 3736 3737
<u>(2) That is created by statute or rule of law in favor of the person; and</u>	3738 3739
<u>(3) Whose effectiveness depends on the person's possession of the goods.</u>	3740 3741
<u>(B) A possessory lien on goods has priority over a security interest in the goods unless the lien is created by a statute that expressly provides otherwise.</u>	3742 3743 3744
<del>Sec. 1309.32 1309.334. (A) In this section and in the provisions of sections 1309.38 to 1309.43 of the Revised Code referring to fixture filing, unless the context otherwise requires:</del>	3745 3746 3747 3748
<del>(1) Goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law.</del>	3749 3750 3751
<del>(2) A "fixture filing" is the filing in the office where a mortgage on the real estate would be filed or recorded of a financing statement covering goods that are or are to become fixtures and conforming to the requirements of division (D) of section 1309.39 of the Revised Code.</del>	3752 3753 3754 3755 3756
<del>(3) A mortgage is a "construction mortgage" to the extent that it secures an obligation incurred for the construction of an improvement on land including the acquisition cost of the land, if the recorded writing so indicates.</del>	3757 3758 3759 3760
<del>(B) A security interest under sections 1309.01 to 1309.50 of the Revised Code <u>this chapter</u> may be created in goods which <u>that</u></del>	3761 3762

are fixtures or may continue in goods ~~which~~ that become fixtures, 3763  
~~but no.~~ A security interest ~~exists~~ does not exist under ~~sections~~ 3764  
~~1309.01 to 1309.50 of the Revised Code~~ this chapter in ordinary 3765  
building materials incorporated into an improvement on land. 3766

~~(C) Sections 1309.01 to 1309.50 of the Revised Code do (B)~~ 3767  
This chapter does not prevent creation of an encumbrance upon 3768  
fixtures pursuant to real ~~estate~~ property law. 3769

(C) In cases not governed by divisions (D) to (H) of this 3770  
section, a security interest in fixtures is subordinate to a 3771  
conflicting interest of an encumbrancer or owner of the related 3772  
real property other than the debtor. 3773

~~(D)(1) A~~ Except as otherwise provided in division (H) of this 3774  
section, a perfected security interest in fixtures has priority 3775  
over ~~the~~ a conflicting interest of an encumbrancer or owner of the 3776  
real ~~estate where~~ property if the debtor has an interest of record 3777  
in or is in possession of the real property and: 3778

~~(a)(1)~~ The security interest is a purchase money security 3780  
interest, ~~the~~ i 3781

(2) The interest of the encumbrancer or owner arises before 3782  
the goods become fixtures, ~~the~~ and 3783

(3) The security interest is perfected by a fixture filing 3784  
before the goods become fixtures or within ~~ten~~ twenty days 3785  
~~thereafter, and the~~ thereafter. 3786

(E) A perfected security interest in fixtures has priority 3787  
over a conflicting interest of an encumbrancer or owner of the 3788  
real property if: 3789

(1) The debtor has an interest of record in the real estate 3790  
property or is in possession of the real estate; or 3791

~~(b) The property, and the security interest is:~~ 3792

<u>(a) Is perfected by a fixture filing before the interest of</u>	3793
<u>the encumbrancer or owner is of record, <del>the security interest has;</del></u>	3794
<u>and</u>	3795
<u>(b) Has priority over any conflicting interest of a</u>	3796
<u>predecessor in title of the encumbrancer or owner, <del>and the debtor</del></u>	3797
<u><del>has an interest of record in the real estate or is in possession</del></u>	3798
<u><del>of the real estate; or</del></u>	3799
<u>(2) Before the goods became fixtures, the security interest</u>	3800
<u>is perfected by any method permitted by this chapter, and the</u>	3801
<u>fixtures are readily removable:</u>	3802
<u>(a) Factory or office machines;</u>	3803
<u>(b) Equipment that is not primarily used or leased for use in</u>	3804
<u>the operation of the real property; or</u>	3805
<u>(c) Replacements of domestic appliances that are consumer</u>	3806
<u>goods;</u>	3807
<u>(e)(3) The conflicting interest is a lien on the real estate</u>	3808
<u>property obtained by legal or equitable proceedings after the</u>	3809
<u>security interest was perfected by any method permitted by</u>	3810
<u>sections 1309.01 to 1309.50 of the Revised Code. <u>this chapter; or</u></u>	3811
<u>(2) <del>Whether or not the property is a fixture, a security</del></u>	3812
<u><del>interest in readily removable factory or office machines or</del></u>	3813
<u><del>readily removable replacements of domestic appliances that are</del></u>	3814
<u><del>consumer goods, which</del></u>	3815
<u>(4) <del>The security interest has been perfected by any method</del></u>	3816
<u><del>permitted by sections 1309.01 to 1309.50 is:</del></u>	3817
<u>(a) <del>Created in a manufactured home in a manufactured home</del></u>	3818
<u><del>transaction; and</del></u>	3819
<u>(b) <del>Perfected pursuant to a section listed in division (A)(2)</del></u>	3820
<u><del>of section 1309.311 of the Revised Code and has been perfected</del></u>	3821
<u><del>before the property was installed in the real estate, has priority</del></u>	3822

~~over the conflicting interest of an encumbrancer or owner of the~~ 3823  
~~real estate.~~ 3824

~~(E)~~(F) A security interest in fixtures, whether or not 3825  
perfected, has priority over the conflicting interest of an 3826  
encumbrancer or owner of the real estate ~~where~~ if: 3827

(1) The encumbrancer or owner has, in an authenticated 3828  
record, consented ~~in writing~~ to the security interest or ~~has~~ 3829  
~~disclaimed in writing~~ an interest in the goods as fixtures; or 3830

(2) The debtor has a right to remove the goods as against the 3831  
encumbrancer or owner. ~~If the debtor's right terminates, the~~ 3832

(G) The priority of the security interest under division 3833  
(F)(2) of this section continues for a reasonable time if the 3834  
debtor's right to remove the goods as against the encumbrancer or 3835  
owner terminates. 3836

~~(F) Notwithstanding division (D)(1) of this section but~~ 3837  
~~otherwise subject to division (D) and~~ 3838

(H) A mortgage is a construction mortgage to the extent that 3839  
it secures an obligation incurred for the construction of an 3840  
improvement on land, including the acquisition cost of the real 3841  
property, if a recorded record of the mortgage so indicates. 3842  
Except as otherwise provided in divisions (E) and (F) of this 3843  
section, a security interest in fixtures is subordinate to a 3844  
construction mortgage if a record of the mortgage is recorded 3845  
before the goods become fixtures and if the goods become fixtures 3846  
before the completion of the construction. ~~To the extent that it~~ 3847  
~~is given to refinance a construction mortgage, a~~ A mortgage has 3848  
this priority to the same extent as ~~the~~ a construction mortgage to 3849  
the extent that it is given to refinance a construction mortgage. 3850

~~(G) In cases not within the preceding divisions, a security~~ 3851  
~~interest in fixtures is subordinate to the conflicting interest of~~ 3852  
~~an encumbrancer or owner of the related real estate who is not the~~ 3853

debtor. 3854

~~(H) When the secured party has priority over all owners and encumbrancers of the real estate, the secured party may, on default, subject to the provisions of sections 1309.44 to 1309.50 of the Revised Code, remove the secured party's collateral from the real estate but the secured party must reimburse any encumbrancer or owner of the real estate who is not the debtor and who has not otherwise agreed for the cost of repair of any physical injury, but not for any diminution in value of the real estate caused by the absence of the goods removed or by any necessity for replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate security for the performance of this obligation. The secured party shall give reasonable notification of the secured party's intention to remove the collateral to all persons entitled to reimbursement.~~ 3855  
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(I) A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property. 3870  
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(J) Division (I) of this section prevails over any inconsistent statutes not specifically enumerated under division (D)(2) of section 1309.109 of the Revised Code and applicable by their terms. 3874  
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Sec. 1309.335. (A) A security interest may be created in an accession and continues in collateral that becomes an accession. 3878  
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(B) If a security interest is perfected when the collateral becomes an accession, the security interest remains perfected in the collateral. 3880  
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(C) Except as otherwise provided in division (D) of this 3883

section, the other provisions of sections 1309.301 to 1309.342 of 3884  
the Revised Code determine the priority of a security interest in 3885  
an accession. 3886

(D) A security interest in an accession is subordinate to a 3887  
security interest in the whole that is perfected by compliance 3888  
with the requirements of a certificate of title statute under 3889  
division (B) of section 1309.311 of the Revised Code. 3890

(E) After default, subject to sections 1309.601 to 1309.628 3891  
of the Revised Code, a secured party may remove an accession from 3892  
other goods if the security interest in the accession has priority 3893  
over the claims of every person having an interest in the whole. 3894

(F) A secured party that removes an accession from other 3895  
goods under division (E) of this section shall promptly reimburse 3896  
any holder of a security interest or other lien on, or owner of, 3897  
the whole or of the other goods, other than the debtor, for the 3898  
cost of repair of any physical injury to the whole or the other 3899  
goods. The secured party need not reimburse the holder or owner 3900  
for any diminution in value of the whole or the other goods caused 3901  
by the absence of the accession removed or by any necessity for 3902  
replacing it. A person entitled to reimbursement may refuse 3903  
permission to remove until the secured party gives adequate 3904  
assurance for the performance of the obligation to reimburse. 3905

**Sec. 1309.336.** (A) As used in this section, "commingled 3906  
goods" means goods that are physically united with other goods in 3907  
such a manner that their identity is lost in a product or mass. 3908

(B) A security interest does not exist in commingled goods as 3909  
such. However, a security interest may attach to a product or mass 3910  
that results when goods become commingled goods. 3911

(C) If collateral becomes commingled goods, a security 3912  
interest attaches to the product or mass. 3913

(D) If a security interest in collateral is perfected before the collateral becomes commingled goods, the security interest that attaches to the product or mass under division (C) of this section is perfected. 3914  
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(E) Except as otherwise provided in division (F) of this section, the other provisions of sections 1309.301 to 1309.342 of the Revised Code determine the priority of a security interest that attaches to the product or mass under division (C) of this section. 3918  
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(F) If more than one security interest attaches to the product or mass under division (C) of this section, the following rules determine priority: 3923  
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(1) A security interest that is perfected under division (D) of this section has priority over a security interest that is unperfected at the time the collateral becomes commingled goods. 3926  
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(2) If more than one security interest is perfected under division (D) of this section, the security interests rank equally in proportion to the value of the collateral at the time it became commingled goods. 3929  
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**Sec. 1309.337.** If, while a security interest in goods is perfected by any method under the law of another jurisdiction, this state issues a certificate of title that does not show that the goods are subject to the security interest or contain a statement that they may be subject to security interests not shown on the certificate: 3933  
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(A) A buyer of the goods, other than a person in the business of selling goods of that kind, takes free of the security interest if the buyer gives value and receives delivery of the goods after issuance of the certificate and without knowledge of the security interest; and 3939  
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(B) The security interest is subordinate to a conflicting security interest in the goods that attaches, and is perfected under division (B) of section 1309.311 of the Revised Code, after issuance of the certificate and without the conflicting secured party's knowledge of the security interest. 3944  
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**Sec. 1309.338.** If a security interest or agricultural lien is perfected by a filed financing statement providing information described in division (B)(5) of section 1309.516 of the Revised Code that is incorrect at the time the financing statement is filed: 3949  
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(A) The security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and 3954  
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(B) A purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of chattel paper, documents, goods, instruments, or a security certificate, receives delivery of the collateral. 3959  
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**Sec. ~~1309.35~~ 1309.339.** Nothing in sections ~~1309.01 to 1309.50~~, inclusive, of the Revised Code prevents this chapter precludes subordination by agreement by any person entitled to priority. 3965  
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**Sec. 1309.340.** (A) Except as otherwise provided in division (C) of this section, a bank with which a deposit account is maintained may exercise any right of recoupment or set-off against a secured party that holds a security interest in the deposit 3969  
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<u>account.</u>	3973
<u>(B) Except as otherwise provided in division (C) of this section, the application of this chapter to a security interest in a deposit account does not affect a right of recoupment or set-off of the secured party as to a deposit account maintained with the secured party.</u>	3974 3975 3976 3977 3978
<u>(C) The exercise by a bank of a set-off against a deposit account is ineffective against a secured party that holds a security interest in the deposit account that is perfected by control under division (A)(3) of section 1309.104 of the Revised Code, if the set-off is based on a claim against the debtor.</u>	3979 3980 3981 3982 3983
<u>Sec. 1309.341. Except as otherwise provided in division (C) of section 1309.340 of the Revised Code, and unless the bank otherwise agrees in an authenticated record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:</u>	3984 3985 3986 3987 3988
<u>(A) The creation, attachment, or perfection of a security interest in the deposit account;</u>	3989 3990
<u>(B) The bank's knowledge of the security interest; or</u>	3991
<u>(C) The bank's receipt of instructions from the secured party.</u>	3992 3993
<u>Sec. 1309.342. This chapter does not require a bank to enter into an agreement of the kind described in division (A)(2) of section 1309.104 of the Revised Code, even if its customer so requests or directs. A bank that has entered into an agreement of the kind described in division (A)(2) of that section is not required to confirm the existence of the agreement to another person unless requested to do so by its customer.</u>	3994 3995 3996 3997 3998 3999 4000

~~Sec. 1309.30~~ 1309.401. The (A) Except as provided in division 4001  
(B) of this section and sections 1309.406, 1309.407, 1309.408, and 4002  
1309.409 of the Revised Code, whether a debtor's rights in 4003  
collateral may be voluntarily or involuntarily transferred, ~~by way~~ 4004  
~~of sale, creation of a security interest, attachment, levy,~~ 4005  
~~garnishment, or other judicial process, notwithstanding a~~ 4006  
~~provision in the security agreement prohibiting any transfer or~~ 4007  
~~making is governed by law other than this chapter.~~ 4008

(B) An agreement between the debtor and secured party that 4009  
prohibits a transfer of the debtor's rights in collateral or makes 4010  
the transfer ~~constitute~~ a default does not prevent the transfer 4011  
from taking effect. 4012

~~Sec. 1309.36~~ 1309.402. The ~~mere~~ existence of a security 4013  
interest, agricultural lien, or authority given to ~~the~~ a debtor to 4014  
dispose of or use collateral, without more, does not ~~impose~~ 4015  
~~contract or tort~~ subject a secured party to liability upon the 4016  
~~secured party~~ in contract or tort for the debtor's acts or 4017  
omissions. 4018

Sec. 1309.403. (A) As used in this section, "value" has the 4019  
same meaning as in division (A) of section 1303.33 of the Revised 4020  
Code. 4021

(B) Except as otherwise provided in this section, an 4022  
agreement between an account debtor and an assignor not to assert 4023  
against an assignee any claim or defense that the account debtor 4024  
may have against the assignor is enforceable by an assignee that 4025  
takes an assignment: 4026

(1) For value; 4027

(2) In good faith; 4028

(3) Without notice of a claim of a property or possessory 4029

right to the property assigned; and 4030

(4) Without notice of a defense or claim in recoupment of the 4031  
type that may be asserted against a person entitled to enforce a 4032  
negotiable instrument under division (A) of section 1303.35 of the 4033  
Revised Code. 4034

(C) Division (B) of this section does not apply to defenses 4035  
of a type that may be asserted against a holder in due course of a 4036  
negotiable instrument under division (B) of section 1303.34 of the 4037  
Revised Code. 4038

(D) In a consumer transaction, if a record evidences the 4039  
account debtor's obligation, if law other than this chapter 4040  
requires that the record include a statement to the effect that 4041  
the rights of an assignee are subject to claims or defenses that 4042  
the account debtor could assert against the original obligee, and 4043  
if the record does not include the required statement: 4044

(1) The record has the same effect as if the record included 4045  
the required statement. and 4046

(2) The account debtor may assert against an assignee those 4047  
claims and defenses that would have been available if the record 4048  
included the required statement. 4049

(E) This section is subject to law other than this chapter 4050  
that establishes a different rule for an account debtor who is an 4051  
individual and who incurred the obligation primarily for personal, 4052  
family, or household purposes. 4053

(F) Except as otherwise provided in division (D) of this 4054  
section, this section does not displace law other than this 4055  
chapter that gives effect to an agreement by an account debtor not 4056  
to assert a claim or defense against an assignee. 4057

**Sec. 1309.404.** (A) Unless an account debtor has made an 4058  
enforceable agreement not to assert defenses or claims, and 4059

subject to divisions (B) to (E) of this section, the rights of an 4060  
assignee are subject to: 4061

(1) All terms of the agreement between the account debtor and 4062  
assignor and any defense or claim in recoupment arising from the 4063  
transaction that gave rise to the contract; and 4064

(2) Any other defense or claim of the account debtor against 4065  
the assignor that accrues before the account debtor receives a 4066  
notification of the assignment authenticated by the assignor or 4067  
the assignee. 4068

(B) Subject to division (C) of this section and except as 4069  
provided in division (D) of this section, the claim of an account 4070  
debtor against an assignor may be asserted against an assignee 4071  
under division (A) of this section only to reduce the amount the 4072  
account debtor owes. 4073

(C) This section is subject to law other than this chapter 4074  
that establishes a different rule for an account debtor who is an 4075  
individual and who incurred the obligation primarily for personal, 4076  
family, or household purposes. 4077

(D) In a consumer transaction, if a record evidences the 4078  
account debtor's obligation, if law other than this chapter 4079  
requires that the record include a statement to the effect that 4080  
the account debtor's recovery against an assignee with respect to 4081  
claims and defenses against the assignor may not exceed amounts 4082  
paid by the account debtor under the record, and if the record 4083  
does not include the required statement, the extent to which a 4084  
claim of an account debtor against the assignor may be asserted 4085  
against an assignee is determined as if the record included the 4086  
required statement. 4087

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

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. 4090  
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(B) Division (A) of this section applies to the extent that: 4097

(1) The right to payment or a part thereof under an assigned contract has not been fully earned by performance; or 4098  
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(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. 4100  
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(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. 4104  
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(D) This section does not apply to an assignment of a health-care-insurance receivable. 4108  
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Sec. 1309.406. (A) Subject to divisions (B) to (I) of this section, an account debtor on an account, chattel paper, or payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor. 4110  
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<u>(B) Subject to division (H) of this section, notification</u>	4120
<u>under division (A) of this section is not effective:</u>	4121
<u>(1) If the notification does not reasonably identify the</u>	4122
<u>rights assigned;</u>	4123
<u>(2) To the extent that an agreement between an account debtor</u>	4124
<u>and a seller of a payment intangible limits the account debtor's</u>	4125
<u>duty to pay a person other than the seller and the limitation is</u>	4126
<u>effective under law other than this chapter; or</u>	4127
<u>(3) At the option of an account debtor, if the notification</u>	4128
<u>notifies the account debtor to make less than the full amount of</u>	4129
<u>any installment or other periodic payment to the assignee, even</u>	4130
<u>if:</u>	4131
<u>(a) Only a portion of the account, chattel paper, or payment</u>	4132
<u>intangible has been assigned to that assignee;</u>	4133
<u>(b) A portion has been assigned to another assignee; or</u>	4134
<u>(c) The account debtor knows that the assignment to that</u>	4135
<u>assignee is limited.</u>	4136
<u>(C) Subject to division (H) of this section, if requested by</u>	4137
<u>the account debtor, an assignee shall seasonably furnish</u>	4138
<u>reasonable proof that the assignment has been made. Unless the</u>	4139
<u>assignee complies, the account debtor may discharge its obligation</u>	4140
<u>by paying the assignor, even if the account debtor has received a</u>	4141
<u>notification under division (A) of this section.</u>	4142
<u>(D) Except as otherwise provided in division (E) of this</u>	4143
<u>section and sections 1309.407 and 1310.31 of the Revised Code, and</u>	4144
<u>subject to division (H) of this section, a term in an agreement</u>	4145
<u>between an account debtor and an assignor or in a promissory note</u>	4146
<u>is ineffective to the extent that it:</u>	4147
<u>(1) Prohibits, restricts, or requires the consent of the</u>	4148
<u>account debtor or person obligated on the promissory note to the</u>	4149

assignment or transfer of, or the creation, attachment, 4150  
perfection, or enforcement of a security interest in, the account, 4151  
chattel paper, payment intangible, or promissory note; or 4152

(2) Provides that the assignment or transfer or the creation, 4153  
attachment, perfection, or enforcement of the security interest 4154  
may give rise to a default, breach, right of recoupment, claim, 4155  
defense, termination, right of termination, or remedy under the 4156  
account, chattel paper, payment intangible, or promissory note. 4157

(E) Division (D) of this section does not apply to the sale 4159  
of a payment intangible or promissory note. 4160

(F) Except as provided in sections 1309.407 and 1310.31 of 4161  
the Revised Code and subject to divisions (H) and (I) of this 4162  
section, a rule of law, statute, or regulation that prohibits, 4163  
restricts, or requires the consent of a government, governmental 4164  
body or official, or account debtor to the assignment or transfer 4165  
of, or creation of a security interest in, an account or chattel 4166  
paper is not effective to the extent that the rule of law, 4167  
statute, or regulation: 4168

(1) Prohibits, restricts, or requires the consent of the 4169  
government, governmental body or official, or account debtor to 4170  
the assignment or transfer of, or the creation, attachment, 4171  
perfection, or enforcement of a security interest in the account 4172  
or chattel paper; or 4173

(2) Provides that the assignment or transfer or the creation, 4174  
attachment, perfection, or enforcement of the security interest 4175  
may give rise to a default, breach, right of recoupment, claim, 4176  
defense, termination, right of termination, or remedy under the 4177  
account or chattel paper. 4178

(G) Subject to division (H) of this section, an account 4179  
debtor may not waive or vary its option under division (B)(3) of 4180

<u>this section.</u>	4181
<u>(H) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.</u>	4182 4183 4184 4185
<u>(I) This section does not apply to an assignment of a health-care-insurance receivable.</u>	4186 4187
<u>(J) Divisions (D) and (F) of this section do not apply to:</u>	4188
<u>(1) A claim or right to receive compensation for injuries or sickness as described in section 104(a)(1) or (2) of the Internal Revenue Code, as amended; or</u>	4189 4190 4191
<u>(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.</u>	4192 4193 4194
<b><u>Sec. 1309.407.</u></b> <u>(A) Except as otherwise provided in division (B) of this section, a term in a lease agreement is not effective to the extent that it:</u>	4195 4196 4197
<u>(1) Prohibits, restricts, or requires the consent of a party to the lease to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, an interest of a party under the lease contract or in the lessor's residual interest in the goods; or</u>	4198 4199 4200 4201 4202
<u>(2) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.</u>	4203 4204 4205 4206 4207
<u>(B) Except as otherwise provided in division (G) of section 1310.31 of the Revised Code, a term in a lease agreement described</u>	4208 4209

in division (A)(2) of this section is effective to the extent that 4210  
there is: 4211

(1) A transfer by the lessee of the lessee's right of 4212  
possession or use of the goods in violation of the term; or 4213

(2) A delegation of a material performance of either party to 4214  
the lease contract in violation of the term. 4215

(C) The creation, attachment, perfection, or enforcement of a 4216  
security interest in the lessor's interest under the lease 4217  
contract or the lessor's residual interest in the goods is not a 4218  
transfer that materially impairs the lessee's prospect of 4219  
obtaining return performance or materially changes the duty of or 4220  
materially increases the burden or risk imposed on the lessee 4221  
within the scope of division (D) of section 1310.31 of the Revised 4222  
Code unless, and then only to the extent that, enforcement 4223  
actually results in a delegation of material performance of the 4224  
lessor. 4225

**Sec. 1309.408.** (A) Except as otherwise provided in division 4226  
(B) of this section, a term in a promissory note or in an 4227  
agreement between an account debtor and a debtor that relates to a 4228  
health-care-insurance receivable or a general intangible, 4229  
including a contract, permit, license, or franchise, and which 4230  
term prohibits, restricts, or requires the consent of the person 4231  
obligated on the promissory note or the account debtor to, the 4232  
assignment or transfer of, or creation, attachment, or perfection 4233  
of a security interest in, the promissory note, 4234  
health-care-insurance receivable, or general intangible, is not 4235  
effective to the extent that the term: 4236

(1) Would impair the creation, attachment, or perfection of a 4237  
security interest; or 4238

(2) Provides that the assignment or transfer or the creation, 4239

attachment, or perfection of the security interest may give rise 4240  
to a default, breach, right of recoupment, claim, defense, 4241  
termination, right of termination, or remedy under the promissory 4242  
note, health-care-insurance receivable, or general intangible. 4243

4244

(B) Division (A) applies to a security interest in a payment 4245  
intangible or promissory note only if the security interest arises 4246  
out of a sale of the payment intangible or promissory note. 4247

(C) A rule of law, statute, or regulation that prohibits, 4248  
restricts, or requires the consent of a government, governmental 4249  
body or official, person obligated on a promissory note, or 4250  
account debtor to the assignment or transfer of, or creation of a 4251  
security interest in, a promissory note, health-care-insurance 4252  
receivable, or general intangible, including a contract, permit, 4253  
license, or franchise between an account debtor and a debtor, is 4254  
not effective to the extent that the rule of law, statute, or 4255  
regulation: 4256

(1) Would impair the creation, attachment, or perfection of a 4257  
security interest; or 4258

(2) Provides that the assignment or transfer or the creation, 4259  
attachment, or perfection of the security interest may give rise 4260  
to a default, breach, right of recoupment, claim, defense, 4261  
termination, right of termination, or remedy under the promissory 4262  
note, health-care-insurance receivable, or general intangible. 4263

4264

(D) To the extent that a term in a promissory note or in an 4265  
agreement between an account debtor and a debtor that relates to a 4266  
health-care-insurance receivable or general intangible or a rule 4267  
of law, statute, or regulation described in division (C) of this 4268  
section would be effective under law other than this chapter but 4269  
is ineffective under division (A) or (C) of this section, the 4270  
creation, attachment, or perfection of a security interest in the 4271

<u>promissory note, health-care-insurance receivable, or general</u>	4272
<u>intangible:</u>	4273
<u>(1) Is not enforceable against the person obligated on the</u>	4274
<u>promissory note or the account debtor;</u>	4275
<u>(2) Does not impose a duty or obligation on the person</u>	4276
<u>obligated on the promissory note or the account debtor;</u>	4277
<u>(3) Does not require the person obligated on the promissory</u>	4278
<u>note or the account debtor to recognize the security interest, pay</u>	4279
<u>or render performance to the secured party, or accept payment or</u>	4280
<u>performance from the secured party;</u>	4281
<u>(4) Does not entitle the secured party to use or assign the</u>	4282
<u>debtor's rights under the promissory note, health-care-insurance</u>	4283
<u>receivable, or general intangible, including any related</u>	4284
<u>information or materials furnished to the debtor in the</u>	4285
<u>transaction giving rise to the promissory note,</u>	4286
<u>health-care-insurance receivable, or general intangible;</u>	4287
<u>(5) Does not entitle the secured party to use, assign,</u>	4288
<u>possess, or have access to any trade secrets or confidential</u>	4289
<u>information of the person obligated on the promissory note or the</u>	4290
<u>account debtor; and</u>	4291
<u>(6) Does not entitle the secured party to enforce the</u>	4292
<u>security interest in the promissory note, health-care-insurance</u>	4293
<u>receivable, or general intangible.</u>	4294
<u>(E) Divisions (A) and (C) of this section do not apply to:</u>	4295
<u>(1) A claim or right to receive compensation for injuries or</u>	4296
<u>sickness as described in section 104(a)(1) or (2) of the Internal</u>	4297
<u>Revenue Code as amended; or</u>	4298
<u>(2) A claim or right to receive benefits under a special</u>	4299
<u>needs trust as described in the "Omnibus Budget Reconciliation Act</u>	4300
<u>of 1993," 107 Stat. 312, 42 U.S.C. 1396p(d)(4), as amended.</u>	4301

Sec. 1309.409. (A) A term in a letter of credit or a rule of law, statute, regulation, custom, or practice applicable to the letter of credit that prohibits, restricts, or requires the consent of an applicant, issuer, or nominated person to a beneficiary's assignment of or creation of a security interest in a letter-of-credit right is not effective to the extent that the term or rule or law, statute, regulation, custom, or practice:

(1) Would impair the creation, attachment, or perfection of a security interest in the letter-of-credit right; or

(2) Provides that the assignment or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the letter-of-credit right.

(B) To the extent that a term in a letter of credit is not effective under division (A) of this section but would be effective under law other than this chapter or under a custom or practice applicable to the letter of credit, to the transfer of a right to draw or otherwise demand performance under the letter of credit, or to the assignment of a right to proceeds of the letter of credit, the creation, attachment, or perfection of a security interest in the letter-of-credit right:

(1) Is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

(2) Imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

(3) Does not require the applicant, issuer, nominated person, or transferee beneficiary to recognize the security interest, pay or render performance to the secured party, or accept payment or other performance from the secured party.

Sec. 1309.501. (A) Except as provided in division (B) of this section, if the local law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is: 4332  
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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: 4337  
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(a) The collateral is as-extracted collateral or timber to be cut; or 4339  
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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. 4341  
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(2) The office of the secretary of state or any office duly authorized by the secretary of state, in all other cases, including a case in which the collateral is goods that are or are to become fixtures, and the financing statement is not filed as a fixture filing. 4343  
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(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. 4348  
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Sec. 1309.502. (A) Subject to division (B) of this section, a financing statement is sufficient only if it: 4354  
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(1) Provides the name of the debtor; 4356

(2) Provides the name of the secured party or a representative of the secured party; and 4357  
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(3) Indicates the collateral covered by the financing statement. 4359  
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(B) Except as otherwise provided in division (B) of section 1309.501 of the Revised Code, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or that is filed as a fixture filing and covers goods that are or are to become fixtures, shall satisfy division (A) of this section and also: 4361  
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(1) Indicate that it covers this type of collateral; 4367

(2) Indicate that it is to be filed in the real property records; 4368  
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(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 4370  
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(4) If the debtor does not have an interest of record in the real property, provide the name of a record owner. 4374  
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(C) A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if: 4376  
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(1) The record indicates the goods or accounts that it covers; 4380  
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(2) The goods are or are to become fixtures related to the real property described in the record, or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut; 4382  
4383  
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(3) The record satisfies the requirements for a financing statement contained in this section other than an indication that it is to be filed in the real property records; and 4386  
4387  
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(4) The record is duly recorded. 4389

(D) A financing statement may be filed before a security 4390

<u>agreement is made or a security interest otherwise attaches.</u>	4391
<u>Sec. 1309.503. (A) A financing statement sufficiently</u>	4392
<u>provides the name of the debtor:</u>	4393
<u>(1) If the debtor is a registered organization, only if the</u>	4394
<u>financing statement provides the name of the debtor indicated on</u>	4395
<u>the public record of the debtor's jurisdiction of organization</u>	4396
<u>that shows the debtor to have been organized;</u>	4397
<u>(2) If the debtor is a decedent's estate, only if the</u>	4398
<u>financing statement provides the name of the decedent and</u>	4399
<u>indicates that the debtor is an estate;</u>	4400
<u>(3) If the debtor is a trust or a trustee acting with respect</u>	4401
<u>to property held in trust, only if the financing statement:</u>	4402
	4403
<u>(a) Provides the name specified for the trust in its organic</u>	4404
<u>documents or, if no name is specified, provides the name of the</u>	4405
<u>settlor and additional information sufficient to distinguish the</u>	4406
<u>debtor from other trusts having one or more of the same settlors;</u>	4407
<u>and</u>	4408
<u>(b) Indicates, in the debtor's name or otherwise, that the</u>	4409
<u>debtor is a trust or is a trustee acting with respect to property</u>	4410
<u>held in trust.</u>	4411
<u>(4) In other cases:</u>	4412
<u>(a) If the debtor has a name, only if it provides the</u>	4413
<u>individual or organizational name of the debtor; and</u>	4414
<u>(b) If the debtor does not have a name, only if it provides</u>	4415
<u>the names of the partners, members, associates, or other persons</u>	4416
<u>comprising the debtor.</u>	4417
<u>(B) A financing statement that provides the name of the</u>	4418
<u>debtor in accordance with division (A) of this section is not</u>	4419

<u>rendered ineffective by the absence of:</u>	4420
<u>(1) A trade name or other name of the debtor; or</u>	4421
<u>(2) Unless required under division (A)(4)(b) of this section,</u> <u>names of partners, members, associates, or other persons</u> <u>comprising the debtor.</u>	4422 4423 4424
<u>(C) A financing statement that provides only the debtor's</u> <u>trade name does not sufficiently provide the name of the debtor.</u>	4425 4426
<u>(D) Failure to indicate the representative capacity of a</u> <u>secured party or representative of a secured party does not affect</u> <u>the sufficiency of a financing statement.</u>	4427 4428 4429
<u>(E) A financing statement may provide the name of more than</u> <u>one debtor and the name of more than one secured party.</u>	4430 4431
<u>Sec. 1309.504. A financing statement sufficiently indicates</u> <u>the collateral that it covers if the financing statement provides:</u>	4432 4433 4434
<u>(A) A description of the collateral pursuant to section</u> <u>1309.108 of the Revised Code; or</u>	4435 4436
<u>(B) An indication that the financing statement covers all</u> <u>assets or all personal property.</u>	4437 4438
<u>Sec. <del>1309.431</del> 1309.505. (A) A consignor or, lessor, or other</u> <u>bailor of goods, a licensor, or a buyer of a payment intangible or</u> <u>promissory note may file a financing statement, or may comply with</u> <u>a statute or treaty described in division (A) of section 1309.311</u> <u>of the Revised Code, using the terms "consignor," "consignee,"</u> <u>"lessor," "lessee" or the like, "bailor," "bailee," "licensor,"</u> <u>"licensee," "owner," "registered owner," "buyer," "seller," or</u> <u>words of similar import, instead of the terms specified in section</u> <u>1309.39 of the Revised Code. The provisions of sections 1309.38</u> <u>"secured party" and "debtor."</u>	4439 4440 4441 4442 4443 4444 4445 4446 4447 4448

(B) Sections 1309.501 to ~~1309.431~~ 1309.527 of the Revised 4449  
Code shall apply to the filing of a financing statement under 4450  
division (A) of this section and, as appropriate, to such 4451  
compliance that is equivalent to filing a financing statement 4452  
under division (B) of section 1309.311 of the Revised Code, but 4453  
its the filing shall or compliance is not of itself be a factor in 4454  
determining whether or not whether the consignment or lease is 4455  
intended as security. However, if collateral secures an 4456  
obligation. If it is determined for other reasons another reason 4457  
that the consignment or lease is so intended collateral secures an 4458  
obligation, a security interest of held by the consignor or, 4459  
lessor which, bailor, licensor, owner, or buyer that attaches to 4460  
the consigned or leased goods collateral is perfected by such the 4461  
filing or compliance. 4462

Sec. 1309.506. (A) A financing statement that substantially 4463  
satisfies the requirements of sections 1309.501 to 1309.527 of the 4464  
Revised Code is effective, even if it has minor errors or 4465  
omissions, unless the errors or omissions make the financing 4466  
statement seriously misleading. 4467

(B) Except as otherwise provided in division (C) of this 4468  
section, a financing statement that fails sufficiently to provide 4469  
the name of the debtor in accordance with division (A) of section 4470  
1309.503 is seriously misleading. 4471

(C) If a search of the records of the filing office under the 4472  
debtor's correct name, using the filing office's standard search 4473  
logic, if any, would disclose a financing statement that fails 4474  
sufficiently to provide the name of the debtor in accordance with 4475  
division (A) of section 1309.503 of the Revised Code, the name 4476  
provided does not make the financing statement seriously 4477  
misleading. 4478

(D) For purposes of division (B) of section 1309.508 of the 4479

Revised Code, the "debtor's correct name" referred to in division 4480  
(C) of this section means the correct name of the new debtor. 4481

Sec. 1309.507. (A) A filed financing statement remains 4482  
effective with respect to collateral that is sold, exchanged, 4483  
leased, licensed, or otherwise disposed of and in which a security 4484  
interest or agricultural lien continues, even if the secured party 4485  
knows of or consents to the disposition. 4486

(B) Except as otherwise provided in division (C) of this 4487  
section and section 1309.508 of the Revised Code, a financing 4488  
statement is not rendered ineffective if, after the financing 4489  
statement is filed, the information provided in the financing 4490  
statement becomes seriously misleading under section 1309.506 of 4491  
the Revised Code. 4492

(C) If a debtor so changes its name that a filed financing 4493  
statement becomes seriously misleading under section 1309.506 of 4494  
the Revised Code: 4495

(1) The financing statement is effective to perfect a 4496  
security interest in collateral acquired by the debtor before, or 4497  
within four months after, the change; and 4498

(2) The financing statement is not effective to perfect a 4499  
security interest in collateral acquired by the debtor more than 4500  
four months after the change, unless an amendment to the financing 4501  
statement that renders the financing statement not seriously 4502  
misleading is filed within four months after the change. 4503

Sec. 1309.508. (A) Except as otherwise provided in this 4504  
section, a filed financing statement naming an original debtor is 4505  
effective to perfect a security interest in collateral in which a 4506  
new debtor has or acquires rights to the extent that the financing 4507  
statement would have been effective had the original debtor 4508  
acquired rights in the collateral. 4509

(B) If the difference between the name of the original debtor and that of the new debtor causes a filed financing statement that is effective under division (A) of this section to be seriously misleading under section 1309.506 of the Revised Code:

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

(2) The financing statement is not effective to perfect a security interest in collateral acquired by the new debtor more than four months after the new debtor becomes bound under division (D) of section 1309.203 of the Revised Code unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

(C) This section does not apply to collateral as to which a filed financing statement remains effective against the new debtor under division (A) of section 1309.507 of the Revised Code.

**Sec. 1309.509.** (A) A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) The debtor authorizes the filing in an authenticated record or pursuant to division (B) or (C) of this section; or

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

(B) By authenticating or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing

of an initial financing statement, and an amendment, covering: 4540

(1) The collateral described in the security agreement; and 4541

(2) Property that becomes collateral under division (A)(2) of 4542  
section 1309.315 of the Revised Code, whether or not the security 4543  
agreement expressly covers proceeds. 4544

(C) By acquiring collateral in which a security interest or 4545  
agricultural lien continues under division (A)(1) of section 4546  
1309.315 of the Revised Code, a debtor authorizes the filing of an 4547  
initial financing statement, and an amendment, covering the 4548  
collateral and property that becomes collateral under division 4549  
(A)(2) of section 1309.315 of the Revised Code. 4550

(D) A person may file an amendment other than an amendment 4551  
that adds collateral covered by a financing statement or an 4552  
amendment that adds a debtor to a financing statement only if: 4553

(1) The secured party of record authorizes the filing; or 4554

(2) The amendment is a termination statement for a financing 4555  
statement as to which the secured party of record has failed to 4556  
file or send a termination statement as required by division (A) 4557  
or (C) of section 1309.513 of the Revised Code, the debtor 4558  
authorizes the filing, and the termination statement indicates 4559  
that the debtor authorized it to be filed. 4560

(E) If there is more than one secured party of record for a 4561  
financing statement, each secured party of record may authorize 4562  
the filing of an amendment under division (D) of this section. 4563

**Sec. 1309.510.** (A) A filed record is effective only to the 4564  
extent that it was filed by a person who is permitted to file it 4565  
under section 1309.509 of the Revised Code. 4566

(B) A record authorized by one secured party of record does 4567  
not affect the financing statement with respect to another secured 4568

party of record. 4569

(C) A continuation statement that is not filed within the 4570  
six-month period prescribed by division (D) of section 1309.515 of 4571  
the Revised Code is not effective. 4572

**Sec. 1309.511.** (A) A secured party of record with respect to 4573  
a financing statement is a person whose name is provided as the 4574  
name of the secured party or a representative of the secured party 4575  
in an initial financing statement that has been filed. If an 4576  
initial financing statement is filed under division (A) of section 4577  
1309.514 of the Revised Code, the assignee named in the initial 4578  
financing statement is the secured party of record with respect to 4579  
the financing statement. 4580

(B) If an amendment of a financing statement that provides 4581  
the name of a person as a secured party or a representative of a 4582  
secured party is filed, the person named in the amendment is a 4583  
secured party of record. If an amendment is filed under division 4584  
(B) of section 1309.514 of the Revised Code, the assignee named in 4585  
the amendment is a secured party of record. 4586

(C) A person remains a secured party of record until an 4587  
amendment of the financing statement is filed that deletes the 4588  
person as a secured party of record. 4589

**Sec. 1309.512.** (A) Subject to section 1309.509 of the Revised 4590  
Code, a person may add or delete collateral covered by, continue 4591  
or terminate the effectiveness of, or, subject to division (E) of 4592  
this section, otherwise amend the information provided in, a 4593  
financing statement by filing an amendment that: 4594

(1) Identifies, by its file number, the initial financing 4595  
statement to which the amendment relates; and 4596

(2) If the amendment relates to an initial financing 4597

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.

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(B) Except as otherwise provided in section 1309.515 of the Revised Code, the filing of an amendment does not extend the period of effectiveness of the financing statement.

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(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.

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(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.

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(E) An amendment is ineffective to the extent it:

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(1) Purports to delete all debtors and fails to provide the name of a debtor to be covered by the financing statement; or

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(2) Purports to delete all secured parties of record and fails to provide the name of a new secured party of record.

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**Sec. 1309.513.** (A) A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

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

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

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(B) To comply with division (A) of this section, a secured

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party shall cause the secured party of record to file the 4627  
termination statement: 4628

(1) Within one month after there is no obligation secured by 4629  
the collateral covered by the financing statement and no 4630  
commitment to make an advance, incur an obligation, or otherwise 4631  
give value; or 4632

(2) If earlier, within twenty days after the secured party 4633  
receives an authenticated demand from a debtor. 4634

(C) In cases not governed by division (A) of this section, 4635  
within twenty days after a secured party receives an authenticated 4636  
demand from a debtor, the secured party shall cause the secured 4637  
party of record for a financing statement to send to the debtor a 4638  
termination statement for the financing statement or file the 4639  
termination statement in the filing office if: 4640

(1) Except in the case of a financing statement covering 4641  
accounts or chattel paper that has been sold or goods that are the 4642  
subject of a consignment, there is no obligation secured by the 4643  
collateral covered by the financing statement and no commitment to 4644  
make an advance, incur an obligation, or otherwise give value; 4645

(2) The financing statement covers accounts or chattel paper 4646  
that have been sold but as to which the account debtor or other 4647  
person obligated has discharged its obligation; 4648

(3) The financing statement covers goods that were the 4649  
subject of a consignment to the debtor but are not in the debtor's 4650  
possession; or 4651

(4) The debtor did not authorize the filing of the initial 4652  
financing statement. 4653

(D) Except as provided in section 1309.510 of the Revised 4654  
Code, upon the filing of a termination statement with the filing 4655  
office, the financing statement to which the termination statement 4656

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.

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**Sec. 1309.514.** (A) Except as otherwise provided in division (C) of this section, an initial financing statement may reflect an assignment of all of the secured party's power to authorize an amendment to the financing statement by providing the name and mailing address of the assignee as the name and address of the secured party.

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(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:

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

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(2) Provides the name of the assignor; and

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(3) Provides the name and mailing address of the assignee.

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(C) An assignment of record of a security interest in a fixture covered by a record of a mortgage that is effective as a financing statement filed as a fixture filing under division (C) of section 1309.502 of the Revised Code may be made only by an assignment of record of the mortgage in the manner provided by the laws of this state other than those contained in Chapters 1301. to 1305. and 1307. to 1310. of the Revised Code.

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**Sec. 1309.515.** (A) Except as otherwise provided in divisions

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(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. 4686  
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(B) Except as otherwise provided in divisions (E), (F), and (G) of this section, an initial financing statement filed in connection with a public-finance transaction or manufactured-home transaction is effective for a period of thirty years after the date of filing if it indicates that it is filed in connection with a public-finance transaction or manufactured-home transaction. 4689  
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(C) The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless, before the lapse, a continuation statement is filed pursuant to division (D) of this section. Upon lapse, a financing statement ceases to be effective, and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest is perfected otherwise. If the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral for value. 4695  
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(D) A continuation statement may be filed only within six months before the expiration of the five-year period specified in division (A) or the thirty-year period specified in division (B) of this section, whichever is applicable. 4705  
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(E) Except as provided in section 1309.510 of the Revised Code, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing statement lapses in the same manner as provided in division (C) of this section, unless, before the lapse, another continuation 4709  
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statement is filed pursuant to division (D) of this section. 4717

Succeeding continuation statements may be filed in the same manner 4718

to continue the effectiveness of the initial financing statement. 4719

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(F) If a debtor is a transmitting utility and a filed 4721

financing statement so indicates, the financing statement is 4722

effective until a termination statement is filed. 4723

(G) A record of a mortgage that is effective as a financing 4724

statement filed as a fixture filing under division (C) of section 4725

1309.502 of the Revised Code remains effective as a financing 4726

statement filed as a fixture filing until the mortgage is released 4727

or satisfied of record or its effectiveness otherwise terminates 4728

as to the real property. 4729

Sec. 1309.516. (A) Except as provided in division (B) of this 4730

section, communication of a record to a filing office and tender 4731

of the filing fee or acceptance of the record by the filing office 4732

constitutes filing. 4733

(B) Filing does not occur with respect to a record that a 4734

filing office refuses to accept because: 4735

(1) The record is not communicated by a method or medium of 4736

communication authorized by the filing office; 4737

(2) An amount equal to or greater than the applicable filing 4738

fee is not tendered; 4739

(3) The filing office is unable to index the record because: 4740

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(a) In the case of an initial financing statement, the record 4742

does not provide a name for the debtor; 4743

(b) In the case of an amendment or correction statement, the 4744

record: 4745

(i) Does not identify the initial financing statement as required by section 1309.512 or 1309.518 of the Revised Code, as applicable; or 4746  
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(ii) Identifies an initial financing statement whose effectiveness has lapsed under section 1309.515 of the Revised Code. 4749  
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(c) In the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual that was not provided previously in the financing statement to which the record relates, the record does not identify the debtor's last name; or 4752  
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(d) In the case of a record filed in the filing office described in division (A)(1) of section 1309.501 of the Revised Code, the record does not provide a sufficient description of the real property to which it relates. 4758  
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(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; 4762  
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(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: 4766  
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(a) Provide a mailing address for the debtor; 4770

(b) Indicate whether the debtor is an individual or an organization; or 4771  
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(c) If the financing statement indicates that the debtor is an organization, provide: 4773  
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(i) A type of organization for the debtor; 4775

<u>(ii) A jurisdiction of organization for the debtor; or</u>	4776
<u>(iii) An organizational identification number for the debtor</u>	4777
<u>or indicate that the debtor has none.</u>	4778
<u>(6) In the case of an assignment reflected in an initial</u>	4779
<u>financing statement under division (A) of section 1309.514 of the</u>	4780
<u>Revised Code or an amendment filed under division (B) of section</u>	4781
<u>1309.514 of the Revised Code, the record does not provide a name</u>	4782
<u>and mailing address for the assignee.</u>	4783
<u>(7) In the case of a continuation statement, the record is</u>	4784
<u>not filed within the six-month period prescribed by division (D)</u>	4785
<u>of section 1309.515 of the Revised Code. or</u>	4786
<u>(8) The secretary of state refuses to accept the record for</u>	4787
<u>filing or recording in compliance with division (A) of section</u>	4788
<u>111.24 of the Revised Code.</u>	4789
<u>(C) For purposes of division (B) of this section:</u>	4790
<u>(1) A record does not provide information if the filing</u>	4791
<u>office is unable to read or decipher the information; and</u>	4792
<u>(2) A record that does not indicate that it is an amendment</u>	4793
<u>or identify an initial financing statement to which it relates, as</u>	4794
<u>required by section 1309.512, 1309.514, or 1309.518 of the Revised</u>	4795
<u>Code, is an initial financing statement.</u>	4796
<u>(D) A record that is communicated to the filing office with</u>	4797
<u>tender of the filing fee, but that the filing office refuses to</u>	4798
<u>accept for a reason other than one specified in division (B) of</u>	4799
<u>this section, is effective as a filed record except as against a</u>	4800
<u>purchaser of the collateral that gives value in reasonable</u>	4801
<u>reliance upon the absence of the record from the files.</u>	4802
<b><u>Sec. 1309.517. The failure of the filing office to index a</u></b>	4803
<b><u>record correctly does not affect the effectiveness of the filed</u></b>	4804

record. 4805

**Sec. 1309.518.** (A) A person may file in the filing office a 4806  
correction statement with respect to a record indexed there under 4807  
the person's name if the person believes that the record is 4808  
inaccurate or was wrongfully filed. 4809

(B) A correction statement must: 4810

(1) Identify the record to which it relates by: 4811

(a) The file number assigned to the initial financing 4812  
statement to which the record relates; and 4813

(b) If the correction statement relates to a record filed in 4814  
a filing office described in division (A)(1) of section 1309.501 4815  
of the Revised Code, the date and time that the initial financing 4816  
statement was filed and the information specified in division (B) 4817  
of section 1309.502 of the Revised Code; 4818

(2) Indicate that it is a correction statement; and 4819

(3) Provide the basis for the person's belief that the record 4820  
is inaccurate and indicate the manner in which the person believes 4821  
the record should be amended to cure any inaccuracy or provide the 4822  
basis for the person's belief that the record was wrongfully 4823  
filed. 4824

(C) The filing of a correction statement does not affect the 4825  
effectiveness of an initial financing statement or other filed 4826  
record. 4827

**Sec. 1309.519.** (A) For each record filed in a filing office, 4828  
the filing office shall: 4829

(1) Assign an unique number to the filed record; 4830

(2) Create a record that bears the number assigned to the 4831  
filed record and the date and time of filing; 4832

<u>(3) Maintain the filed record for public inspection; and</u>	4833
<u>(4) Index the filed record in accordance with divisions (C), (D), and (E) of this section.</u>	4834
<u>(B) A file number assigned after January 1, 2002, must include a digit that:</u>	4835
<u>(1) Is mathematically derived from or related to the other digits of the file number; and</u>	4836
<u>(2) Aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error.</u>	4837
<u>(C) Except as provided in divisions (D) and (E) of this section, the filing office shall:</u>	4838
<u>(1) Index an initial financing statement according to the name of the debtor and index all filed records relating to the initial financing statement in a manner that associates with one another an initial financing statement and all filed records relating to the initial financing statement; and</u>	4839
<u>(2) Index a record that provides a name of a debtor that previously was not provided in the financing statement to which the record relates also according to the name that previously was not provided.</u>	4840
<u>(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:</u>	4841
<u>(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</u>	4842
<u>(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</u>	4843
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the mortgagee under the mortgage, or, if indexing is by 4863  
description, as if the financing statement were a record of a 4864  
mortgage of the real property described. 4865

(E) If a financing statement is filed as a fixture filing or 4866  
covers as-extracted collateral or timber to be cut, the filing 4867  
office shall index an assignment filed under division (A) of 4868  
section 1309.514 of the Revised Code or an amendment filed under 4869  
division (B) of that section: 4870

(1) Under the name of the assignor as grantor; and 4871

(2) To the extent that the law of this state provides for 4872  
indexing a record of the assignment of a mortgage under the name 4873  
of the assignee, under the name of the assignee. 4874

(F) The filing office shall maintain a capability: 4875

(1) To retrieve a record by the name of the debtor and: 4876

(a) If the filing office is described in division (A)(1) of 4877  
section 1309.501 of the Revised Code, by the file number assigned 4878  
to the initial financing statement to which the record relates and 4879  
the date and time that the record was filed; 4880

(b) If the filing office is described in division (A)(2) of 4881  
section 1309.501 of the Revised Code, by the file number assigned 4882  
to the initial financing statement to which the record relates; 4883  
and 4884

(2) To associate and retrieve with one another an initial 4885  
financing statement and each filed record relating to the initial 4886  
financing statement. 4887

(G) The filing office may not remove a debtor's name from the 4888  
index until one year after the effectiveness of a financing 4889  
statement naming the debtor lapses under section 1309.515 of the 4890  
Revised Code with respect to all secured parties of record. 4891

(H) The filing office shall perform the acts required by 4892

divisions (A) to (E) of this section at the time and in the manner 4893  
prescribed by the filing-office rule. 4894

Sec. 1309.520. (A) A filing office shall refuse to accept a 4895  
record for filing for a reason specified in division (B) of 4896  
section 1309.516 of the Revised Code and may refuse to accept a 4897  
record for filing only for a reason specified in that division. 4898

(B) If a filing office refuses to accept a record for filing, 4899  
it shall communicate to the person who presented the record the 4900  
fact of and reason for the refusal and the date and time the 4901  
record would have been filed had the filing office accepted it. 4902  
The communication must be made at the time and in the manner 4903  
prescribed by the applicable filing-office rule but, in the case 4904  
of a filing office described in division (A)(2) of section 4905  
1309.501 of the Revised Code, in no event more than two business 4906  
days after the filing office receives the record. 4907

(C) A filed financing statement that satisfies divisions (A) 4908  
and (B) of section 1309.502 of the Revised Code is effective, even 4909  
if the filing office is required to refuse to accept it for filing 4910  
under division (A) of this section. However, section 1309.338 of 4911  
the Revised Code applies to a filed financing statement that 4912  
provides information described in division (B)(5) of section 4913  
1309.516 of the Revised Code that is incorrect at the time the 4914  
financing statement is filed. 4915

(D) If a record communicated to a filing office provides 4916  
information that relates to more than one debtor, sections 4917  
1309.501 to 1309.527 of the Revised Code apply as to each debtor 4918  
separately. 4919

Sec. 1309.521. (A) A filing office that accepts written 4920  
records may not refuse to accept a written initial financing 4921  
statement in the following form and format except for a reason 4922

<u>prescribed in division (B) of section 1309.516 of the Revised</u>	4923
<u>Code:</u>	4924
<u>UCC FINANCING STATEMENT</u>	4925
<u>Follow instructions (front and back) carefully.</u>	4926
<u>A. Name and phone of contact at filer (optional)</u>	4927
.....	4928
<u>B. Send acknowledgment to: (name and address)</u>	4929
.....	4930
.....	4931
.....	4932
<u>1. DEBTOR'S EXACT FULL LEGAL NAME</u>	4933
<u>(Insert only one debtor name [1a or 1b]. Do not abbreviate or</u>	4934
<u>combine names.)</u>	4935
<u>1a. Organization's name</u> .....	4936
<u>or</u>	4937
<u>1b. Individual's last name</u> ..... <u>First name</u> .....	4938
<u>Middle name</u> ..... <u>Suffix</u> .....	4939
<u>1c. Mailing address</u> .....	4940
<u>City</u> ..... <u>State</u> ..... <u>Postal code</u> ..... <u>Country</u> .....	4941
<u>1d. Tax ID Number: SSN or EIN</u> .....	4942
<u>Additional information regarding organization debtor</u>	4943
<u>1e. Type of organization</u> .....	4944
<u>1f. Jurisdiction of organization</u> .....	4945
<u>1g. Organizational ID number, if any</u> ..... [ ] None	4946
<u>2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME</u>	4947
<u>(Insert only one debtor name [2a or 2b]. Do not abbreviate or</u>	4948
<u>combine names.)</u>	4949
<u>2a. Organization's name</u> .....	4950
<u>or</u>	4951
<u>2b. Individual's last name</u> ..... <u>First name</u> .....	4952
<u>Middle name</u> ..... <u>Suffix</u> .....	4953
<u>2c. Mailing address</u> .....	4954

<u>City</u> .....	<u>State</u> .....	<u>Postal code</u> .....	<u>Country</u> .....	4955
<u>2d. Tax ID Number: SSN or EIN</u> .....				4956
<u>Additional information regarding organization debtor</u>				4957
<u>2e. Type of organization</u> .....				4958
<u>2f. Jurisdiction of organization</u> .....				4959
<u>2g. Organizational ID number, if any</u> .....	<u>[ ] None</u>			4960
<u>3. SECURED PARTY'S NAME (or name of total assignee of assignor</u>				4961
<u>S/P). Insert only one secured party name (3a or 3b).</u>				4962
<u>3a. Organization's name</u> .....				4963
<u>or</u>				4964
<u>3b. Individual's last name</u> .....	<u>First name</u> .....			4965
<u>Middle name</u> .....	<u>Suffix</u> .....			4966
<u>3c. Mailing address</u> .....				4967
<u>City</u> .....	<u>State</u> .....	<u>Postal code</u> .....	<u>Country</u> .....	4968
<u>4. This FINANCING STATEMENT covers the following collateral:</u>				4969
.....				4970
.....				4971
.....				4972
.....				4973
<u>5. ALTERNATIVE DESIGNATION (if applicable):</u>				4974
<u>[ ] Lessee/lessor [ ] Consignee/consignor [ ] Bailee/bailor</u>				4975
<u>[ ] Seller/buyer [ ] Ag. lien [ ] Non-UCC filing</u>				4976
<u>6. [ ] This FINANCING STATEMENT is to be filed [for record] (or</u>				4977
<u>recorded) in the REAL ESTATE RECORDS. Attach addendum</u> .....				4978
<u>[if applicable].</u>				4979
<u>7. Check to REQUEST SEARCH REPORT(S) on debtor(s)</u>				4980
<u>[ADDITIONAL FEE] .....</u> <u>[optional]</u>				4981
<u>[ ] All debtors [ ] Debtor 1 [ ] Debtor 2</u>				4982
<u>8. OPTIONAL FILER REFERENCE DATA</u>				4983
.....				4984
.....				4985
<u>UCC FINANCING STATEMENT ADDENDUM</u>				4986
<u>Follow instructions (front and back) carefully.</u>				4987

<u>9. NAME OF FIRST DEBTOR (1a OR 1b) ON RELATED FINANCING STATEMENT</u>	4988
<u>9a. Organization's name</u>	4989
<u>or</u>	4990
<u>9b. Individual's last name</u> ..... <u>First name</u> .....	4991
<u>Middle name</u> ..... <u>Suffix</u> .....	4992
<u>10. MISCELLANEOUS</u>	4993
.....	4994
.....	4995
..... <u>The above space is for filing office use only.</u>	4996
<u>11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME</u>	4997
<u>(Insert only one name [11a or 11b]. Do not abbreviate or combine names.)</u>	4998
<u>11a. Organization's name</u>	4999
<u>or</u>	5000
<u>11b. Individual's last name</u> ..... <u>First name</u> .....	5001
<u>Middle name</u> ..... <u>Suffix</u> .....	5002
<u>11c. Mailing address</u> .....	5003
<u>City</u> ..... <u>State</u> ..... <u>Postal code</u> ..... <u>Country</u> .....	5004
<u>11d. Tax ID Number: SSN or EIN</u> .....	5005
<u>Additional information regarding organization debtor</u>	5006
<u>11e. Type of organization</u> .....	5007
<u>11f. Jurisdiction of organization</u> .....	5008
<u>11g. Organizational ID number, if any</u> ..... [ ] None	5009
<u>12. [ ] ADDITIONAL SECURED PARTY'S or [ ] ASSIGNOR S/P'S NAME</u>	5010
<u>(Insert only one name [12a or 12b].)</u>	5011
<u>12a. Organization's name</u> .....	5012
<u>or</u>	5013
<u>12b. Individual's last name</u> ..... <u>First name</u> .....	5014
<u>Middle name</u> ..... <u>Suffix</u> .....	5015
<u>12c. Mailing address</u> .....	5016
<u>City</u> ..... <u>State</u> ..... <u>Postal code</u> ..... <u>Country</u> .....	5017
<u>13. This FINANCING STATEMENT covers [ ] timber to be cut or</u>	5018
<u>[ ] as-extracted collateral, or is filed as a [ ] fixture filing.</u>	5019
	5020

<u>14. DESCRIPTION OF REAL ESTATE:</u>	5021
.....	5022
.....	5023
.....	5024
.....	5025
<u>15. Name and address of a RECORD OWNER of above-described real estate (if debtor does not have a record interest):</u>	5026
.....	5027
.....	5028
.....	5029
.....	5030
<u>16. Additional collateral description:</u>	5031
.....	5032
.....	5033
.....	5034
.....	5035
<u>17. Check only if applicable and check only one box.</u>	5036
<u>Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to</u>	5037
<u>property held in trust or <input type="checkbox"/> Decedent's estate</u>	5038
<u>18. Check only if applicable and check only one box.</u>	5039
<u><input type="checkbox"/> Debtor is a transmitting utility</u>	5040
<u><input type="checkbox"/> Filed in connection with a manufactured-home transaction -</u>	5041
<u>effective 30 years</u>	5042
<u><input type="checkbox"/> Filed in connection with a public-finance transaction -</u>	5043
<u>effective 30 years</u>	5044
<u>(B) A filing office that accepts written records may not</u>	5045
<u>refuse to accept a written record in the following form and format</u>	5046
<u>except for a reason prescribed in division (B) of section 1309.516</u>	5047
<u>of the Revised Code:</u>	5048
<u>UCC FINANCING STATEMENT AMENDMENT</u>	5049
<u>Follow instructions (front and back) carefully.</u>	5050
<u>A. Name and phone of contact at filer (optional)</u>	5051
.....	5052
<u>B. Send acknowledgment to: (name and address)</u>	5053

.....	5054
.....	5055
..... <u>The above space is for filing office use only.</u>	5056
1a. INITIAL FINANCING STATEMENT FILE NUMBER .....	5057
1b. <input type="checkbox"/> This financing statement amendment is to be filed [for record] (or recorded) in the real estate records.	5058 5059
2. <input type="checkbox"/> TERMINATION: Effectiveness of the financing statement identified above is terminated with respect to security interest(s) of the secured party authorizing this termination statement.	5060
3. <input type="checkbox"/> CONTINUATION: Effectiveness of the financing statement identified above with respect to security interest(s) of the secured party authorizing this continuation statement is continued for the additional period provided by applicable law.	5061
4. <input type="checkbox"/> ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.	5062
5. AMENDMENT (PARTY INFORMATION): This amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only one of these two boxes. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.	5063 5064 5065
<input type="checkbox"/> CHANGE name and/or address. Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.	5066
<input type="checkbox"/> DELETE name. Give record name to be deleted in item 6a or 6b.	5067
<input type="checkbox"/> ADD name. Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).	5068
6. CURRENT RECORD INFORMATION:	5069
6a. Organization's name .....	5070
or	5071
6b. Individual's last name ..... First name .....	5072
Middle name ..... Suffix .....	5073
7. CHANGED (NEW) OR ADDED INFORMATION:	5074
7a. Organization's name .....	5075

<u>or</u>	5076
<u>7b. Individual's last name</u> ..... <u>First name</u> .....	5077
<u>Middle name</u> ..... <u>Suffix</u> .....	5078
<u>7c. Mailing address</u> .....	5079
<u>City</u> ..... <u>State</u> ..... <u>Postal code</u> ..... <u>Country</u> .....	5080
<u>7d. Tax ID Number: SSN or EIN</u> .....	5081
<u>Additional information regarding organization debtor</u>	5082
<u>7e. Type of organization</u> .....	5083
<u>7f. Jurisdiction of organization</u> .....	5084
<u>7g. Organizational ID number, if any</u> ..... <u>[ ] None</u>	5085
<u>8. AMENDMENT (COLLATERAL CHANGE). Check only one box.</u>	5086
<u>Describe collateral [ ] deleted or [ ] added, or give entire</u>	5087
<u>[ ] restated collateral description, or describe collateral</u>	5088
<u>[ ] assigned.</u>	5089
.....	5090
.....	5091
.....	5092
.....	5093
<u>9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT</u>	5094
<u>(name of assignor, if this is an assignment). If this is an</u>	5095
<u>amendment authorized by a debtor that adds collateral or adds</u>	5096
<u>the authorizing debtor, or if this is a termination authorized</u>	5097
<u>by a debtor, check here [ ] and enter name of debtor</u>	5098
<u>authorizing this amendment.</u>	5099
<u>9a. Organization's name</u> .....	5100
<u>or</u>	5101
<u>9b. Individual's last name</u> ..... <u>First name</u> .....	5102
<u>Middle name</u> ..... <u>Suffix</u> .....	5103
<u>10. OPTIONAL FILER REFERENCE DATA</u>	5104
.....	5105
<u>UCC FINANCING STATEMENT AMENDMENT ADDENDUM</u>	5106
<u>Follow instructions (front and back) carefully.</u>	5107
<u>11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a</u>	5108

<u>on amendment form) .....</u>	5109
<u>12. NAME OF PARTY AUTHORIZING</u>	5110
<u>THIS AMENDMENT (same as item 9</u>	5111
<u>on amendment form)</u>	5112
<u>12a. Organization's name</u>	5113
<u>.....</u>	5114
<u>or</u>	5115
<u>12b. Individual's last name</u>	5116
<u>.....</u>	5117
<u>First name .....</u>	5118
<u>Middle name ..... Suffix ...</u>	5119
<u>The above space is for filing office use only.</u>	
<u>13. Use this space for additional information.</u>	5120
<u>.....</u>	5121
<u>.....</u>	5122
<u>.....</u>	5123
<u>.....</u>	5124
<u>Sec. 1309.522. (A) The filing office shall maintain a record</u>	5125
<u>of the information provided in a filed financing statement for not</u>	5126
<u>less than one year after the effectiveness of the financing</u>	5127
<u>statement has lapsed under section 1309.515 of the Revised Code</u>	5128
<u>with respect to all secured parties of record. The record must be</u>	5129
<u>retrievable by using the name of the debtor and:</u>	5130
<u>(1) If the record was filed in the filing office described in</u>	5131
<u>division (A)(1) of section 1309.501 of the Revised Code, by using</u>	5132
<u>the file number assigned to the initial financing statement to</u>	5133
<u>which the record relates and the date and time that the record was</u>	5134
<u>filed; or</u>	5135
<u>(2) If the record was filed in the filing office described in</u>	5136
<u>division (A)(2) of section 1309.501 of the Revised Code, by using</u>	5137
<u>the file number assigned to the initial financing statement to</u>	5138
<u>which the record relates.</u>	5139

(B) Except as otherwise provided in Chapter 149. of the 5140  
Revised Code or any other provision of the Revised Code governing 5141  
disposition of public records, the filing office immediately may 5142  
destroy any written record evidencing a financing statement. 5143  
However, if the filing office destroys a written record, it shall 5144  
maintain another record of the financing statement that complies 5145  
with division (A) of this section. 5146

Sec. 1309.523. (A) If a person who files a written record 5147  
requests an acknowledgment of the filing, the filing office shall 5148  
send to the person an image of the record showing the number 5149  
assigned to the record pursuant to division (A)(1) of section 5150  
1309.519 of the Revised Code and the date and time of the filing 5151  
of the record. However, if the person furnishes a copy of the 5152  
record to the filing office, the filing office instead may: 5153

(1) Note upon the copy the number assigned to the record 5154  
pursuant to division (A)(1) of section 1309.519 of the Revised 5155  
Code and the date and time of the filing of the record; and 5156

(2) Send the copy to the person. 5157

(B) If a person files a record other than a written record, 5158  
the filing office shall communicate to the person an 5159  
acknowledgment that provides: 5160

(1) The information in the record; 5161

(2) The number assigned to the record pursuant to division 5162  
(A)(1) of section 1309.519 of the Revised Code; and 5163

(3) The date and time of the filing of the record. 5164

(C) The filing office shall communicate or otherwise make 5165  
available in a record all of the following information to any 5166  
person who requests it: 5167

(1) Whether there is on file on a date and time specified by 5168

the filing office, but not a date earlier than three business days 5169  
before the filing office receives the request, any financing 5170  
statement that: 5171

(a) Designates a particular debtor or, if the request so 5172  
states, designates a particular debtor at the address specified in 5173  
the request; 5174

(b) Has not lapsed under section 1309.515 of the Revised Code 5175  
with respect to all secured parties of record; and 5176

(c) If the request so states, has lapsed under section 5177  
1309.515 of the Revised Code and a record of which is maintained 5178  
by the filing office under division (A) of section 1309.522 of the 5179  
Revised Code; 5180

(2) The date and time of filing of each financing statement; 5181  
and 5182

(3) The information provided in each financing statement. 5183

(D) In complying with its duty under division (C) of this 5184  
section, the filing office may communicate information in any 5185  
medium. However, if requested, the filing office shall communicate 5186  
information by issuing a record that can be admitted into evidence 5187  
in the courts of this state without extrinsic evidence of its 5188  
authenticity. 5189

(E) The filing office shall perform the acts required by 5190  
divisions (A) to (D) of this section at the time and in the manner 5191  
prescribed by the filing-office rule but not later than two 5192  
business days after the filing office receives the request. 5193

(F)(1) At least weekly, the filing office shall offer to sell 5194  
or license to the public on a nonexclusive basis, in bulk, copies 5195  
of all records filed in it under sections 1309.501 to 1309.527 of 5196  
the Revised Code, in a medium determined by the secretary of 5197  
state. 5198

(2) The secretary of state may adopt rules pursuant to Chapter 119. of the Revised Code to reasonably limit the number of bulk commercial special extraction requests made by a person for the same records or for updated records during a calendar year. The rules may include provisions for charges to be made for bulk commercial special extraction requests for the actual cost of the secretary of state, plus special extraction costs, plus ten per cent. The secretary of state may charge for expenses for redacting information, the release of which is prohibited by law.

(3) As used in division (F)(2) of this section:

(a) "Actual cost" means the cost of depleted supplies, records storage media costs, actual mailing and alternative delivery costs, or other transmitting costs, and any direct equipment operating and maintenance costs, including actual costs paid to private contractors for copying services.

(b) "Bulk commercial special extraction request" means a request for copies of a record for information in a format other than the format already available, or information that cannot be extracted without examination of all items in a records series, class of records, or data base by a person who intends to use or forward the copies for surveys, marketing, solicitation, or resale for commercial purposes. "Bulk commercial special extraction request" does not include a request by a person who gives assurance to the secretary of state that the person making the request does not intend to use or forward the requested copies for surveys, marketing, solicitation, or resale for commercial purposes.

(c) "Commercial" means profit-seeking production, buying, or selling of any good, service, or other product.

(d) "Special extraction costs" means the cost of the time spent by the lowest paid employee competent to perform the task,

the actual amount paid to outside private contractors employed by 5230  
the secretary of state, or the actual cost incurred to create 5231  
computer programs to make the special extraction. "Special 5232  
extraction costs" include any charges paid to a public agency for 5233  
computer or records services. 5234

(4) For purposes of divisions (F)(2) and (3) of this section, 5235  
"commercial surveys, marketing, solicitation, or resale" shall be 5236  
narrowly construed and does not include reporting or gathering 5237  
news, reporting or gathering information to assist citizen 5238  
oversight or understanding of the operation or activities of 5239  
government, or nonprofit educational research. 5240

Sec. 1309.524. Delay by the filing office beyond a time limit 5241  
prescribed by sections 1309.501 to 1309.527 of the Revised Code is 5242  
excused if: 5243

(A) The delay is caused by interruption of communication or 5244  
computer facilities, war, emergency conditions, failure of 5245  
equipment, or other circumstances beyond control of the filing 5246  
office. and 5247

(B) The filing office exercises reasonable diligence under 5248  
the circumstances. 5249

Sec. 1309.525. (A) Except as provided in division (D) of this 5250  
section, the fee for filing and indexing a record under sections 5251  
1309.501 to 1309.527 of the Revised Code is the amount specified 5252  
in division (B) of this section, if applicable, plus nine dollars. 5253

(B) Except as otherwise provided in division (D) of this 5255  
section, if a record is communicated in writing, the fee for each 5256  
name more than two required to be indexed is nine dollars. 5257

(C) The fee for responding to a request for information from 5258

the filing office, including for communicating whether there is on 5259  
file any financing statement naming a particular debtor is: 5260

(1) Nine dollars if the request is communicated in writing, 5261  
and 5262

(2) Nine dollars if the request is communicated by another 5263  
medium authorized by the filing office rule. 5264

However, if the fee otherwise required under division (C) of 5265  
this section is five dollars if the request is limited to 5266  
communicating only whether there is on file any financing 5267  
statement naming a particular debtor and the name of the secured 5268  
party or record relating thereto. Division (C) of this section 5269  
does not require that a fee be charged for remote access searching 5270  
of the filing office data base. 5271

(D) This section does not require a fee with respect to a 5272  
record of a mortgage that is effective as a financing statement 5273  
filed as a fixture filing or as a financing statement covering 5274  
as-extracted collateral or timber to be cut under division (C) of 5275  
section 1309.502 of the Revised Code. However, the recording and 5276  
satisfaction fees that otherwise would be applicable to the record 5277  
of the mortgage apply. 5278

**Sec. 1309.526.** (A) The secretary of state shall adopt rules 5279  
to implement this chapter. The filing-office rules shall be: 5280

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(1) Consistent with this chapter; and 5282

(2) Adopted in accordance with Chapter 119. of the Revised 5283  
Code. 5284

(B) To keep the filing-office rules and practices of the 5285  
filing office in harmony with the rules and practices of filing 5286  
offices in other jurisdictions that enact substantially sections 5287  
1309.501 to 1309.527 of the Revised Code, and to keep the 5288

technology used by the filing office compatible with the 5289  
technology used by filing offices in other jurisdictions that 5290  
enact substantially those sections, the secretary of state, so far 5291  
as is consistent with the purposes, policies, and provisions of 5292  
this chapter, shall do all of the following in adopting, amending, 5293  
and repealing filing-office rules: 5294

(1) Consult with filing offices in other jurisdictions that 5295  
enact substantially sections 1309.501 to 1309.527 of the Revised 5296  
Code; 5297

(2) Consult the most recent version of the model rules 5298  
promulgated by the international association of corporate 5299  
administrators or any successor organization; and 5300

(3) Take into consideration the rules and practices of, and 5301  
the technology used by, filing offices in other jurisdictions that 5302  
enact substantially sections 1309.501 to 1309.527 of the Revised 5303  
Code. 5304

**Sec. 1309.527.** The secretary of state shall report by 5305  
December 31 in each even-numbered year to the general assembly on 5306  
the operation of the filing office. The report shall contain a 5307  
statement of the extent to which: 5308

(A) The filing-office rules are not in harmony with the rules 5309  
of filing offices in other jurisdictions that enact substantially 5310  
sections 1309.501 to 1309.527 of the Revised Code and the reasons 5311  
for these variations; and 5312

(B) The filing-office rules are not in harmony with the most 5313  
recent version of the model rules promulgated by the international 5314  
association of corporate administrators, or any successor 5315  
organization, and the reasons for these variations. 5316

**Sec. ~~1309.401~~ 1309.528.** Through June 30, 2001, four dollars 5317

~~and fifty cents, and, on and after July 1, 2001, four dollars, of~~ 5318  
~~each fee collected by the secretary of state under sections~~ 5319  
~~1309.42 and 1309.43 and divisions (E) and (H) of section 1309.40~~ 5320  
~~of the Revised Code, and all of the fees collected by the~~ 5321  
~~secretary of state under section 1309.402 (A) All fees collected~~ 5322  
~~by the secretary of state for filings under Title XIII or XVII of~~ 5323  
~~the Revised Code, shall be deposited in the state treasury to the~~ 5324  
~~credit of the corporate and uniform commercial code filing fund,~~ 5325  
~~which is hereby created. The remainder of each such fee shall be~~ 5326  
~~deposited in the general revenue fund. All moneys credited to the~~ 5327  
~~corporate and uniform commercial code filing fund shall be used~~ 5328  
~~only for the purpose of paying for expenses relating to the~~ 5329  
~~processing of filings under Title XIII and XVII and Chapter 1329.~~ 5330  
~~of the Revised Code and the uniform commercial code. Funds~~ 5331  
~~credited to the corporate and uniform commercial code filing fund~~ 5332  
~~shall not be used for the purpose of funding the division of~~ 5333  
~~elections.~~ 5334

(B) There is hereby created the secretary of state business 5335  
technology fund. One per cent of the money credited to the 5336  
corporate and uniform commercial code filing fund created in 5337  
division (A) of this section shall be deposited into the state 5338  
treasury to the credit of this fund. All moneys credited to this 5339  
fund shall be used only for the upkeep, improvement, or 5340  
replacement of equipment or for the purpose of training employees 5341  
in the use of equipment used to conduct business under Title XVII 5342  
or Chapter 1329. of the Revised Code. 5343

Sec. 1309.529. (A) The secretary of state shall distribute to 5344  
the county recorders of the counties of this state an amount equal 5345  
to the fees collected by the secretary of state for filing and 5346  
indexing financing statements communicated to the office of the 5347  
secretary of state in writing under division (A) of section 5348  
1309.525 of the Revised Code, to the extent that the general 5349

assembly appropriates money for that purpose, multiplied by the  
following percentages:

(1) For the period of July 1, 2001, to June 30, 2002, that  
amount multiplied by fifty per cent.

(2) For the period of July 1, 2002, to June 30, 2003, that  
amount multiplied by forty per cent.

(3) For the period of July 1, 2003, to June 30, 2004, that  
amount multiplied by thirty per cent.

(4) For the period of July 1, 2004, to June 30, 2005, that  
amount multiplied by twenty per cent.

(5) For the period of July 1, 2005, to June 30, 2006, that  
amount multiplied by ten per cent.

(B) The secretary of state shall make distributions to the  
county recorders pursuant to division (A) of this section so that  
the county recorder of each county receives a share of the  
aggregate amount so distributed equal to, as nearly as may be, the  
percentage that the fees collected by that county recorder under  
sections 1309.38 to 1309.431 of the Revised Code for calendar year  
1998 bore to the total of the fees collected by the county  
recorders of all counties under those sections for that calendar  
year. The percentage allocations among the county recorders of the  
counties shall be based upon the fee collection information for  
calendar year 1998 for each county provided to the secretary of  
state on or before October 31, 2001, by the association of county  
recorders of this state. The secretary of state may distribute  
those amounts from time to time as the secretary of state so  
determines but no less frequently than annually, and in any case  
shall commence those distributions not later than September 30,  
2002.

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Sec. 1309.601. (A) After default, a secured party has the rights provided in sections 1309.601 to 1309.628 of the Revised Code and, except as otherwise provided in section 1309.602 of the Revised Code, those provided by agreement of the parties. A secured party:

(1) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) If the collateral is documents, proceed either as to the documents or as to the goods they cover.

(B) A secured party in possession of collateral or control of collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 of the Revised Code has the rights and duties provided in section 1309.207 of the Revised Code.

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

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

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

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

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

(3) Any date specified in a statute under which the agricultural lien was created. 5408  
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(F) A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and after the sale may hold the collateral free of any other requirements of this chapter. 5410  
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(G) Except as provided in division (C) of section 1309.607 of the Revised Code, sections 1309.601 to 1309.628 of the Revised Code do not impose any duties upon a secured party who is a consignor or a buyer of accounts, chattel paper, payment intangibles, or promissory notes. 5415  
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**Sec. 1309.602.** Except as otherwise provided in section 1309.624 of the Revised Code, to the extent that they give rights to a debtor or obligor and impose duties on a secured party, the debtor or obligor may not waive or vary the following provisions of the Revised Code; 5420  
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(A) Division (B)(4)(c) of section 1309.207 of the Revised Code, which relates to the use and operation of the collateral by the secured party; 5425  
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5427

(B) Section 1309.210 of the Revised Code, which relates to requests for an accounting and requests concerning a list of collateral and statement of account; 5428  
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5430

(C) Division (C) of section 1309.607 of the Revised Code, which relates to the collection and enforcement of collateral; 5431  
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(D) Division (A) of section 1309.608 and division (C) of section 1309.615 of the Revised Code to the extent that they relate to the application or payment of noncash proceeds of collection, enforcement, or disposition; 5433  
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(E) Division (A) of section 1309.608 and division (D) of 5437

<u>section 1309.615 of the Revised Code to the extent that they</u>	5438
<u>require accounting for or payment of surplus proceeds of</u>	5439
<u>collateral;</u>	5440
<u>(F) Section 1309.609 of the Revised Code to the extent that</u>	5441
<u>it imposes upon a secured party who takes possession of collateral</u>	5442
<u>without judicial process the duty to do so without breach of the</u>	5443
<u>peace;</u>	5444
<u>(G) Division (B) of section 1309.610 and sections 1309.611,</u>	5445
<u>1309.613, and 1309.614 of the Revised Code, which relate to the</u>	5446
<u>disposition of collateral;</u>	5447
<u>(H) Division (F) of section 1309.615, which relates to the</u>	5448
<u>calculation of a deficiency or surplus when a disposition is made</u>	5449
<u>to the secured party, a person related to the secured party, or a</u>	5450
<u>secondary obligor;</u>	5451
<u>(I) Section 1309.616 of the Revised Code, which relates to</u>	5452
<u>the explanation of the calculation of a surplus or deficiency;</u>	5453
<u>(J) Sections 1309.620, 1309.621, and 1309.622 of the Revised</u>	5454
<u>Code, which relate to the acceptance of collateral in satisfaction</u>	5455
<u>of obligation;</u>	5456
<u>(K) Section 1309.623 of the Revised Code, which relates to</u>	5457
<u>redemption of collateral;</u>	5458
<u>(L) Section 1309.624 of the Revised Code, which relates to</u>	5459
<u>permissible waivers; and</u>	5460
<u>(M) Sections 1309.625 and 1309.626 of the Revised Code, which</u>	5461
<u>relate to the secured party's liability for failure to comply with</u>	5462
<u>this chapter.</u>	5463
<b><u>Sec. 1309.603.</u></b> <u>(A) The parties may determine by agreement the</u>	5464
<u>standards measuring the fulfillment of the rights of a debtor or</u>	5465
<u>obligor and the duties of a secured party under section 1309.602</u>	5466

of the Revised Code if the standards are not manifestly 5467  
unreasonable. 5468

(B) Division (A) of this section does not apply to the duty 5469  
imposed under section 1309.609 of the Revised Code to refrain from 5470  
breaching the peace. 5471

**Sec. 1309.604.** (A) If a security agreement covers both 5472  
personal and real property, a secured party may proceed: 5473

(1) Under sections 1309.601 to 1309.628 of the Revised Code 5474  
as to the personal property without prejudicing any rights with 5475  
respect to the real property; or 5476

(2) As to both the personal property and the real property, 5477  
in accordance with the rights with respect to the real property, 5478  
in which case the other provisions of sections 1309.601 to 5479  
1309.628 of the Revised Code do not apply. 5480

(B) Subject to division (C) of this section, if a security 5481  
agreement covers goods that are or become fixtures, a secured 5482  
party may proceed: 5483

(1) Under sections 1309.601 to 1309.628 of the Revised Code; 5484  
or 5485

(2) In accordance with the rights with respect to real 5486  
property, in which case the other provisions of sections 1309.601 5487  
to 1309.628 of the Revised Code do not apply. 5488

(C) Subject to the other provisions of sections 1309.601 to 5489  
1309.628 of the Revised Code, if a secured party holding a 5490  
security interest in fixtures has priority over all owners and 5491  
encumbrancers of the real property, the secured party, after 5492  
default, may remove the collateral from the real property. 5493

(D) A secured party who removes collateral shall reimburse 5494  
promptly any encumbrancer or owner of the real property, other 5495

than the debtor, for the cost of repair of any physical injury 5496  
caused by the removal. The secured party need not reimburse the 5497  
encumbrancer or owner for any diminution in value of the real 5498  
property caused by the absence of the goods removed or by any 5499  
necessity of replacing them. A person entitled to reimbursement 5500  
may refuse permission to remove until the secured party gives 5501  
adequate assurance for the performance of the obligation to 5502  
reimburse. 5503

**Sec. 1309.605.** A secured party does not owe a duty based on 5504  
its status as secured party: 5505

(A) To a person who is a debtor or obligor, unless the 5506  
secured party knows: 5507

(1) That the person is a debtor or obligor; 5508

(2) The identity of the person; and 5509

(3) How to communicate with the person; or 5510

(B) To a secured party or lienholder who has filed a 5511  
financing statement against a person, unless the secured party 5512  
knows: 5513

(1) That the person is a debtor; and 5514

(2) The identity of the person. 5515

**Sec. 1309.606.** For purposes of sections 1309.601 to 1309.628 5516  
of the Revised Code, a default occurs in connection with an 5517  
agricultural lien at the time the secured party becomes entitled 5518  
to enforce the lien in accordance with the statute under which it 5519  
was created. 5520

**Sec. 1309.607.** (A) If so agreed, and in any event after 5521  
default, a secured party: 5522

(1) May notify an account debtor or other person obligated on 5523

collateral to make payment or otherwise render performance to or 5524  
for the benefit of the secured party; 5525

(2) May take any proceeds to which the secured party is 5526  
entitled under section 1309.315 of the Revised Code; 5527

(3) May enforce the obligations of an account debtor or other 5528  
person obligated on collateral and exercise the rights of the 5529  
debtor with respect to the obligation of the account debtor or 5530  
other person obligated on collateral to make payment or otherwise 5531  
render performance to the debtor, and with respect to any property 5532  
that secures the obligations of the account debtor or other person 5533  
obligated on the collateral; 5534

(4) If it holds a security interest in a deposit account 5535  
perfected by control under division (A)(1) of section 1309.104 of 5536  
the Revised Code, may apply the balance of the deposit account to 5537  
the obligation secured by the deposit account; and 5538

(5) If it holds a security interest in a deposit account 5539  
perfected by control under division (A)(2) or (3) of section 5540  
1309.104 of the Revised Code, may instruct the bank to pay the 5541  
balance of the deposit account to or for the benefit of the 5542  
secured party. 5543

(B) If necessary to enable a secured party to exercise the 5544  
right of a debtor to enforce a mortgage nonjudicially under 5545  
division (A)(3) of this section, the secured party may record in 5546  
the office in which a record of the mortgage is recorded: 5547

(1) A copy of the security agreement that creates or provides 5548  
for a security interest in the obligation secured by the mortgage; 5549  
and 5550

(2) The secured party's sworn affidavit in recordable form 5551  
stating that: 5552

(a) A default has occurred; and 5553

(b) The secured party is entitled to enforce the mortgage nonjudicially. 5554  
5555

(C) A secured party shall proceed in a commercially reasonable manner if the secured party: 5556  
5557

(1) Undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and 5558  
5559

(2) Is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor. 5560  
5561  
5562

(D) A secured party may deduct from the collections made pursuant to division (C) of this section reasonable expenses of collection and enforcement, including reasonable attorney's fees and legal expenses incurred by the secured party. 5563  
5564  
5565  
5566

(E) This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party. 5567  
5568  
5569

**Sec. 1309.608.** (A) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply: 5570  
5571  
5572

(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under section 1309.607 of the Revised Code in the following order: 5573  
5574  
5575

(a) The reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party; 5576  
5577  
5578  
5579

(b) The satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and 5580  
5581  
5582

(c) The satisfaction of obligations secured by any 5583  
subordinate security interest in or other lien on the collateral 5584  
subject to the security interest or agricultural lien under which 5585  
the collection or enforcement is made if the secured party 5586  
receives an authenticated demand for proceeds before distribution 5587  
of the proceeds is completed. 5588

(2) If requested by a secured party, a holder of a 5589  
subordinate security interest or other lien shall furnish 5590  
reasonable proof of the interest or lien within a reasonable time. 5591  
Unless the holder complies, the secured party is not required to 5592  
comply with the holder's demand made under division (A)(1)(c) of 5593  
this section. 5594

(3) A secured party is not required to apply or pay over for 5595  
application noncash proceeds of collection and enforcement under 5596  
section 1309.607 of the Revised Code unless the failure to do so 5597  
would be commercially unreasonable. A secured party who applies or 5598  
pays over for application noncash proceeds shall do so in a 5599  
commercially reasonable manner. 5600

(4) A secured party shall account to and pay a debtor for any 5601  
surplus, and the obligor is liable for any deficiency. 5602

(B) If the underlying transaction is a sale of accounts, 5603  
chattel paper, payment intangibles, or promissory notes, the 5604  
debtor is not entitled to any surplus, and the obligor is not 5605  
liable for any deficiency. 5606

**Sec. 1309.609.** (A) After default, a secured party: 5607

(1) May take possession of the collateral; and 5608

(2) Without removal, may render equipment unusable and 5609  
dispose of collateral on a debtor's premises under section 5610  
1309.610 of the Revised Code. 5611

(B) A secured party may act under division (A) of this 5612

<u>section:</u>	5613
<u>(1) Pursuant to judicial process; or</u>	5614
<u>(2) Without judicial process if it acts without breach of the peace.</u>	5615 5616
<u>(C) If so agreed, and in any event after default, a secured party may require the debtor to assemble the collateral and make it available to the secured party at a place that is designated by the secured party and that is reasonably convenient to both parties.</u>	5617 5618 5619 5620 5621
<u>Sec. 1309.610. (A) After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following any commercially reasonable preparation or processing.</u>	5622 5623 5624 5625
<u>(B) Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, at any time and place, and on any terms.</u>	5626 5627 5628 5629 5630 5631
<u>(C) A secured party may purchase collateral:</u>	5632
<u>(1) At a public disposition; or</u>	5633
<u>(2) At a private disposition, but only if the collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations.</u>	5634 5635 5636
<u>(D) A contract for a sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like that by operation of law accompany a voluntary disposition of property of the kind subject to the contract.</u>	5637 5638 5639 5640 5641

(E) A secured party may disclaim or modify warranties under division (D) of this section: 5642  
5643

(1) In a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition; or 5644  
5645  
5646

(2) By communicating to the purchaser a record evidencing the contract for disposition and including an express disclaimer or modification of the warranties. 5647  
5648  
5649

(F) A record is sufficient to disclaim warranties under division (E) of this section if it indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import. 5650  
5651  
5652  
5653

**Sec. 1309.611.** (A) As used in this section, "notification date" means the earlier of the date on which: 5654  
5655

(1) A secured party sends to the debtor and any secondary obligor an authenticated notification of disposition. or 5656  
5657

(2) The debtor and any secondary obligor waive the right to notification. 5658  
5659

(B) Except as provided in division (D) of this section, a secured party who disposes of collateral under section 1309.610 of the Revised Code shall send a reasonable authenticated notification of disposition to the persons specified in division (C) of this section. 5660  
5661  
5662  
5663  
5664

(C) To comply with division (B) of this section, the secured party shall send an authenticated notification of disposition to: 5665  
5666

(1) The debtor; 5667

(2) Any secondary obligor; and 5668

(3) If the collateral is other than consumer goods: 5669

(a) Any other person from whom the secured party has received, before the notification date, an authenticated notification of a claim of an interest in the collateral; 5670  
5671  
5672

(b) Any other secured party or lienholder who, ten days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that: 5673  
5674  
5675  
5676

(i) Identified the collateral; 5677

(ii) Was indexed under the debtor's name as of that date; and 5678  
5679

(iii) Was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and 5680  
5681  
5682

(c) Any other secured party who, ten days before the notification date, held a security interest in the collateral perfected by compliance with a statute, rule, or treaty described in division (A) of section 1309.311 of the Revised Code. 5683  
5684  
5685  
5686

(D) Division (B) of this section does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. 5687  
5688  
5689

(E) A secured party complies with the requirement for notification prescribed by division (C)(3)(b) of this section if: 5690  
5691

(1) Not later than twenty days nor earlier than thirty days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in division (C)(3)(b) of this section; and 5692  
5693  
5694  
5695  
5696

(2) Before the notification date, the secured party: 5697

(a) Did not receive a response to the request for information; or 5698  
5699

(b) Received a response to the request for information and sent an authenticated notification of disposition to each secured party or other lienholder named in that response whose financing statement covered the collateral. 5700  
5701  
5702  
5703

Sec. 1309.612. (A) Except as otherwise provided in division (B) of this section, whether a notification is sent within a reasonable time is a question of fact. 5704  
5705  
5706

(B) A notification of disposition sent after default and ten days or more before the earliest time of disposition set forth in the notification is sent within a reasonable time before the disposition. 5707  
5708  
5709  
5710

Sec. 1309.613. (A) Except in a consumer-goods transaction, all of the following rules apply to a notification of disposition of collateral and to a disposition of collateral: 5711  
5712  
5713

(1) The contents of a notification of disposition are sufficient if the notification: 5714  
5715

(a) Describes the debtor and the secured party; 5716

(b) Describes the collateral that is the subject of the intended disposition; 5717  
5718

(c) States the method of intended disposition; 5719

(d) States that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and 5720  
5721  
5722

(e) States the time and place of a public disposition or the time after which any other disposition is to be made. 5723  
5724

(2) Whether the contents of a notification that lacks any of the information specified in division (A)(1) of this section are nevertheless sufficient is a question of fact. 5725  
5726  
5727

(3) The contents of a notification providing substantially the information specified in division (A)(1) of this section are sufficient, even if the notification includes: 5728  
5729  
5730

(a) Information not specified by that division; or 5731

(b) Minor errors that are not seriously misleading. 5732

(4) A particular phrasing of the notification is not required. 5733  
5734

(B) The following form of notification and the form appearing in division (B) of section 1309.614 of the Revised Code, when completed, each provides sufficient information: 5735  
5736  
5737

"NOTIFICATION OF DISPOSITION OF COLLATERAL 5738

To:(Name of debtor, obligor, or other person to whom the notification is sent) 5739  
5740

From:(Name, address, and telephone number of secured party) 5741

Name of Debtor(s):(Include only if debtor(s) are not an addressee) 5742  
5743

(FOR A PUBLIC DISPOSITION:) 5744

We will sell (or lease or license, as applicable) the (describe collateral) to the highest qualified bidder in public as follows: 5745  
5746  
5747

Day and Date:..... 5748

Time:..... 5749

Place:..... 5750

(FOR A PRIVATE DISPOSITION:) 5751

We will sell (or lease or license, as applicable) the (describe collateral) privately sometime after (day and date). 5752  
5753

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell (or lease or 5754  
5755

license, as applicable) (for a charge of \$.....). You may 5756  
request an accounting by calling us at (telephone number)." 5757

Sec. 1309.614. (A) In a consumer-goods transaction, the 5758  
following rules apply: 5759

(1) A notification of disposition must provide all of the 5760  
following information: 5761

(a) The information specified in division (A)(1) of section 5762  
1309.613 of the Revised Code; 5763

(b) A description of any liability for a deficiency of the 5764  
person to whom the notification is sent; 5765

(c) A telephone number from which the amount that must be 5766  
paid to the secured party to redeem the collateral under section 5767  
1309.623 of the Revised Code is available; and 5768

(d) A telephone number or mailing address from which 5769  
additional information concerning the disposition and the 5770  
obligation secured is available. 5771

(2) A particular phrasing of the notification is not 5772  
required. 5773

(B) The following form of notification of disposition, when 5774  
completed, provides sufficient information: 5775

"(Name and address of secured party) 5776

(Date) 5777

NOTICE OF OUR PLAN TO SELL PROPERTY 5778

(Name and address of any obligor who is also a debtor) 5779

Subject: (Identification of Transaction) 5780

We have your (describe collateral), because you broke 5781  
promises in our agreement. 5782

(For a public disposition) 5783

We will sell (describe collateral) at public sale. A sale 5784  
could include a lease or license. The sale will be held as 5785  
follows: 5786

Day and date:..... 5787

Time:..... 5788

Place:..... 5789

You may attend the sale and bring bidders if you want. 5790

(For a private disposition) 5791

We will sell (describe collateral) at private sale sometime 5792  
after (date). A sale could include a lease or license. 5793

The money that we get from the sale (after paying our costs) 5794  
will reduce the amount you owe. If we get less money than you owe, 5795  
you (will or will not, as applicable) still owe us the difference. 5796  
If we get more money than you owe, you will get the extra money, 5797  
unless we must pay it to someone else. You can get the property 5798  
back at any time before we sell it by paying us the full amount 5799  
you owe (not just the past due payments), including our expenses. 5800  
To learn the exact amount you must pay, call us at (telephone 5801  
number). 5802

If you want us to explain to you in writing how we have 5803  
figured the amount that you owe us, you may call us at (telephone 5804  
number) (or write us at (secured party's address)) and request a 5805  
written explanation. (We will charge you \$..... for the 5806  
explanation if we sent you another written explanation of the 5807  
amount you owe us within the last six months.) 5808

If you need more information about the sale, call us at 5809  
(telephone number) (or write us at (secured party's address)). 5810

We are sending this notice to the following other people who 5811  
have an interest in (describe collateral) or who owe money under 5812  
your agreement: 5813

<u>(Names of all other debtors and obligors, if any)."</u>	5814
<u>(C) A notification in, the form contained in division (B) of this section is sufficient, even if additional information appears at the end of the form.</u>	5815 5816 5817
<u>(D) A notification in the form of division (B) of this section is sufficient, even if it includes errors in information not required by division (A)(1) of this section, unless the error is misleading with respect to rights arising under this chapter.</u>	5818 5819 5820 5821
<u>(E) If a notification under this section is not in the form contained in division (B) of this section, law other than this chapter determines the effect of including information not required by division (A)(1) of this section.</u>	5822 5823 5824 5825
<b><u>Sec. 1309.615.</u></b> <u>(A) A secured party shall apply or pay over for application the cash proceeds of disposition under section 1309.610 of the Revised Code in the following order to:</u>	5826 5827 5828
<u>(1) The reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;</u>	5829 5830 5831 5832
<u>(2) The satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;</u>	5833 5834
<u>(3) The satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:</u>	5835 5836 5837
<u>(a) The secured party receives from the holder of the subordinate security interest or other lien an authenticated demand for proceeds before distribution of the proceeds is completed; and</u>	5838 5839 5840 5841
<u>(b) In a case in which a consignor has an interest in the</u>	5842

collateral, the subordinate security interest or other lien is 5843  
senior to the interest of the consignor; and 5844

(4) A secured party who is a consignor of the collateral if 5845  
the secured party receives from the consignor an authenticated 5846  
demand for proceeds before distribution of the proceeds is 5847  
completed. 5848

(B) If a secured party so requests, a holder of a subordinate 5849  
security interest or other lien shall furnish reasonable proof of 5850  
the interest or lien within a reasonable time. Unless the holder 5851  
does so, the secured party is not required to comply with the 5852  
holder's demand under division (A)(3) of this section. 5853

(C) A secured party is not required to apply or pay over for 5855  
application noncash proceeds of disposition under section 1309.610 5856  
unless the failure to do so would be commercially unreasonable. A 5857  
secured party who applies or pays over for application noncash 5858  
proceeds shall do so in a commercially reasonable manner. 5859

(D) If the security interest under which a disposition is 5860  
made secures payment or performance of an obligation, after making 5861  
the payments and applications required by division (A) of this 5862  
section and permitted by division (C) of this section: 5863

(1) Unless division (A)(4) of this section requires the 5864  
secured party to apply or pay over cash proceeds to a consignor, 5865  
the secured party shall account to and pay a debtor for any 5866  
surplus; and 5867

(2) The obligor is liable for any deficiency. 5868

(E) If the underlying transaction is a sale of accounts, 5869  
chattel paper, payment intangibles, or promissory notes, the 5870  
debtor is not entitled to any surplus, and the obligor is not 5871  
liable for any deficiency. 5872

(F) The surplus or deficiency following a disposition is 5873  
calculated based on the amount of proceeds that would have been 5874  
realized in a disposition complying with sections 1309.601 to 5875  
1309.628 of the Revised Code to a transferee other than the 5876  
secured party, a person related to the secured party, or a 5877  
secondary obligor if: 5878

(1) The transferee in the disposition is the secured party, a 5879  
person related to the secured party, or a secondary obligor. and 5880

(2) The amount of proceeds of the disposition is 5881  
significantly below the range of proceeds that a complying 5882  
disposition to a person other than the secured party, a person 5883  
related to the secured party, or a secondary obligor would have 5884  
brought. 5885

(G) A secured party who receives cash proceeds of a 5886  
disposition in good faith and without knowledge that the receipt 5887  
violates the rights of the holder of a security interest or other 5888  
lien that is not subordinate to the security interest or 5889  
agricultural lien under which the disposition is made: 5890

(1) Takes the cash proceeds free of the security interest or 5891  
other lien; 5892

(2) Is not obligated to apply the proceeds of the disposition 5893  
to the satisfaction of obligations secured by the security 5894  
interest or other lien; and 5895

(3) Is not obligated to account to or pay the holder of the 5896  
security interest or other lien for any surplus. 5897

**Sec. 1309.616. (A) As used in this section:** 5898

(1) "Explanation" means a writing that: 5899

(a) States the amount of the surplus or deficiency; 5900

(b) Provides an explanation in accordance with division (C) 5901

of this section of how the secured party calculated the surplus or 5902  
deficiency; 5903

(c) States, if applicable, that future debits, credits, 5904  
charges, including additional credit service charges or interest, 5905  
rebates, and expenses may affect the amount of the surplus or 5906  
deficiency; and 5907

(d) Provides a telephone number or mailing address from which 5908  
additional information concerning the transaction is available. 5909  
5910

(2) "Request" means a record: 5911

(a) Authenticated by a debtor or consumer obligor; 5912

(b) Requests that the recipient provide an explanation; and 5913

(c) Sent after disposition of the collateral under section 5914  
1309.610 of the Revised Code. 5915

(B) In a consumer-goods transaction in which the debtor is 5916  
entitled to a surplus or a consumer obligor is liable for a 5917  
deficiency under section 1309.615 of the Revised Code, the secured 5918  
party shall: 5919

(1) Send an explanation to the debtor or consumer obligor, as 5920  
applicable, after the disposition and: 5921

(a) Before or when the secured party accounts to the debtor 5922  
and pays any surplus or first makes written demand on the consumer 5923  
obligor after the disposition for payment of the deficiency; and 5924

(b) Within fourteen days after receipt of a request; or 5925

(2) In the case of a consumer obligor who is liable for a 5926  
deficiency, within fourteen days after receipt of a request, send 5927  
to the consumer obligor a record waiving the secured party's right 5928  
to a deficiency. 5929

(C) To comply with division (A)(1)(b) of this section, a 5930

writing must provide all of the following information in the 5931  
following order: 5932

(1) The aggregate amount of obligations secured by the 5933  
security interest under which the disposition was made, and, if 5934  
the amount reflects a rebate of unearned interest or credit 5935  
service charge, an indication of that fact, calculated as of a 5936  
specified date: 5937

(a) If the secured party takes or receives possession of the 5938  
collateral after default, not more than thirty-five days before 5939  
the secured party takes or receives possession; or 5940

(b) If the secured party takes or receives possession of the 5941  
collateral before default or does not take possession of the 5942  
collateral, not more than thirty-five days before the disposition; 5943

(2) The amount of proceeds of the disposition; 5944

(3) The aggregate amount of the obligations after deducting 5945  
the amount of proceeds; 5946

(4) The amount, in the aggregate or by type, and types of 5947  
expenses, including expenses of retaking, holding, preparing for 5948  
disposition, processing, and disposing of the collateral, and 5949  
attorney's fees secured by the collateral that are known to the 5950  
secured party and relate to the current disposition; 5951

(5) The amount, in the aggregate or by type, and types of 5952  
credits, including rebates of interest or credit service charges, 5953  
to which the obligor is known to be entitled and that are not 5954  
reflected in the amount in division (C)(1) of this section; and 5955

(6) The amount of the surplus or deficiency. 5956

(D) A particular phrasing of the explanation is not required. 5957  
An explanation that complies substantially with the requirements 5958  
of division (A) of this section is sufficient, even if it includes 5959  
minor errors that are not seriously misleading. 5960

(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. 5961  
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5965  
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5967

**Sec. 1309.617.** (A) A secured party's disposition of collateral after default: 5968  
5969

(1) Transfers to a transferee for value all of the debtor's rights in the collateral; 5970  
5971

(2) Discharges the security interest under which the disposition is made; and 5972  
5973

(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. 5974  
5975  
5976

(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. 5977  
5978  
5979  
5980

(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: 5981  
5982  
5983

(1) The debtor's rights in the collateral; 5984

(2) The security interest or agricultural lien under which the disposition is made; and 5985  
5986

(3) Any other security interest or other lien. 5987

**Sec. 1309.618.** (A) A secondary obligor acquires the rights 5988

<u>and becomes obligated to perform the duties of the secured party</u>	5989
<u>after the secondary obligor:</u>	5990
<u>(1) Receives an assignment of a secured obligation from the</u>	5991
<u>secured party;</u>	5992
<u>(2) Receives a transfer of collateral from the secured party</u>	5993
<u>and agrees to accept the rights and assume the duties of the</u>	5994
<u>secured party; or</u>	5995
<u>(3) Is subrogated to the rights of a secured party with</u>	5996
<u>respect to collateral.</u>	5997
<u>(B) An assignment, transfer, or subrogation described in</u>	5998
<u>division (A) of this section:</u>	5999
<u>(1) Is not a disposition of collateral under section 1309.610</u>	6000
<u>of the Revised Code; and</u>	6001
<u>(2) Relieves the secured party of further duties under this</u>	6002
<u>chapter.</u>	6003
<b><u>Sec. 1309.619.</u></b> (A) <u>As used in this section, "transfer</u>	6004
<u>statement" means a record authenticated by a secured party that</u>	6005
<u>states:</u>	6006
<u>(1) The debtor has defaulted in connection with an obligation</u>	6007
<u>secured by specified collateral;</u>	6008
<u>(2) The secured party has exercised its post-default remedies</u>	6009
<u>with respect to the collateral;</u>	6010
<u>(3) By reason of the exercise, a transferee has acquired the</u>	6011
<u>rights of the debtor in the collateral; and</u>	6012
<u>(4) The name and mailing address of the secured party,</u>	6013
<u>debtor, and transferee.</u>	6014
<u>(B) A transfer statement entitles the transferee to the</u>	6015
<u>transfer of record of all rights of the debtor in the collateral</u>	6016

specified in the statement in any official filing, recording, 6017  
registration, or certificate of title system covering the 6018  
collateral. If a transfer statement is presented with the 6019  
applicable fee and request form to the official or office 6020  
responsible for maintaining the system, the official or office 6021  
shall: 6022

(1) Accept the transfer statement; 6023

(2) Promptly amend its records to reflect the transfer; and 6024

(3) If applicable, issue a new appropriate certificate of 6025  
title in the name of the transferee. 6026

(C) A transfer of the record or legal title to collateral to 6027  
a secured party under division (B) of this section or otherwise is 6028  
not of itself a disposition of collateral under this chapter and 6029  
does not of itself relieve the secured party of its duties under 6030  
this chapter. 6031

**Sec. 1309.620.** (A) Except as otherwise provided in division 6032  
(G) of this section, a secured party may accept collateral in full 6033  
or partial satisfaction of the obligation it secures only if: 6034

(1) The debtor consents to the acceptance under division (C) 6035  
of this section; 6036

(2) The secured party, within the time prescribed in division 6037  
(D) of this section, does not receive a notification of objection 6038  
to the proposal authenticated by: 6039

(a) A person to whom the secured party was required to send a 6040  
proposal under section 1309.621 of the Revised Code; or 6041

(b) Any other person, other than the debtor, holding an 6042  
interest in the collateral subordinate to the security interest 6043  
that is the subject of the proposal. 6044

(3) If the collateral is consumer goods, the collateral is 6045

not in the possession of the debtor when the debtor consents to 6046  
the acceptance; and 6047

(4) Division (E) of this section does not require the secured 6048  
party to dispose of the collateral, or the debtor waives the 6049  
requirement pursuant to section 1309.624 of the Revised Code. 6050

(B) A purported or apparent acceptance of collateral under 6051  
this section is not effective unless: 6052

(1) The secured party consents to the acceptance in an 6053  
authenticated record or sends a proposal to the debtor; and 6054

(2) The conditions of division (A) of this section are met. 6055

(C) For purposes of this section: 6056

(1) A debtor consents to an acceptance of collateral in 6057  
partial satisfaction of the obligation it secures only if the 6058  
debtor agrees to the terms of the acceptance in a record 6059  
authenticated after default; and 6060

(2) A debtor consents to an acceptance of collateral in full 6061  
satisfaction of the obligation it secures only if the debtor 6062  
agrees to the terms of the acceptance in a record authenticated 6063  
after default or the secured party: 6064

(a) Sends to the debtor after default a proposal that is 6065  
unconditional or subject only to a condition that collateral not 6066  
in the possession of the secured party be preserved or maintained; 6067

(b) In the proposal, proposes to accept collateral in full 6068  
satisfaction of the obligation it secures; and 6069

(c) Does not receive a notification of objection 6070  
authenticated by the debtor within twenty days after the proposal 6071  
is sent. 6072

(D) To be effective under division (A)(2) of this section, a 6073  
notification of objection must be received by the secured party: 6074

(1) In the case of a person to whom the proposal was sent 6075  
pursuant to section 1309.621 of the Revised Code, within twenty 6076  
days after notification was sent to that person; and 6077

(2) In the case of persons other than those described in 6078  
division (D)(1) of this section: 6079

(a) Within twenty days after the last notification was sent 6080  
pursuant to section 1309.621 of the Revised Code; or 6081

(b) If a notification was not sent, before the debtor 6082  
consents to the acceptance under division (C) of this section. 6083

(E) A secured party who has taken possession of collateral 6084  
shall dispose of the collateral pursuant to section 1309.610 of 6085  
the Revised Code within the time specified in division (F) of this 6086  
section if: 6087

(1) Sixty per cent of the cash price has been paid in the 6088  
case of a purchase-money security interest in consumer goods; or 6089

(2) Sixty per cent of the principal amount of the obligation 6090  
secured has been paid in the case of a non-purchase-money security 6091  
interest in consumer goods. 6092

(F) To comply with division (E) of this section, the secured 6093  
party shall dispose of the collateral: 6094

(1) Within ninety days after taking possession; or 6095

(2) Within any longer period to which the debtor and all 6096  
secondary obligors have agreed in an agreement to that effect 6097  
entered into and authenticated after default. 6098

(G) In a consumer transaction, a secured party may not accept 6099  
collateral in partial satisfaction of the obligation it secures. 6100  
6101

**Sec. 1309.621.** (A) A secured party who desires to accept 6102  
collateral in full or partial satisfaction of the obligation it 6103

secures shall send its proposal to: 6104

(1) Any person from whom the secured party has received, 6105  
before the debtor consented to the acceptance, an authenticated 6106  
notification of a claim of an interest in the collateral; 6107

(2) Any other secured party or lienholder who, ten days 6108  
before the debtor consented to the acceptance, held a security 6109  
interest in or other lien on the collateral perfected by the 6110  
filing of a financing statement that: 6111

(a) Identified the collateral; 6112

(b) Was indexed under the debtor's name as of that date; 6113

(c) Was filed in the office or offices in which to file a 6114  
financing statement against the debtor covering the collateral as 6115  
of that date; and 6116

(3) Any other secured party who, ten days before the debtor 6117  
consented to the acceptance, held a security interest in the 6118  
collateral perfected by compliance with a statute, regulation, or 6119  
treaty described in division (A) of section 1309.311 of the 6120  
Revised Code. 6121

(B) A secured party who desires to accept collateral in 6122  
partial satisfaction of the obligation it secures shall send its 6123  
proposal to any secondary obligor in addition to the persons 6124  
described in division (A) of this section. 6125

**Sec. 1309.622.** (A) A secured party's acceptance of collateral 6126  
in full or partial satisfaction of the obligation it secures: 6127

6128

(1) Discharges the obligation to the extent consented to by 6129  
the debtor; 6130

(2) Transfers to the secured party all of a debtor's rights 6131

<u>in the collateral;</u>	6132
<u>(3) Discharges the security interest or agricultural lien</u>	6133
<u>that is the subject of the debtor's consent and any subordinate</u>	6134
<u>security interest or other subordinate lien; and</u>	6135
<u>(4) Terminates any other subordinate interest.</u>	6136
<u>(B) A subordinate interest is discharged or terminated under</u>	6137
<u>division (A) of this section even if the secured party fails to</u>	6138
<u>comply with this chapter.</u>	6139
<b><u>Sec. 1309.623.</u></b> (A) <u>A debtor, any secondary obligor, or any</u>	6140
<u>other secured party or lienholder may redeem collateral.</u>	6141
<u>(B) To redeem collateral, a person shall tender:</u>	6142
<u>(1) Fulfillment of all obligations secured by the collateral;</u>	6143
<u>and</u>	6144
<u>(2) The reasonable expenses and attorney's fees described in</u>	6145
<u>division (A)(1) of section 1309.615 of the Revised Code.</u>	6146
<u>(C) A redemption may occur at any time before a secured</u>	6147
<u>party:</u>	6148
<u>(1) Has collected collateral under section 1309.607 of the</u>	6149
<u>Revised Code;</u>	6150
<u>(2) Has disposed of collateral or entered into a contract for</u>	6151
<u>its disposition under section 1309.610 of the Revised Code; or</u>	6152
<u>(3) Has accepted collateral in full or partial satisfaction</u>	6153
<u>of the obligation it secures under section 1309.622 of the Revised</u>	6154
<u>Code.</u>	6155
<b><u>Sec. 1309.624.</u></b> (A) <u>A debtor or secondary obligor may waive</u>	6156
<u>the right to notification of disposition of collateral under</u>	6157
<u>section 1309.611 of the Revised Code only by an agreement to that</u>	6158
<u>effect entered into and authenticated after default.</u>	6159

(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. 6160  
6161  
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6163

(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. 6164  
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6167

**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. 6168  
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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. 6172  
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(C) Except as provided in section 1309.628 of the Revised Code: 6177  
6178

(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 6179  
6180  
6181  
6182

(2) If the collateral is consumer goods, a person who was a debtor or a secondary obligor at the time a secured party failed to comply with sections 1309.601 to 1309.628 of the Revised Code may recover for that failure in any event an amount not less than the credit service charge plus ten per cent of the principal amount of the obligation or the time-price differential plus ten per cent of the cash price; 6183  
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(D) A debtor whose deficiency is eliminated under section 1309.626 of the Revised Code may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under section 1309.626 of the Revised Code may not recover otherwise under division (B) of this section for noncompliance with sections 1309.601 to 1309.628 of the Revised Code relating to collection, enforcement, disposition, or acceptance. 6190  
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(E) In addition to any damages recoverable under division (B) of this section, the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover five hundred dollars in each case from a person that: 6198  
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6200  
6201

(1) Fails to comply with section 1309.208 of the Revised Code; 6202  
6203

(2) Fails to comply with section 1309.209 of the Revised Code; 6204  
6205

(3) Files a record that the person is not entitled to file under division (A) of section 1309.509 of the Revised Code; 6206  
6207

(4) Fails to cause the secured party of record to file or send a termination statement as required by division (A) or (C) of section 1309.513 of the Revised Code; 6208  
6209  
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(5) Fails to comply with division (B)(1) of section 1309.616 of the Revised Code and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or 6211  
6212  
6213

(6) Fails to comply with division (B)(2) of section 1309.616 of the Revised Code. 6214  
6215

(F) A debtor or consumer obligor may recover damages under division (B) of this section and, in addition, five hundred dollars in each case from a person who, without reasonable cause, fails to comply with a request under section 1309.210 of the 6216  
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6218  
6219

Revised Code. A recipient of a request under section 1309.210 of 6220  
the Revised Code who never claimed an interest in the collateral 6221  
or obligations that are the subject of a request under that 6222  
section has a reasonable excuse for failure to comply with the 6223  
request within the meaning of this division. 6224

(G) If a secured party fails to comply with a request 6225  
regarding a list of collateral or a statement of account under 6226  
section 1309.210 of the Revised Code, the secured party may claim 6227  
a security interest only as shown in the list or statement 6228  
included in the request as against a person who is reasonably 6229  
mised by the failure. 6230

Sec. 1309.626. In an action arising from a transaction in 6231  
which the amount of a deficiency or surplus is in issue, the 6232  
following rules apply: 6233

(A) A secured party is not required to prove compliance with 6234  
sections 1309.601 to 1309.628 of the Revised Code relating to 6235  
collection, enforcement, disposition, or acceptance unless the 6236  
debtor or a secondary obligor places the secured party's 6237  
compliance in issue. 6238

(B) If the secured party's compliance is placed in issue, the 6239  
secured party has the burden of establishing that the collection, 6240  
enforcement, disposition, or acceptance was conducted in 6241  
accordance with sections 1309.601 to 1309.628 of the Revised Code. 6242  
6243

(C) Except as provided in section 1309.628 of the Revised 6244  
Code, if a secured party fails to prove that the collection, 6245  
enforcement, disposition, or acceptance was conducted in 6246  
accordance with sections 1309.601 to 1309.628 of the Revised Code 6247  
relating to collection, enforcement, disposition, or acceptance, 6248  
the liability of a debtor or a secondary obligor for a deficiency 6249  
is limited to an amount by which the sum of the secured 6250

obligation, expenses, and attorney's fees exceeds the greater of: 6251

(1) The proceeds of the collection, enforcement, disposition, 6252  
or acceptance; or 6253

(2) The amount of proceeds that would have been realized had 6254  
the noncomplying secured party proceeded in accordance with 6255  
sections 1309.601 to 1309.628 of the Revised Code relating to 6256  
collection, enforcement, disposition, or acceptance. 6257

(D) For purposes of division (C)(2) of this section, the 6258  
amount of proceeds that would have been realized is equal to the 6259  
sum of the secured obligation, expenses, and attorney's fees 6260  
unless the secured party proves that the amount is less than that 6261  
sum. 6262

(E) If a deficiency or surplus is calculated under division 6263  
(F) of section 1309.615 of the Revised Code, the debtor or obligor 6264  
has the burden of establishing that the amount of proceeds of the 6265  
disposition is significantly below the range of prices that a 6266  
complying disposition to a person other than the secured party, a 6267  
person related to the secured party, or a secondary obligor would 6268  
have brought. 6269

**Sec. 1309.627.** (A) The fact that a greater amount could have 6270  
been obtained by a collection, enforcement, disposition, or 6271  
acceptance at a different time or in a different method from that 6272  
selected by the secured party is not of itself sufficient to 6273  
preclude the secured party from establishing that the collection, 6274  
enforcement, disposition, or acceptance was made in a commercially 6275  
reasonable manner. 6276

(B) A disposition of collateral is made in a commercially 6277  
reasonable manner if the disposition is made: 6278

(1) In the usual manner on any recognized market; 6279

(2) At the price current in any recognized market at the time 6280

<u>of the disposition; or</u>	6281
<u>(3) Otherwise in conformity with reasonable commercial practices among dealers in the type of property that was the subject of the disposition.</u>	6282 6283 6284
<u>(C) A collection, enforcement, disposition, or acceptance is commercially reasonable if it has been approved:</u>	6285 6286
<u>(1) In a judicial proceeding;</u>	6287
<u>(2) By a bona fide creditors' committee;</u>	6288
<u>(3) By a representative of creditors; or</u>	6289
<u>(4) By an assignee for the benefit of creditors.</u>	6290
<u>(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.</u>	6291 6292 6293 6294
<b><u>Sec. 1309.628.</u></b> <u>(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:</u>	6295 6296 6297
<u>(1) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this chapter; and</u>	6298 6299 6300
<u>(2) The failure of the secured party to comply with this chapter does not affect the liability of the person for a deficiency.</u>	6301 6302 6303
<u>(B) A secured party is not liable because of its status as secured party:</u>	6304 6305
<u>(1) To a person that is a debtor or obligor, unless the secured party knows;</u>	6306 6307
<u>(a) That the person is a debtor or obligor;</u>	6308

<u>(b) The identity of the person; and</u>	6309
<u>(c) How to communicate with the person; or</u>	6310
<u>(2) To a secured party or lienholder that has filed a</u>	6311
<u>financing statement against a person, unless the secured party</u>	6312
<u>knows:</u>	6313
<u>(a) That the person is a debtor; and</u>	6314
<u>(b) The identity of the person.</u>	6315
<u>(C) A secured party is not liable to any person, and a</u>	6316
<u>person's liability for a deficiency is not affected, because of</u>	6317
<u>any act or omission arising out of the secured party's reasonable</u>	6318
<u>belief that a transaction is not a consumer-goods transaction or a</u>	6319
<u>consumer transaction or that goods are not consumer goods, if the</u>	6320
<u>secured party's belief is based on its reasonable reliance on:</u>	6321
<u>(1) A debtor's representation concerning the purpose for</u>	6322
<u>which collateral was to be used, acquired, or held; or</u>	6323
<u>(2) An obligor's representation concerning the purpose for</u>	6324
<u>which a secured obligation was incurred.</u>	6325
<u>(D) A secured party is not liable to any person under</u>	6326
<u>division (C)(2) of section 1309.625 of the Revised Code for its</u>	6327
<u>failure to comply with section 1309.616 of the Revised Code.</u>	6328
<u>(E) A secured party is not liable under division (C)(2) of</u>	6329
<u>section 1309.625 of the Revised Code more than once with respect</u>	6330
<u>to any one secured obligation.</u>	6331
<b><u>Sec. 1309.702.</u></b> <u>(A) Except as otherwise provided in this</u>	6332
<u>chapter, this chapter applies to a transaction or lien within the</u>	6333
<u>scope of this chapter even if the transaction or lien was entered</u>	6334
<u>into or created before July 1, 2001.</u>	6335
<u>(B) Except as otherwise provided in division (C) of this</u>	6336
<u>section and sections 1309.703 to 1309.709 of the Revised Code:</u>	6337

(1) Transactions or liens that were not governed by this chapter as it existed before July 1, 2001, were validly entered into or created prior to that date, and would be subject to this chapter if they had been entered into or created on or after that date, and the rights, duties, and interests related to those transactions or liens, remain valid on and after July 1, 2001. and

(2) The transactions and liens may be terminated, completed, consummated, or enforced as required or permitted by the law in effect immediately prior to July 1, 2001, or the law in effect on and after that date.

(C) This chapter does not affect an action, case, or proceeding commenced prior to July 1, 2001.

**Sec. 1309.703.** (A) A security interest that is enforceable immediately before July 1, 2001, and that would have priority over the rights of a person who becomes a lien creditor at that time is a perfected security interest under this chapter if, on July 1, 2001, the applicable requirements for enforceability and perfection under this chapter are satisfied without further action.

(B) Except as otherwise provided in section 1309.705 of the Revised Code, if, immediately before July 1, 2001, a security interest is enforceable and would have priority over the rights of a person who becomes a lien creditor at that time, but the applicable requirements for enforceability or perfection under this chapter are not satisfied on July 1, 2001, the security interest:

(1) Is a perfected security interest until July 1, 2002;

(2) Remains enforceable after the date specified in division (B)(1) of this section only if the security interest becomes enforceable under section 1309.203 of the Revised Code on or

before July 1, 2002; 6368

(3) Remains perfected after the date specified in division 6369  
(B)(1) of this section only if the applicable requirements for 6370  
perfection under this chapter are satisfied on or before July 1, 6371  
2002. 6372

**Sec. 1309.704.** A security interest that is enforceable 6373  
immediately before July 1, 2001, but that would be subordinate to 6374  
the rights of a person that becomes a lien creditor at that time: 6375

(A) Remains an enforceable security interest until July 1, 6376  
2002; 6377

(B) Remains enforceable after July 1, 2002, if the security 6378  
interest becomes enforceable under section 1309.203 of the Revised 6379  
Code on July 1, 2001, or by July 1, 2002; and 6380

(C) Becomes perfected: 6381

(1) Without further action on July 1, 2001, if the applicable 6382  
requirements for perfection under this chapter are satisfied 6383  
before or on that date; or 6384

(2) When the applicable requirements for perfection are 6385  
satisfied if the requirements are satisfied after July 1, 2001. 6386

**Sec. 1309.705.** (A) If action, other than the filing of a 6387  
financing statement, is taken before July 1, 2001, and if the 6388  
action would have resulted in priority of a security interest over 6389  
the rights of a person who becomes a lien creditor had the 6390  
security interest become enforceable before that date, the action 6391  
is effective to perfect a security interest that attaches under 6392  
this chapter within one year after that date. An attached security 6393  
interest becomes unperfected on July 1, 2002, unless the security 6394  
interest becomes a perfected security interest under this chapter 6395  
on or before July 1, 2002. 6396

(B) The filing of a financing statement before July 1, 2001, 6397  
is effective to perfect a security interest to the extent the 6398  
filing would satisfy the applicable requirements for perfection 6399  
under this chapter on or after July 1, 2001. 6400

(C) This chapter does not render ineffective an effective 6401  
financing statement that, before July 1, 2001, is filed and 6402  
satisfies the applicable requirements for perfection under the law 6403  
of the jurisdiction governing perfection as provided in former 6404  
section 1309.03 of the Revised Code. However, except as otherwise 6405  
provided in divisions (D) and (E) of this section and section 6406  
1309.706 of the Revised Code, the financing statement ceases to be 6407  
effective at the earlier of: 6408

(1) The time the financing statement would have ceased to be 6409  
effective under the law of the jurisdiction in which it is filed; 6410  
or 6411

(2) June 30, 2006. 6412

(D) The filing of a continuation statement after July 1, 6413  
2001, does not continue the effectiveness of a financing statement 6414  
filed before that date. However, upon the timely filing of a 6415  
continuation statement after July 1, 2001, and in accordance with 6416  
the law of the jurisdiction governing perfection as provided in 6417  
sections 1309.301 to 1309.342 of the Revised Code, the 6418  
effectiveness of a financing statement filed in the same office in 6419  
that jurisdiction before July 1, 2001, continues for the period 6420  
provided by the law of that jurisdiction. 6421

(E) Division (C)(2) of this section applies to a financing 6422  
statement that, before July 1, 2001, is filed against a 6423  
transmitting utility and satisfies the applicable requirements for 6424  
perfection under the law of the jurisdiction governing perfection 6425  
as provided in section 1309.03 of the Revised Code, as it existed 6426  
prior to July 1, 2001, only to the extent that sections 1309.301 6427

to 1309.342 of the Revised Code provide that the law of a 6428  
jurisdiction other than the jurisdiction in which the financing 6429  
statement is filed governs perfection of a security interest in 6430  
collateral covered by the financing statement. 6431

(F) A financing statement that includes a financing statement 6432  
filed before July 1, 2001, and a continuation statement filed 6433  
after that date is effective only to the extent that it satisfies 6434  
the requirements of sections 1309.501 to 1309.527 of the Revised 6435  
Code, as they exist on July 1, 2001, for an initial financing 6436  
statement. 6437

Sec. 1309.706. (A) The filing of an initial financing 6438  
statement in the office specified in section 1309.501 of the 6439  
Revised Code continues the effectiveness of a financing statement 6440  
filed before July 1, 2001, if: 6441

(1) The filing of an initial financing statement in that 6442  
office would be effective to perfect a security interest under 6443  
this chapter. 6444

(2) The financing statement filed before July 1, 2001, was 6445  
filed in an office in another state or another office in this 6446  
state. and 6447

(3) The initial financing statement satisfies division (C) of 6448  
this section. 6449

(B) The filing of an initial financing statement under 6450  
division (A) of this section continues the effectiveness of the 6451  
financing statement filed before July 1, 2001: 6452

(1) If the initial financing statement is filed before July 6453  
1, 2001, for the period provided in section 1309.40 of the Revised 6454  
Code, as it existed prior to July 1, 2001, with respect to a 6455  
financing statement; and 6456

(2) If the initial financing statement is filed after July 1, 6457

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. 6458  
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(C) To be effective for purposes of division (A) of this section, an initial financing statement shall: 6461  
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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; 6463  
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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 6466  
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(3) Indicate that the financing statement filed before July 1, 2001, remains effective. 6472  
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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. 6474  
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(B) On or after July 1, 2001, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in, a pre-effective-date financing statement only in accordance with the law of the jurisdiction governing perfection as provided in sections 1309.301 to 1309.342 of the Revised Code, as they exist on July 1, 2001. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed. 6477  
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(C) Except as otherwise provided in division (D) of this 6487

section, if the law of this state governs perfection of a security 6488  
interest, the information in a pre-effective-date financing 6489  
statement may be amended after July 1, 2001, only if: 6490

(1) The pre-effective-date financing statement and an 6491  
amendment are filed in the office specified in section 1309.501 of 6492  
the Revised Code, as it exists on July 1, 2001; 6493

(2) An amendment is filed in the office specified in section 6494  
1309.501 of the Revised Code, as it exists on July 1, 2001, 6495  
concurrently with, or after the filing in that office of, an 6496  
initial financing statement that satisfies division (C) of section 6497  
1309.706 of the Revised Code as it exists on July 1, 2001. 6498

(3) An initial financing statement that provides the 6499  
information as amended and satisfies division (C) of section 6500  
1309.706 of the Revised Code as it exists on July 1, 2001 is filed 6501  
in the office specified in section 1309.501 of the Revised Code, 6502  
as it exists on July 1, 2001. 6503

(D) If the law of this state governs perfection of a security 6504  
interest, the effectiveness of a pre-effective-date financing 6505  
statement may be continued only under division (D) or (F) of 6506  
section 1309.705 or section 1309.706 of the Revised Code as it 6507  
exists on July 1, 2001. 6508

(E) Whether or not the law of this state governs perfection 6509  
of a security interest, the effectiveness of a pre-effective-date 6510  
financing statement filed in this state may be terminated after 6511  
July 1, 2001, by filing a termination statement in the office in 6512  
which the pre-effective-date financing statement is filed, unless 6513  
an initial financing statement that satisfies division (C) of 6514  
section 1309.706 of the Revised Code as it exists on July 1, 2001, 6515  
has been filed in the office specified by the law of the 6516  
jurisdiction governing perfection as provided in sections 1309.301 6517  
to 1309.342 of the Revised Code, as they exist on July 1, 2001, as 6518

the office in which to file a financing statement. 6519

**Sec. 1309.708.** A person may file an initial financing statement or a continuation statement under this section if: 6520  
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(A) The secured party of record authorizes the filing; and 6522

(B) The filing is necessary under this section: 6523

(1) To continue the effectiveness of a financing statement filed before July 1, 2001; or 6524  
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(2) To perfect or continue the perfection of a security interest. 6526  
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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. 6528  
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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 1, 2001, if the security interest is perfected under this chapter by the filing of a financing statement before July 1, 2001, that would not have been effective to perfect the security interest under the law in effect at the time of the filing. This division does not apply to conflicting security interests each of which is perfected by the filing of such a financing statement. 6533  
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**Sec. 1310.01.** (A) As used in sections 1310.01 to 1310.78 of the Revised Code, unless the context otherwise requires: 6543  
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(1) "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale to him the 6545  
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person is in violation of the ownership rights or security 6547  
interest or leasehold interest of a third party in the goods buys 6548  
in ordinary course from a person in the business of selling goods 6549  
of that kind. "Buyer in ordinary course of business" does not 6550  
include a pawnbroker. "Buying" may be for cash, by exchange of 6551  
other property, or on secured or unsecured credit and includes 6552  
receiving goods or documents of title under a preexisting contract 6553  
for sale. "Buying" does not include a transfer in bulk or as 6554  
security for or in total or partial satisfaction of a money debt. 6555

(2) "Cancellation" occurs when either party puts an end to 6556  
the lease contract for default by the other party. 6557

(3) "Commercial unit" means a unit of goods that by 6558  
commercial usage is a single whole for purposes of lease and 6559  
division of which materially impairs its character or value on the 6560  
market or in use. A "commercial unit" may be a single article, 6561  
including a machine; a set of articles, including a suite of 6562  
furniture or a line of machinery; a quantity, including a gross or 6563  
carload; or any other unit treated in use or in the relevant 6564  
market as a single whole. 6565

(4) "Conforming" goods or performance under a lease contract 6566  
means goods or performance that are in accordance with the 6567  
obligations under the lease contract. 6568

(5) "Consumer lease" means a lease that a lessor regularly 6569  
engaged in the business of leasing or selling makes to a lessee 6570  
who is an individual and who takes under the lease primarily for a 6571  
personal, family, or household purpose. 6572

(6) "Fault" means wrongful act, omission, breach, or default. 6573

(7) "Finance lease" means a lease with respect to which all 6574  
of the following apply: 6575

(a) The lessor does not select, manufacture, or supply the 6576  
goods; 6577

(b) The lessor acquires the goods or the right to possession	6578
and use of the goods in connection with the lease;	6579
(c) One of the following occurs:	6580
(i) The lessee receives a copy of the contract by which the	6581
lessor acquired the goods or the right to possession and use of	6582
the goods before signing the lease contract;	6583
(ii) The lessee's approval of the contract by which the	6584
lessor acquired the goods or the right to possession and use of	6585
the goods is a condition to effectiveness of the lease contract;	6586
(iii) Before signing the lease contract, the lessee receives	6587
an accurate and complete statement designating the promises and	6588
warranties, disclaimers of warranties, limitations or	6589
modifications of remedies, or liquidated damages of the	6590
manufacturer of the goods and of any other third party that were	6591
provided to the lessor by the person supplying the goods in	6592
connection with or as part of the contract by which the lessor	6593
acquired the goods or the right to possession and use of the	6594
goods;	6595
(iv) If the lease is not a consumer lease, before the lessee	6596
signs the lease contract, the lessor informs the lessee in writing	6597
of the identity of the person supplying the goods to the lessor,	6598
unless the lessee has selected that person and directed the lessor	6599
to acquire the goods or the right to possession and use of the	6600
goods from that person; that the lessee is entitled under sections	6601
1310.01 to 1310.78 of the Revised Code to the promises and	6602
warranties, including those of any third party, provided to the	6603
lessor by the person supplying the goods in connection with or as	6604
part of the contract by which the lessor acquired the goods or the	6605
right to possession and use of the goods; and that the lessee may	6606
communicate with the person supplying the goods to the lessor and	6607
receive an accurate and complete statement of those promises and	6608

warranties, including any disclaimers and limitations of them or  
of remedies. 6609  
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(8) "Goods" means all things that are movable at the time of 6611  
identification to the lease contract or that are fixtures, as 6612  
defined in section 1310.37 of the Revised Code. "Goods" does not 6613  
include money, documents, instruments, accounts, chattel paper, 6614  
general intangibles, or minerals or the like, including oil and 6615  
gas, before extraction. "Goods" includes the unborn young of 6616  
animals. 6617

(9) "Installment lease contract" means a lease contract that 6618  
authorizes or requires the delivery of goods in separate lots to 6619  
be separately accepted, even though the lease contract contains a 6620  
clause "each delivery is a separate lease" or its equivalent. 6621

(10) "Lease" means a transfer of the right to possession and 6622  
use of goods for a term in return for consideration. A sale, 6623  
including a sale on approval or a sale or return, or retention or 6624  
creation of a security interest, is not a lease. Unless the 6625  
context clearly indicates otherwise, "lease" includes a sublease. 6626

(11) "Lease agreement" means the bargain, with respect to the 6627  
lease, of the lessor and the lessee in fact as found in their 6628  
language or by implication from other circumstances, including 6629  
course of dealing, usage of trade, or course of performance as 6630  
provided in sections 1310.01 to 1310.78 of the Revised Code. 6631  
Unless the context clearly indicates otherwise, "lease agreement" 6632  
includes a sublease agreement. 6633

(12) "Lease contract" means the total legal obligation that 6634  
results from the lease agreement as affected by sections 1310.01 6635  
to 1310.78 of the Revised Code and any other applicable rules of 6636  
law. Unless the context clearly indicates otherwise, "lease 6637  
contract" includes a sublease contract. 6638

(13) "Leasehold interest" means the interest of the lessor or 6639

the lessee under a lease contract.

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(14) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, "lessee" includes a sublessee.

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(15) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to ~~him~~ the person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind. "Lessee in ordinary course of business" does not include a pawnbroker. "Leasing" may be for cash, by exchange of other property, or on secured or unsecured credit and includes receiving goods or documents of title under a ~~pre-existing~~ preexisting lease contract. "Leasing" does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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(16) "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, "lessor" includes a sublessor.

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(17) "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

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(18) "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation but does not include a security interest.

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

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(20) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

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(21) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the parties entered into the transaction. The discount otherwise is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the parties entered into the transaction.

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

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

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

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

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

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

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

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

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

(1) "Account," "chattel paper," "document," "general  
intangible," "instrument," "mortgage," and "pursuant to  
commitment" have the same meanings as in section ~~1309.01~~ 1309.102  
of the Revised Code.

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

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

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

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

(D) The terms and principles of construction and  
interpretation set forth in sections 1301.01 to 1301.14 of the  
Revised Code are applicable to sections 1310.01 to 1310.78 of the  
Revised Code.

**Sec. 1310.31.** (A) As used in this section, "creation of a  
security interest" includes the sale of a lease contract that is  
subject to Chapter 1309. of the Revised Code, by reason of  
division (A)~~(2)~~(3) of section ~~1309.02~~ 1309.109 of the Revised  
Code.

(B) Except as provided in ~~divisions~~ division (C) ~~and (D)~~ of  
this section and section 1309.407 of the Revised Code, a provision  
in a lease agreement that prohibits the voluntary or involuntary  
transfer, including a transfer by sale, sublease, creation or  
enforcement of a security interest, or attachment, levy, or other  
judicial process, of an interest of a party under the lease  
contract or of the lessor's residual interest in the goods or that  
makes such a transfer an event of default gives rise to the rights

and remedies provided in division ~~(E)~~(D) of this section, but a 6730  
transfer that is prohibited or is an event of default under the 6731  
lease agreement otherwise is effective. 6732

~~(C) A provision in a lease agreement that prohibits the 6733  
creation or enforcement of a security interest in an interest of a 6734  
party under the lease contract or in the lessor's residual 6735  
interest in the goods or that makes the creation or enforcement of 6736  
that type of security interest an event of default is not 6737  
enforceable unless, and then only to the extent that, there is an 6738  
actual transfer by the lessee of the lessee's right of possession 6739  
or use of the goods in violation of the provision or an actual 6740  
delegation of a material performance of either party to the lease 6741  
contract in violation of the provision. Neither the granting nor 6742  
the enforcement of a security interest in the lessor's interest 6743  
under the lease contract or the lessor's residual interest in the 6744  
goods is a transfer that materially impairs the prospect of 6745  
obtaining return performance by, materially changes the duty of, 6746  
or materially increases the burden or risk imposed on, the lessee 6747  
within the purview of division (E) of this section unless, and 6748  
then only to the extent that, there is an actual delegation of a 6749  
material performance of the lessor. 6750~~

~~(D) A provision in a lease agreement that prohibits a 6751  
transfer of a right to damages for default with respect to the 6752  
whole lease contract or of a right to payment arising out of the 6753  
transferor's due performance of the transferor's entire obligation 6754  
or that makes such a transfer an event of default is not 6755  
enforceable, and such a transfer is not a transfer that materially 6756  
impairs the prospect of obtaining return performance by, 6757  
materially changes the duty of, or materially increases the burden 6758  
or risk imposed on, the other party to the lease contract under 6759  
division ~~(E)~~(D) of this section. 6760~~

~~(E)~~(D) Subject to ~~divisions~~ division (C) and ~~(D)~~ of this 6761

section and section 1309.407 of the Revised Code, both of the 6762  
following apply: 6763

(1) If a transfer is made that is made an event of default 6764  
under a lease agreement, the party to the lease contract not 6765  
making the transfer, unless that party waives the default or 6766  
otherwise agrees, has the rights and remedies described in 6767  
division (B) of section 1310.47 of the Revised Code. 6768

(2) If division ~~(E)~~(D)(1) of this section is not applicable 6769  
and if a transfer is made that is prohibited under a lease 6770  
agreement or that materially impairs the prospect of obtaining 6771  
return performance by, materially changes the duty of, or 6772  
materially increases the burden or risk imposed on, the other 6773  
party to the lease contract, unless the party not making the 6774  
transfer agrees at any time to the transfer in the lease contract 6775  
or otherwise, then, except as limited by contract, the transferor 6776  
is liable to the party not making the transfer for damages caused 6777  
by the transfer to the extent that the damages could not 6778  
reasonably be prevented by the party not making the transfer, and 6779  
a court having jurisdiction may grant other appropriate relief, 6780  
including cancellation of the lease contract or an injunction 6781  
against the transfer. 6782

~~(F)~~(E) A transfer of "the lease" or of "all my rights under 6783  
the lease" or a transfer in similar general terms is a transfer of 6784  
rights and, unless the language or the circumstances, as in a 6785  
transfer for security, indicate the contrary, the transfer is a 6786  
delegation of duties by the transferor to the transferee. 6787  
Acceptance by the transferee constitutes a promise by the 6788  
transferee to perform those duties. The promise is enforceable by 6789  
either the transferor or the other party to the lease contract. 6790

~~(G)~~(F) Unless otherwise agreed by the lessor and the lessee, 6791  
a delegation of performance does not relieve the transferor as 6792  
against the other party of any duty to perform or of any liability 6793

for default. 6794

~~(H)~~(G) In a consumer lease, to prohibit the transfer of an 6795  
interest of a party under the lease contract or to make a transfer 6796  
an event of default, the language prohibiting the transfer or 6797  
making the transfer a default shall be specific, by a writing, and 6798  
conspicuous. 6799

**Sec. 1310.35.** (A) Except as otherwise provided in section 6800  
1310.34 of the Revised Code, a creditor of a lessee takes subject 6801  
to the lease contract. 6802

(B) Except as otherwise provided in ~~divisions~~ division (C) 6803  
~~and (D)~~ of this section and in sections 1310.34 and 1310.36 of the 6804  
Revised Code, a creditor of a lessor takes subject to the lease 6805  
contract unless ~~any of the following applies:~~ 6806

~~(1) The the creditor holds a lien that attached to the goods 6807  
before the lease contract became enforceable. 6808~~

~~(2) The creditor holds a security interest in the goods, and 6809  
the lessee did not give value and receive delivery of the goods 6810  
without knowledge of the security interest. 6811~~

~~(3) The creditor holds a security interest in the goods that 6812  
was perfected in accordance with section 1309.22 of the Revised 6813  
Code before the lease contract became enforceable. 6814~~

~~(C) A lessee in the ordinary course of business takes the 6815  
leasehold interest free of a security interest in the goods 6816  
created by the lessor even though the security interest is 6817  
perfected in accordance with section 1309.22 of the Revised Code 6818  
and the lessee knows of its existence. 6819~~

~~(D) A lessee other than a lessee in the ordinary course of 6820  
business takes the leasehold interest free of a security interest 6821  
to the extent that it secures future advances made after the 6822  
secured party acquires knowledge of the lease or more than 6823~~

forty-five days after the lease contract becomes enforceable, 6824  
whichever first occurs, unless the future advances are made 6825  
pursuant to a commitment entered into without knowledge of the 6826  
lease and before the expiration of the forty-five day period 6827  
Except as otherwise provided in sections 1309.317, 1309.321, and 6828  
1309.323 of the Revised Code, a lessee takes a leasehold interest 6829  
subject to a security interest held by a creditor of the lessor. 6830

**Sec. 1310.37.** (A) As used in this section: 6831

(1) Goods are "fixtures" when they become so related to 6832  
particular real estate that an interest in them arises under real 6833  
estate law. 6834

(2) A "fixture filing" is the filing, in the office in which 6835  
a record of a mortgage on the real estate would be filed or 6836  
recorded, of a financing statement covering goods that are or are 6837  
to become fixtures and conforming to ~~division (D)~~ the requirements 6838  
of divisions (A) and (B) of section 1309.39 1309.502 of the 6839  
Revised Code. 6840

(3) A lease is a "purchase money lease" unless the lessee has 6841  
possession or use of the goods or the right to possession or use 6842  
of the goods before the lease agreement is enforceable. 6843

(4) A mortgage is a "construction mortgage" to the extent it 6844  
secures an obligation incurred for the construction of an 6845  
improvement on land, including the acquisition cost of the land, 6846  
if the recorded writing so indicates. 6847

(5) "Encumbrance" includes real estate mortgages, other liens 6848  
on real estate, and all other rights in real estate that are not 6849  
ownership interests. 6850

(B) Under sections 1310.01 to 1310.78 of the Revised Code, a 6851  
lease may be of goods that are fixtures or may continue in goods 6852  
that become fixtures, but, under those sections, no lease exists 6853

of ordinary building materials incorporated into an improvement on 6854  
land. 6855

(C) Sections 1310.01 to 1310.78 of the Revised Code do not 6856  
prevent the creation of a lease of fixtures pursuant to real 6857  
estate law. 6858

(D) The perfected interest of a lessor of fixtures has 6859  
priority over a conflicting interest of an encumbrancer or owner 6860  
of the real estate if either of the following applies: 6861

(1) The lease is a purchase money lease, the conflicting 6862  
interest of the encumbrancer or owner arises before the goods 6863  
become fixtures, the interest of the lessor is perfected by a 6864  
fixture filing before the goods become fixtures or within ten days 6865  
after they become fixtures, and the lessee has an interest of 6866  
record in the real estate or is in possession of the real estate. 6867

(2) The interest of the lessor is perfected by a fixture 6868  
filing before the interest of the encumbrancer or owner is of 6869  
record, the lessor's interest has priority over any conflicting 6870  
interest of a predecessor in title of the encumbrancer or owner, 6871  
and the lessee has an interest of record in the real estate or is 6872  
in possession of the real estate. 6873

(E) The interest of a lessor of fixtures, whether or not 6874  
perfected, has priority over the conflicting interest of an 6875  
encumbrancer or owner of the real estate if any of the following 6876  
applies: 6877

(1) The fixtures are readily removable factory or office 6878  
machines, readily removable equipment that is not primarily used 6879  
or leased for use in the operation of the real estate, or readily 6880  
removable replacements of domestic appliances that are goods 6881  
subject to a consumer lease and, before the goods become fixtures, 6882  
the lease contract is enforceable. 6883

(2) The conflicting interest is a lien on the real estate 6884

obtained by legal or equitable proceedings after the lease 6885  
contract is enforceable. 6886

(3) The encumbrancer or owner has consented in writing to the 6887  
lease or has disclaimed an interest in the goods as fixtures. 6888

(4) The lessee has a right to remove the goods as against the 6889  
encumbrancer or owner. If the lessee's right to remove terminates, 6890  
the priority of the interest of the lessor continues for a 6891  
reasonable time. 6892

(F) Notwithstanding division (D)(1) of this section but 6893  
otherwise subject to divisions (D) and (E) of this section, the 6894  
interest of a lessor of fixtures, including the lessor's residual 6895  
interest, is subordinate to the conflicting interest of an 6896  
encumbrancer of the real estate under a construction mortgage 6897  
recorded before the goods become fixtures if the goods become 6898  
fixtures before the completion of the construction. To the extent 6899  
given to refinance a construction mortgage, the conflicting 6900  
interest of an encumbrancer of the real estate under a mortgage 6901  
has this priority to the same extent as the encumbrancer of the 6902  
real estate under the construction mortgage. 6903

(G) In cases not within divisions (A) to (F) of this section, 6904  
priority between the interest of a lessor of fixtures, including 6905  
the lessor's residual interest, and the conflicting interest of an 6906  
encumbrancer or owner of the real estate who is not the lessee is 6907  
determined by the priority rules governing conflicting interests 6908  
in real estate. 6909

(H) If the interest of a lessor of fixtures, including the 6910  
lessor's residual interest, has priority over all conflicting 6911  
interests of all owners and encumbrancers of the real estate, the 6912  
lessor or the lessee, on default, expiration, termination, or 6913  
cancellation of the lease agreement but subject to the lease 6914  
agreement and sections 1310.01 to 1310.78 of the Revised Code, or 6915

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 6947  
products that ~~he~~ the person has produced, or buys agricultural 6948  
products for ~~his~~ the person's own use, is not an agricultural 6949  
product handler. 6950

(4) "Agricultural producer" or "producer" means any person 6951  
who grows, raises, or produces an agricultural product on land 6952  
that ~~he~~ the person owns or leases. 6953

(5) "Proceeds" has the same meaning as in division (A) ~~(64)~~ of 6954  
section ~~1309.25~~ 1309.102 of the Revised Code. 6955

(B) An agricultural producer who delivers an agricultural 6956  
product under an express or implied contract to an agricultural 6957  
product handler, or an agricultural product handler who delivers 6958  
an agricultural product under an express or implied contract to 6959  
another agricultural product handler, has a lien to secure the 6960  
payment for all of the agricultural product delivered under that 6961  
contract. The lien attaches to the product, whether in a raw or 6962  
processed condition, while in the possession of the agricultural 6963  
product handler, and to the proceeds of the sale of the 6964  
agricultural product. The lien attaches from the date of delivery 6965  
of the agricultural product to the handler, or if there is a 6966  
series of deliveries under the contract, from the date of the 6967  
first delivery. The lien is contingent until the producer or 6968  
handler complies with section 1311.56 of the Revised Code. 6969

(C) The lien on an agricultural product covers the contract 6970  
price agreed upon, or when there is no agreed price at the time of 6971  
delivery, the value of the agricultural product as determined by 6972  
the "market news service" of the Ohio department of agriculture on 6973  
the date the agricultural producer or handler files the affidavit 6974  
permitted under section 1311.56 of the Revised Code. 6975

(D) Any waiver by a producer or handler of ~~his~~ the producer's 6976  
or handler's right to an agricultural product lien is void as 6977

being contrary to public policy. 6978

**Sec. 1317.01.** As used in this chapter: 6979

(A) "Retail installment sale" includes every retail 6980  
installment contract to sell specific goods, every consumer 6981  
transaction in which the cash price may be paid in installments 6982  
over a period of time, and every retail sale of specific goods to 6983  
any person in which the cash price may be paid in installments 6984  
over a period of time. "Retail installment sale" does not include 6985  
a lease-purchase agreement as defined in division (F) of section 6986  
1351.01 of the Revised Code nor a layaway arrangement as defined 6987  
in division (S) of this section. 6988

(B) "Person" includes an individual, corporation, trust, 6989  
partnership of two or more persons having a joint or common 6990  
interest, and any other association. 6991

(C)(1) "Goods" means all things, including specially 6992  
manufactured goods but not including the money in which the price 6993  
is to be paid or things in action, that satisfy both of the 6994  
following: 6995

(a) They are movable at the time of identification for sale 6996  
or identification to the contract for sale; 6997

(b) They are purchased primarily for personal, family, or 6998  
household purposes. 6999

(2) Nothing in division (C)(1) of this section shall be 7000  
construed to exempt transactions involving items purchased for 7001  
other than primarily personal, family, or household purposes from 7002  
sections 2905.21 to 2905.24 of the Revised Code. 7003

(D) "Specific goods" means goods, including related services, 7004  
identified and agreed upon at the time a contract to sell or a 7005  
sale is made. 7006

(E) "Retail" means to dispose of specific goods to, or to 7007

acquire specific goods by, a person for use other than for 7008  
purposes of resale. 7009

(F) "Buyer" means a person who buys or agrees to buy goods or 7010  
any legal successor in interest of such person. 7011

(G) "Retail buyer" means a buyer who is a party to a retail 7012  
installment sale, or any legal successor in interest of such 7013  
person. 7014

(H) "Seller" means a person who sells or agrees to sell 7015  
goods. 7016

(I) "Retail seller" means a seller who is a party to a retail 7017  
installment sale. 7018

(J) "Holder of the retail installment contract" means any 7019  
person to whom the money owed by the retail buyer on the retail 7020  
installment contract has been paid. 7021

(K) "Cash price" means the price measured in dollars, agreed 7022  
upon in good faith by the parties as the price at which the 7023  
specific goods which are the subject matter of any retail 7024  
installment sale would be sold if such sale were a sale for cash 7025  
to be paid upon delivery instead of a retail installment sale. 7026  
"Cash price" may include sales taxes. 7027

(L) "Retail installment contract" means any written 7028  
instrument that is executed in connection with any retail 7029  
installment sale and is required by section 1317.02 of the Revised 7030  
Code or is authorized by section 1317.03 of the Revised Code, and 7031  
includes all such instruments executed in connection with any 7032  
retail installment sale. 7033

(M) "Contract for sale" and "sale" have the same meanings as 7034  
in section 1302.01 of the Revised Code; and "security agreement" 7035  
has the same meaning as in section ~~1309.01~~ 1309.102 of the Revised 7036  
Code. 7037

(N) "Finance charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time. Any advancement in the cash price ordinarily charged by the retail seller is a finance charge when a retail installment sale is made.

(O) "Service charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time in addition to the finance charge for the same privilege.

(P) "Consumer transaction" means a sale, lease, assignment, or other transfer of an item of goods, or a service, except those transactions between persons, defined in sections 4905.03 and 5725.01 of the Revised Code, and their customers, or between attorneys or physicians and their clients or patients, to an individual for purposes that are primarily personal, family, or household. For the purposes of this chapter only, a "consumer transaction" does not include a lease-purchase agreement.

(Q) "Purchase money loan" means a cash advance that is received by a consumer from a creditor in return for a finance charge within the meaning of the "Truth in Lending Act," 82 Stat. 146 (1968), 15 U.S.C.A. 1601 and regulation Z thereunder, which is applied in whole or substantial part to a consumer transaction with a seller, who either:

(1) Cooperates with the creditor to channel consumers to the creditor on a continuing basis;

(2) Is affiliated with the creditor by common control, contract, or business arrangement.

If a credit card issued by a bank or a savings and loan association is used by a consumer in a particular consumer transaction, the bank or savings and loan association is not a

creditor, within the meaning of this division, with respect to the 7069  
particular consumer transaction. 7070

(R) "Dealer" and "motor vehicle" have the same meanings as in 7071  
section 4501.01 of the Revised Code. 7072

(S)(1) "Layaway arrangement" means a contract for sale at 7073  
retail, other than one involving the sale of a motor vehicle by a 7074  
dealer, in which the buyer agrees to buy and the seller agrees to 7075  
sell specific goods at a future time and: 7076

(a) Until such future time, the seller agrees to retain 7077  
possession of but remove the specific goods from its retail 7078  
inventory and not offer the specific goods for sale to other 7079  
persons or promises the availability thereof at the agreed time of 7080  
delivery; and 7081

(b) The buyer agrees to pay the seller the layaway price, in 7082  
whole or in part, by deposit, down payment, part payment, 7083  
periodically or in installments or otherwise prior to delivery of 7084  
the specific goods. 7085

(2) A layaway arrangement does not include interest or 7086  
equivalent financing charges. If a contract of sale is a layaway 7087  
arrangement, it is not a retail installment sale and it is not a 7088  
contract subject to Chapter 1309. or sections 1351.02 to 1351.09 7089  
or 1317.02 to 1317.16 of the Revised Code. 7090

(T) "Layaway price" means the price at which the specific 7091  
goods which are the subject of a layaway arrangement are offered 7092  
for sale at retail by the seller if such sale were a sale for cash 7093  
to be paid in full upon delivery on the date the layaway 7094  
arrangement was entered into instead of pursuant to a layaway 7095  
arrangement. Layaway price may include sales taxes. 7096

**Sec. 1317.12.** Notwithstanding any agreement to the contrary 7097  
in a retail installment contract made on or after the effective 7098

date of this section, if collateral for a consumer transaction is 7099  
taken possession of by the secured party on default, the secured 7100  
party shall, within five business days after taking possession, 7101  
send to the debtor a notice setting forth specifically the 7102  
circumstances constituting the default and the amount by 7103  
itemization that the debtor is required to pay to cure ~~his~~ the 7104  
default. Any notice required by section ~~1309.47~~ 1309.611 or 7105  
1317.16 of the Revised Code may be included as part of the notice 7106  
required by this section. A secured party who disposes of the 7107  
collateral without sending notice required by this section may not 7108  
recover the costs of retaking possession of the collateral and is 7109  
not entitled to a deficiency judgment. 7110

The debtor may cure ~~his~~ the default within twenty days after 7111  
the secured party retakes possession of the collateral, or within 7112  
fifteen days after the secured party sends the notice required by 7113  
this section, whichever is later, by delivering to the secured 7114  
party the following: 7115

(A) All installments due or past due at the time of such 7116  
delivery; 7117

(B) Any unpaid delinquency or deferred charges; 7118

(C) The actual and reasonable expenses incurred by the 7119  
secured party in retaking possession of the collateral provided 7120  
that any portion of such expenses which exceeds twenty-five 7121  
dollars need not be delivered to the secured party pursuant to 7122  
this division, but shall be added to the time balance; 7123

(D) A deposit by cash or bond in the amount of two 7124  
installments, to secure the timely payment of future installments 7125  
by the debtor. The secured party may apply such cash or the 7126  
proceeds of such bond toward the satisfaction of the debt in the 7127  
event of another default by the debtor. 7128

During the period between the time a secured party retakes 7129

possession of the collateral and the expiration or exercise of the 7130  
debtor's right to cure ~~his~~ the default, the secured party shall 7131  
make the collateral available for inspection by the debtor during 7132  
reasonable hours. 7133

If the debtor cures ~~his~~ the default, ~~he~~ the debtor may take 7134  
possession of the collateral. The secured party shall assemble the 7135  
collateral and make it available to the debtor at a time and place 7136  
that is reasonably convenient to both parties. If the debtor 7137  
requests the secured party to return the collateral to the place 7138  
from which it was taken, the secured party may charge the debtor 7139  
the actual and reasonable expenses incurred in returning the 7140  
collateral to the place from which it was taken, which amount 7141  
shall be added to the time balance. 7142

A debtor's right to cure ~~his~~ the default pursuant to this 7143  
section may not be exercised more than once with respect to a 7144  
single debt. 7145

A secured party who reasonably believes that a debtor intends 7146  
to conceal or remove the collateral from this state after curing 7147  
~~his~~ the default may, within five days after retaking possession of 7148  
the collateral, move in a court of competent jurisdiction that ~~he~~ 7149  
the secured party be allowed to retain possession of the 7150  
collateral as security for the debt. If the court finds reasonable 7151  
cause to believe that the debtor intends to conceal the collateral 7152  
or remove it from this state, it shall order that the collateral 7153  
remain in the possession of the secured party, notwithstanding the 7154  
other provisions of this section. If the debtor cures ~~his~~ the 7155  
default, the secured party shall not dispose of the collateral 7156  
unless the debtor again defaults, and ~~he~~ the secured party shall 7157  
make such collateral available to the debtor when the debt is paid 7158  
in full. 7159

**Sec. 1317.13.** As used in this section, "motor vehicle" and 7160

"mobile home" have the same meanings as in section 4501.01 of the Revised Code, and "manufactured home" has the same meaning as in section 3781.06 of the Revised Code.

Notwithstanding the provisions of section ~~1309.46~~ 1309.609 of the Revised Code or any agreement by the parties to a consumer transaction to the contrary, a secured party whose security interest is taken pursuant to section 1317.071 of the Revised Code shall not be entitled to take possession of the collateral, except for collateral that is a motor vehicle, a manufactured home, or a mobile home, upon default by the debtor if the time balance at the time of the default is less than twenty-five per cent of the sum of the time balance on the day such retail installment contract was executed and the down payment recited in such contract.

**Sec. 1317.16.** (A) A secured party whose security interest is taken pursuant to section 1317.071 of the Revised Code may, after default, dispose of any or all of the collateral only as authorized by this section.

(B) Disposition of the collateral shall be by public sale only. Such sale may be as a unit or in parcels and the method, manner, time, place, and terms thereof shall be commercially reasonable. At least ten days prior to sale the secured party shall send notification of the time and place of such sale and of the minimum price for which such collateral will be sold, together with a statement that the debtor may be held liable for any deficiency resulting from such sale, by certified mail, return receipt requested, to the debtor at ~~his~~ the debtor's last address known to the secured party, and to any persons known by the secured party to have an interest in the collateral. In addition, the secured party shall cause to be published, at least ten days prior to the sale, a notice of such sale listing the items to be sold, in a newspaper of general circulation in the county where the sale is to be held.

(C) Except as modified by this section, ~~section 1309.47~~ 7193  
~~sections 1309.610, 1309.611, 1309.615, 1309.617, and 1309.624~~ of 7194  
the Revised Code ~~governs~~ govern disposition of collateral by the 7195  
secured party. 7196

**Sec. 1321.16.** (A) A licensee may make open-end loans pursuant 7197  
to an agreement between the licensee and the borrower whereby: 7198  
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(1) The licensee may permit the borrower to obtain advances 7200  
of money from the licensee from time to time or the licensee may 7201  
advance money on behalf of the borrower from time to time as 7202  
directed by the borrower. 7203

(2) The amount of each advance and permitted interest, 7204  
charges, and costs are debited to the borrower's account and 7205  
payments and other credits are credited to the same account. 7206

(3) The interest and charges are computed on the unpaid 7207  
balance or balances of the account from time to time. 7208

(4) The borrower has the privilege of paying the account in 7209  
full at any time or, if the account is not in default, in monthly 7210  
installments of fixed or determinable amounts as provided in the 7211  
agreement. 7212

For open-end loans, "billing cycle" means the time interval 7213  
between periodic billing dates. A billing cycle shall be 7214  
considered monthly if the closing date of the cycle is the same 7215  
date each month or does not vary by more than four days from such 7216  
date. 7217

(B) Notwithstanding any other provisions of the Revised Code, 7218  
a licensee may contract for and receive interest for open-end 7219  
loans at a rate or rates not exceeding those provided in division 7220  
(A) of section 1321.13 of the Revised Code and may compute 7221  
interest in each billing cycle by either of the following methods: 7222

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(1) By multiplying the daily rate or rates by the daily 7224  
unpaid balance of the account, in which case the daily rates are 7225  
determined by dividing the annual rates by three hundred 7226  
sixty-five; 7227

(2) By multiplying the monthly rate or rates by the average 7228  
daily unpaid balance of the account in the billing cycle, in which 7229  
case the average daily unpaid balance is the sum of all of the 7230  
daily unpaid balances each day during the cycle divided by the 7231  
number of days in the cycle. The monthly rates are determined by 7232  
dividing the annual rates by twelve. 7233

The billing cycle shall be monthly and the unpaid balance on 7234  
any day shall be determined by adding to any balance unpaid as of 7235  
the beginning of that day all advances and permitted interest, 7236  
charges, and costs and deducting all payments and other credits 7237  
made or received that day. 7238

(C) In addition to the interest permitted in division (B) of 7239  
this section, a licensee may charge and receive or add to the 7240  
unpaid balance any or all of the following: 7241

(1) All charges and costs authorized by divisions (E), (F), 7242  
(G), (H), and (J) of section 1321.13 of the Revised Code; 7243

(2) An annual credit line charge, for the privilege of 7244  
maintaining a line of credit, for the first year not exceeding the 7245  
greater of one per cent of the original credit line or thirty 7246  
dollars, and for subsequent years not exceeding twenty dollars; 7247

(3) A default charge on any required minimum payment not paid 7248  
in full within ten days after its due date. For this purpose, all 7249  
required minimum payments are considered paid in the order in 7250  
which they become due. The amount of the default charge shall not 7251  
exceed the greater of five per cent of the required minimum 7252  
payment or five dollars. 7253

(D) The borrower at any time may pay all or any part of the 7254  
unpaid balance on the account or, if the account is not in 7255  
default, the borrower may pay the unpaid balance in installments 7256  
subject to minimum payment requirements as determined by the 7257  
licensee and set forth in the open-end loan agreement. 7258

(E) If credit life insurance or credit accident and health 7259  
insurance is obtained by the licensee and if the insured dies or 7260  
becomes disabled when there is an outstanding open-end loan 7261  
indebtedness, the insurance shall be sufficient to pay the unpaid 7262  
balance on the loan due on the date of the borrower's death in the 7263  
case of credit life insurance or all minimum payments that become 7264  
due on the loan during the covered period of disability in the 7265  
case of credit accident and health insurance. The additional 7266  
charge for credit life insurance, credit accident and health 7267  
insurance, or unemployment insurance shall be calculated each 7268  
billing cycle by applying the current monthly premium rate for the 7269  
insurance, filed by the insurer with the superintendent of 7270  
insurance and not disapproved by ~~him~~ the superintendent, to the 7271  
unpaid balances in the borrower's account, using one of the 7272  
methods specified in division (B) of this section for the 7273  
calculation of interest. No credit life insurance, credit accident 7274  
and health insurance, or unemployment insurance written in 7275  
connection with an open-end loan shall be canceled by the licensee 7276  
because of delinquency of the borrower in making the required 7277  
minimum payments on the loan unless one or more such payments is 7278  
past due for a period of thirty days or more. The licensee shall 7279  
advance to the insurer the amounts required to keep the insurance 7280  
in force during such period, which amounts may be debited to the 7281  
borrower's account. 7282

(F) Whenever there is no unpaid balance in an open-end loan 7283  
account, the account may be terminated by written notice, by the 7284  
borrower or the licensee, to the other party. If a licensee has 7285

taken a security interest in personal property to secure the 7286  
open-end loan, the licensee shall release the security interest 7287  
and terminate any financing statement in accordance with section 7288  
~~1309.41~~ 1309.513 of the Revised Code. 7289

**Sec. 1321.58.** (A) A registrant may make open-end loans 7290  
pursuant to an agreement between the registrant and the borrower 7291  
whereby: 7292

(1) The registrant may permit the borrower to obtain advances 7293  
of money from the registrant from time to time or the registrant 7294  
may advance money on behalf of the borrower from time to time as 7295  
directed by the borrower. 7296

(2) The amount of each advance and permitted interest, 7297  
charges, and costs are debited to the borrower's account and 7298  
payments and other credits are credited to the same account. 7299

(3) The interest and charges are computed on the unpaid 7300  
balance or balances of the account from time to time. 7301

(4) The borrower has the privilege of paying the account in 7302  
full at any time or, if the account is not in default, in 7303  
installments of determinable amounts as provided in the agreement. 7304

For open-end loans, "billing cycle" means the time interval 7305  
between periodic billing dates. A billing cycle shall be 7306  
considered monthly if the closing date of the cycle is the same 7307  
date each month or does not vary by more than four days from such 7308  
date. 7309

(B) Notwithstanding any other provisions of the Revised Code, 7310  
a registrant may contract for and receive interest for open-end 7311  
loans at a rate or rates not exceeding twenty-one per cent per 7312  
year and may compute interest in each billing cycle by either of 7313  
the following methods: 7314

(1) By multiplying the daily rate by the daily unpaid balance 7315

of the account, in which case the daily rate is determined by 7316  
dividing the annual rate by three hundred sixty-five; 7317

(2) By multiplying the monthly rate by the average daily 7318  
unpaid balance of the account in the billing cycle, in which case 7319  
the average daily unpaid balance is the sum of all of the daily 7320  
unpaid balances each day during the cycle divided by the number of 7321  
days in the cycle. The monthly rate is determined by dividing the 7322  
annual rate by twelve. 7323

The billing cycle shall be monthly and the unpaid balance on 7324  
any day shall be determined by adding to any balance unpaid as of 7325  
the beginning of that day all advances and permitted interest, 7326  
charges, and costs and deducting all payments and other credits 7327  
made or received that day. 7328

(C) In addition to the interest permitted in division (B) of 7329  
this section, a registrant may charge and receive or add to the 7330  
unpaid balance any or all of the following: 7331

(1) All charges and costs authorized by divisions (E), (F), 7332  
(G), (H), (I), and (K) of section 1321.57 of the Revised Code; 7333

(2) An annual credit line charge, for the privilege of 7334  
maintaining a line of credit, as follows: 7335

(a) For the first year: 7336

(i) If the original credit line is less than five thousand 7337  
dollars, an amount not exceeding one hundred fifty dollars; 7338

(ii) If the original credit line is at least five thousand 7339  
dollars, an amount not exceeding the greater of one per cent of 7340  
the original credit line or two hundred fifty dollars. 7341

(b) For subsequent years an amount not exceeding the greater 7342  
of one-half per cent of the credit line on the anniversary date or 7343  
fifty dollars. 7344

(3) A default charge on any required minimum payment not paid 7345

in full within ten days after its due date. For this purpose, all  
required minimum payments are considered paid in the order in  
which they become due. The amount of the default charge shall not  
exceed the greater of five per cent of the required minimum  
payment or fifteen dollars.

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(D) The borrower at any time may pay all or any part of the  
unpaid balance on the account or, if the account is not in  
default, the borrower may pay the unpaid balance in installments  
subject to minimum payment requirements as determined by the  
registrant and set forth in the open-end loan agreement.

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(E) If credit life insurance or credit accident and health  
insurance is obtained by the registrant and if the insured dies or  
becomes disabled when there is an outstanding open-end loan  
indebtedness, the insurance shall be sufficient to pay the unpaid  
balance on the loan due on the date of the borrower's death in the  
case of credit life insurance or all minimum payments that become  
due on the loan during the covered period of disability in the  
case of credit accident and health insurance. The additional  
charge for credit life insurance, credit accident and health  
insurance, or unemployment insurance shall be calculated each  
billing cycle by applying the current monthly premium rate for the  
insurance, filed by the insurer with the superintendent of  
insurance and not disapproved by the superintendent, to the unpaid  
balances in the borrower's account, using one of the methods  
specified in division (B) of this section for the calculation of  
interest. No credit life insurance, credit accident and health  
insurance, or unemployment insurance written in connection with an  
open-end loan shall be canceled by the registrant because of  
delinquency of the borrower in making the required minimum  
payments on the loan unless one or more such payments is past due  
for a period of thirty days or more. The registrant shall advance  
to the insurer the amounts required to keep the insurance in force

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during such period, which amounts may be debited to the borrower's 7378  
account. 7379

(F) Whenever there is no unpaid balance in an open-end loan 7380  
account, the account may be terminated by written notice, by the 7381  
borrower or the registrant, to the other party. If a registrant 7382  
has taken a mortgage on real property to secure the open-end loan, 7383  
the registrant shall deliver, within thirty days following 7384  
termination of the account, a release of the mortgage to the 7385  
borrower. If a registrant has taken a security interest in 7386  
personal property to secure the open-end loan, the registrant 7387  
shall release the security interest and terminate any financing 7388  
statement in accordance with section ~~1309.41~~ 1309.513 of the 7389  
Revised Code. 7390

**Sec. 1321.83.** No filing provisions of ~~sections 1309.01 to~~ 7391  
~~1309.50~~ Chapter 1309. of the Revised Code apply to insurance 7392  
premium finance agreements, and no filing of the premium finance 7393  
agreement is necessary to perfect the validity of such agreements 7394  
as a secured transaction as against creditors, subsequent 7395  
purchasers, pledgees, encumbrancers, trustees in bankruptcy or any 7396  
other insolvency proceeding under any law, or their successors or 7397  
assigns. 7398

**Sec. 1329.68.** The fee for expedited filing service by the 7399  
secretary of state for any filing under this chapter is ten 7400  
dollars in addition to the fee the secretary of state is otherwise 7401  
required to collect for the filing under this chapter. All of the 7402  
fees collected by the secretary of state under this section shall 7403  
be deposited in the state treasury to the credit of the corporate 7404  
and uniform commercial code filing fund created in section 7405  
~~1309.401~~ 1309.528 of the Revised Code. 7406

**Sec. 1336.08.** (A) A transfer or an obligation is not 7407

fraudulent under division (A)(1) of section 1336.04 of the Revised Code against a person who took in good faith and for a reasonably equivalent value or against any subsequent transferee or obligee.

(B)(1) Except as otherwise provided in this section, to the extent a transfer is voidable in an action by a creditor or a child support enforcement agency under division (A)(1) of section 1336.07 of the Revised Code, the creditor or agency may recover a judgment for the value of the asset transferred, as adjusted under division (B)(2) of this section, or the amount necessary to satisfy the claim of the creditor or agency, whichever is less. The judgment may be entered against either of the following:

(a) The first transferee of the asset or the person for whose benefit the transfer was made;

(b) Any subsequent transferee other than a good faith transferee who took for value or from any subsequent transferee.

(2) If the judgment under division (B)(1) of this section is based upon the value of the asset transferred, the judgment shall be in an amount equal to the value of the asset at the time of the transfer, subject to adjustment as the equities may require.

(C) Notwithstanding the voidability of a transfer or an obligation under division (A)(1) of section 1336.07 of the Revised Code, a good faith transferee or obligee is entitled, to the extent of the value given to the debtor for the transfer or obligation, to any of the following:

(1) A lien on or a right to retain any interest in the asset transferred;

(2) Enforcement of any obligation incurred;

(3) A reduction in the amount of the liability on the judgment.

(D) A transfer is not fraudulent under division (A)(2) of

section 1336.04 or section 1336.05 of the Revised Code if the 7438  
transfer results from either of the following: 7439

(1) Termination of a lease upon default by the debtor when 7440  
the termination is pursuant to the lease and applicable law; 7441

(2) Enforcement of a security interest in compliance with 7442  
section ~~1309.44~~ sections 1309.601 to 1309.604 of the Revised Code. 7443

(E) A transfer is not fraudulent under division (B) of 7444  
section 1336.05 of the Revised Code as follows: 7445

(1) To the extent the insider gave new value to or for the 7446  
benefit of the debtor after the transfer was made, unless the new 7447  
value was secured by a valid lien; 7448

(2) If made in the ordinary course of business or financial 7449  
affairs of the debtor and the insider; 7450

(3) If made pursuant to a good faith effort to rehabilitate 7451  
the debtor and the transfer secured present value given for that 7452  
purpose as well as an antecedent debt of the debtor. 7453

**Sec. 1548.11.** (A) In the event of the transfer of ownership 7454  
of a watercraft or outboard motor by operation of law, as upon 7455  
inheritance, devise, bequest, order in bankruptcy, insolvency, 7456  
replevin, or execution of sale, or whenever the engine of a 7457  
watercraft is replaced by another engine, or whenever a watercraft 7458  
or outboard motor is sold to satisfy storage or repair charges, or 7459  
repossession is had upon default in performance of the terms of a 7460  
security agreement as provided in ~~sections 1309.01 to 1309.50~~ 7461  
Chapter 1309. of the Revised Code, the clerk of the court of 7462  
common pleas of the county in which the last certificate of title 7463  
to the watercraft or outboard motor was issued, upon the surrender 7464  
of the prior certificate of title or the manufacturer's or 7465  
importer's certificate, or, when that is not possible, upon 7466  
presentation of satisfactory proof to the clerk of ownership and 7467

rights of possession to the watercraft or outboard motor, and upon 7468  
payment of the fee prescribed in section 1548.10 of the Revised 7469  
Code and presentation of an application for certificate of title, 7470  
may issue to the applicant a certificate of title to the 7471  
watercraft or outboard motor. Only an affidavit by the person or 7472  
agent of the person to whom possession of the watercraft or 7473  
outboard motor has passed, setting forth the facts entitling the 7474  
person to possession and ownership, together with a copy of the 7475  
journal entry, court order, or instrument upon which the claim of 7476  
possession and ownership is founded, is satisfactory proof of 7477  
ownership and right of possession. If the applicant cannot produce 7478  
such proof of ownership, the applicant may apply directly to the 7479  
chief of the division of watercraft and submit such evidence as 7480  
the applicant has, and the chief, if the chief finds the evidence 7481  
sufficient, may authorize the clerk to issue a certificate of 7482  
title. If, from the records in the office of the clerk, there 7483  
appears to be any lien on the watercraft or outboard motor, the 7484  
certificate of title shall contain a statement of the lien unless 7485  
the application is accompanied by proper evidence of its 7486  
extinction. 7487

(B) Upon the death of one of the persons who have established 7488  
joint ownership with right of survivorship under section 2106.17 7489  
of the Revised Code in a watercraft or outboard motor and the 7490  
presentation to the clerk of the title and the certificate of 7491  
death of the deceased person, the clerk shall enter into the 7492  
records the transfer of the watercraft or outboard motor to the 7493  
surviving person, and the title to the watercraft or outboard 7494  
motor immediately passes to the surviving person. The transfer 7495  
does not affect any liens on the watercraft or outboard motor. 7496  
7497

(C) The clerk shall transfer a decedent's interest in one 7498  
watercraft, one outboard motor, or one of each to the decedent's 7499

surviving spouse as provided in section 2106.19 of the Revised Code. 7500  
7501

**Sec. 1701.66.** (A) A mortgage of property of any description, 7502  
or any interest therein, made (1) by a corporation which is a 7503  
railroad or a public utility as defined by sections 4907.02, 7504  
4905.02, and 4905.03 of the Revised Code; or (2) by a corporation, 7505  
domestic or foreign, organized for the purpose of constructing, 7506  
acquiring, owning, or operating a railroad or public utility, as 7507  
so defined, or any part thereof, or, as a common carrier, a 7508  
trolley bus system, in whole or in part in this state; or (3) by a 7509  
municipal corporation pursuant to Section 12 of Article XVIII, 7510  
Ohio Constitution; or (4) by the state, a county, or a municipal 7511  
corporation, pursuant to Chapter 165. of the Revised Code, or a 7512  
port authority pursuant to section 4582.06 or 4582.31 of the 7513  
Revised Code; shall be recorded in the office of the county 7514  
recorder of each county in this state in which any of said 7515  
property is situated or employed; but a mortgage by such mortgagor 7516  
which includes rolling stock or movable equipment such as cars, 7517  
locomotives, or trolley buses, motor buses, or other vehicles, or 7518  
machines for aerial transportation, may be filed in the office of 7519  
the secretary of state, and when so filed shall have the same 7520  
effect, as to the lien created thereby on such rolling stock, 7521  
movable equipment, or machines, as though filed in the office of 7522  
the recorder of each such county in which such rolling stock, 7523  
movable equipment, or machines are situated or employed. In lieu 7524  
of filing an original of said mortgage, a true copy thereof, with 7525  
an affidavit by the mortgagor, the mortgagee, or an agent of 7526  
either that it is a true copy, may be filed. 7527

(B) Any such mortgage shall be a lien on the property therein 7528  
described from the respective times of the filing of such mortgage 7529  
for record with the recorders of said counties; but any such 7530  
mortgage covering such rolling stock, movable equipment, or 7531

machines shall be a lien thereon from the time of the filing of 7532  
such mortgage, or a true copy thereof, with the secretary of 7533  
state. 7534

(C) If any mortgage by its terms creates a lien upon any 7535  
property, which may thereafter be acquired by the mortgagor, it 7536  
shall be a lien upon all the interest of the mortgagor in such 7537  
after-acquired property from the date of its acquisition, if such 7538  
mortgage was or is recorded or filed as provided in this section. 7539

(D) The secretary of state shall charge and collect, for 7540  
every such mortgage or true copy thereof filed in ~~his~~ the 7541  
secretary of state's office, a fee of ten dollars and, for each 7542  
page in excess of twenty-five pages an additional fee of one 7543  
dollar. ~~He~~ The secretary of state shall endorse on the mortgage or 7544  
true copy the time of its filing and shall keep a record of the 7545  
filing in a book to be kept for said purpose, giving the names of 7546  
all parties to the mortgage, alphabetically arranged, the date of 7547  
the mortgage, and the time of its filing. The mortgage or true 7548  
copy and the record of its filing shall be open to public 7549  
inspection. When the mortgage is canceled, the date of 7550  
cancellation shall be entered on the margin of the record thereof. 7551

(E) Mortgages of the character described in this section need 7552  
not be otherwise filed or refiled as security interests under 7553  
~~sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised Code. 7554

(F) Nothing contained in this section shall make inapplicable 7555  
the provisions of Chapters 4505. to 4519. of the Revised Code, 7556  
relating to motor vehicles. 7557

**Sec. 4503.31.** As used in this section, "person" includes, but 7558  
is not limited to, any person engaged in the business of 7559  
manufacturing or distributing, or selling at retail, displaying, 7560  
offering for sale, or dealing in, motorized bicycles who is not 7561  
subject to section 4503.09 of the Revised Code, or an Ohio 7562

nonprofit corporation engaged in the business of testing of motor vehicles. 7563  
7564

Persons other than manufacturers, dealers, or distributors 7565  
may register annually with the registrar of motor vehicles and 7566  
obtain placards to be displayed on motor vehicles as provided by 7567  
this section. Applications for annual registration shall be made 7568  
at the time provided for payment of the tax and postage imposed on 7569  
manufacturers, dealers, or distributors and shall be in the manner 7570  
to be prescribed by the registrar. The fee for such registration 7571  
shall be twenty-five dollars and shall not be reduced when the 7572  
registration is for a part of a year. Applicants may procure a 7573  
reasonable number of certified copies of such registration upon 7574  
the payment of a fee of five dollars and appropriate postage as 7575  
required by the registrar for each copy. 7576

Upon the filing of the application and the payment of the fee 7577  
and postage prescribed by this section, the registrar shall issue 7578  
to each applicant a certificate of registration and assign a 7579  
distinctive number and furnish one placard with the number 7580  
thereon. With each of the certified copies of the registration 7581  
provided for in this section the registrar shall furnish one 7582  
placard with the same numbering assigned in the original 7583  
registration certificate and shall add thereto such special 7584  
designation as necessary to distinguish one set of placards from 7585  
another. All placards furnished by the registrar pursuant to this 7586  
section shall be so marked as to be distinguishable from placards 7587  
issued dealers, manufacturers, or distributors. Placards issued 7588  
pursuant to this section may be used only on motor vehicles or 7589  
motorized bicycles owned and being used in testing or being 7590  
demonstrated for purposes of sale or lease; or on motor vehicles 7591  
subject to the rights and remedies of a secured party being 7592  
exercised under ~~sections 1309.01 to 1309.50~~ Chapter 1309. of the 7593  
Revised Code; or on motor vehicles being held or transported by 7594

any insurance company for purposes of salvage disposition; or on 7595  
motor vehicles being transported by any persons regularly engaged 7596  
in salvage operations or scrap metal processing from the point of 7597  
acquisition to their established place of business; or on motor 7598  
vehicles owned by or in the lawful possession of an Ohio nonprofit 7599  
corporation while being used in the testing of those motor 7600  
vehicles. 7601

Placards issued pursuant to this section also may be used by 7602  
persons regularly engaged in the business of rustproofing, 7603  
reconditioning, or installing equipment or trim on motor vehicles 7604  
for motor vehicle dealers and shall be used exclusively when such 7605  
motor vehicles are being transported to or from the motor vehicle 7606  
dealer's place of business; and by persons engaged in 7607  
manufacturing articles for attachment to motor vehicles when such 7608  
motor vehicles are being transported to or from places where 7609  
mechanical equipment is attached to the chassis of such new motor 7610  
vehicles; or on motor vehicles being towed by any persons 7611  
regularly and primarily engaged in the business of towing motor 7612  
vehicles while such vehicle is being towed to a point of storage. 7613

Placards issued pursuant to this section also may be used on 7614  
trailers being transported by persons engaged in the business of 7615  
selling tangible personal property other than motor vehicles. 7616

No person required to register an apportionable vehicle under 7617  
the international registration plan shall apply for or receive a 7618  
placard for that vehicle under this section. 7619

The fees collected by the registrar pursuant to this section 7620  
shall be paid into the state bureau of motor vehicles fund 7621  
established in section 4501.25 of the Revised Code and used for 7622  
the purposes described in that section. 7623

**Sec. 4505.04.** (A) No person acquiring a motor vehicle from 7624  
its owner, whether the owner is a manufacturer, importer, dealer, 7625

or any other person, shall acquire any right, title, claim, or 7626  
interest in or to the motor vehicle until there is issued to the 7627  
person a certificate of title to the motor vehicle, or delivered 7628  
to the person a manufacturer's or importer's certificate for it; 7629  
and no waiver or estoppel operates in favor of such person against 7630  
a person having possession of the certificate of title to, or 7631  
manufacturer's or importer's certificate for, the motor vehicle, 7632  
for a valuable consideration. 7633

(B) Subject to division (C) of this section, no court shall 7634  
recognize the right, title, claim, or interest of any person in or 7635  
to any motor vehicle sold or disposed of, or mortgaged or 7636  
encumbered, unless evidenced: 7637

(1) By a certificate of title, a manufacturer's or importer's 7638  
certificate, or a certified receipt of title cancellation to an 7639  
exported motor vehicle issued in accordance with sections 4505.01 7640  
to 4505.21 of the Revised Code; 7641

(2) By admission in the pleadings or stipulation of the 7642  
parties; 7643

(3) In an action by a secured party to enforce a security 7644  
interest perfected under ~~sections 1309.01 to 1309.50~~ Chapter 1309. 7645  
of the Revised Code in accordance with division (A) of section 7646  
4505.13 of the Revised Code, by an instrument showing a valid 7647  
security interest. 7648

(C)(1) As used in division (C) of this section: 7649

(a) "Harm" means damage or other loss. 7650

(b) "Lease agreement" includes a sublease agreement as 7651  
defined in division (C)(1)(d) of this section. 7652

(c) "Lessee" includes a sublessee under a sublease agreement, 7653  
but only if the sublessee is a motor vehicle leasing dealer 7654  
licensed under Chapter 4517. of the Revised Code. 7655

(d) "Sublease agreement" means a lease of a motor vehicle 7656  
between a motor vehicle leasing dealer licensed under Chapter 7657  
4517. of the Revised Code and a second such duly licensed motor 7658  
vehicle leasing dealer. 7659

(e) "Tort action" means a civil action for damages for harm 7660  
to a motor vehicle, other than a civil action for damages for a 7661  
breach of contract or another agreement between persons. 7662

(2) Notwithstanding divisions (A) and (B) of this section, if 7663  
a motor vehicle that is the subject of a lease agreement sustains 7664  
harm during the term of that agreement and if all of the following 7665  
conditions are satisfied, the lessee may commence a tort action in 7666  
the lessee's own name to recover damages for the harm from the 7667  
person allegedly responsible for it: 7668

(a) The lessee shall file with and attach to the complaint in 7669  
the tort action a copy of the lease agreement pursuant to which 7670  
the lessee is responsible for damage to the motor vehicle, for 7671  
purposes of establishing the ownership of the motor vehicle and 7672  
the interest of the lessee in it; 7673

(b) The harm to the motor vehicle shall be such that, under 7674  
the lease agreement, the lessee bringing the action is legally 7675  
responsible for the repair of the harm; 7676

(c) The lessee shall cause a copy of the complaint in the 7677  
tort action to be served upon the owner of the motor vehicle and 7678  
upon any other lessee of the vehicle in accordance with the Rules 7679  
of Civil Procedure. 7680

**Sec. 4505.13.** (A)(1) ~~Sections 1309.01 to 1309.50~~ Chapter 7681  
1309. and section 1701.66 of the Revised Code do not permit or 7682  
require the deposit, filing, or other record of a security 7683  
interest covering a motor vehicle, except as provided in division 7684  
(A)(2) of this section. 7685

(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 7718  
that indicates the security interest and the date of the security 7719  
interest. 7720

When the security interest is discharged, the holder of it 7721  
shall note its discharge on the face of the certificate of title 7722  
over the holder's signature, or over the holder's signature on a 7723  
form prescribed by the registrar of motor vehicles when there is 7724  
no space for the discharge on the face of the certificate of 7725  
title. Prior to delivering the certificate to the owner, the 7726  
holder or the holder's agent shall present it to the clerk for the 7727  
purpose of having the clerk note the cancellation of the security 7728  
interest on the face of the certificate of title and upon the 7729  
records of the clerk. The clerk, if that cancellation appears to 7730  
be genuine, shall note the cancellation on the certificate of 7731  
title and also on the clerk's records. 7732

(C) Notwithstanding any provision of sections 1310.01 to 7733  
1310.78 of the Revised Code or of any other law, the lease of a 7734  
motor vehicle or trailer does not constitute a conditional sale or 7735  
create a security interest merely because the lease agreement 7736  
permits or requires the lessor, at the end of the lease term, to 7737  
adjust the rental price to either a higher or a lower amount by 7738  
reference to the amount the lessor realizes upon the sale or other 7739  
disposition of the motor vehicle or trailer. 7740

**Sec. 4519.68.** (A)(1) Chapter 1309. of the Revised Code does 7741  
not permit or require the deposit, filing, or other record of a 7742  
security interest covering an off-highway motorcycle or 7743  
all-purpose vehicle, except as provided in division (A)(2) of this 7744  
section. 7745

(2) ~~Sections 1309.01 to 1309.50~~ Chapter 1309. of the Revised 7746  
Code ~~apply~~ applies to a security interest in an off-highway 7747  
motorcycle or all-purpose vehicle held as inventory, as defined in 7748

~~division (D) of section 1309.07~~ 1309.102 of the Revised Code, for 7749  
sale by a dealer. The security interest has priority over 7750  
creditors of the dealer as provided in ~~sections 1309.01 to 1309.50~~ 7751  
Chapter 1309. of the Revised Code without notation of the security 7752  
interest on a certificate of title or without the retention of a 7753  
manufacturer's or importer's certificate. 7754

(B) Subject to division (A) of this section, any security 7755  
agreement covering a security interest in an off-highway 7756  
motorcycle or all-purpose vehicle, if a notation of the agreement 7757  
has been made by the clerk of the court of common pleas on the 7758  
face of the certificate of title, is valid as against the 7759  
creditors of the debtor, whether armed with process or not, and 7760  
against subsequent purchasers, secured parties, and other 7761  
lienholders or claimants. All security interests, liens, 7762  
mortgages, and encumbrances noted upon a certificate of title take 7763  
priority according to the order of time in which they are noted 7764  
thereon by the clerk. Exposure for sale of any off-highway 7765  
motorcycle or all-purpose vehicle by its owner, with the knowledge 7766  
or with the knowledge and consent of the holder of any security 7767  
interest, lien, mortgage, or encumbrance thereon, does not render 7768  
the security interest, lien, mortgage, or encumbrance ineffective 7769  
as against the creditors of the owner, or against holders of 7770  
subsequent security interests, liens, mortgages, or encumbrances 7771  
upon the off-highway motorcycle or all-purpose vehicle. 7772

The secured party, upon presentation of the security 7773  
agreement to the clerk of the court of common pleas of the county 7774  
in which the certificate of title was issued, together with the 7775  
certificate of title and the fee prescribed by section 4519.59 of 7776  
the Revised Code, may have a notation of the security interest 7777  
made on the face of the certificate of title and, if such a 7778  
notation is made, another notation of the lien shall be entered 7779  
into the automated title processing system for motor vehicle 7780

titles. The clerk, over the clerk's signature and seal of office, 7781  
shall issue a new original certificate of title from the automated 7782  
title processing system that indicates the security interest and 7783  
the date of the security interest. 7784

When the security interest is discharged, the holder thereof 7785  
shall note the discharge over the holder's signature on the face 7786  
of the certificate of title or over the holder's signature on a 7787  
form prescribed by the registrar of motor vehicles when there is 7788  
no space for the discharge on the face of the certificate of 7789  
title. Prior to delivering the certificate to the owner, the 7790  
holder or the holder's agent shall present it and any additional 7791  
information the clerk requires to the clerk to have the clerk note 7792  
the cancellation of the security interest on the face of the 7793  
certificate of title and upon the records of the clerk. If the 7794  
cancellation appears to be genuine, the clerk shall note the 7795  
cancellation on the certificate of title and also shall note the 7796  
cancellation on the clerk's records and notify the registrar, who 7797  
shall note the cancellation. If a security interest that is 7798  
discharged does not appear on the face of the certificate of title 7799  
but instead was entered into the automated title processing system 7800  
for motor vehicles, the clerk shall enter the cancellation into 7801  
the automated title processing system and also shall note the 7802  
cancellation on a form prescribed by the registrar. 7803

**Section 2.** That existing sections 111.18, 317.12, 317.32, 7804  
317.321, 1301.01, 1301.05, 1301.12, 1302.01, 1302.13, 1302.39, 7805  
1302.42, 1302.43, 1302.44, 1302.46, 1302.90, 1303.02, 1304.20, 7806  
1307.14, 1307.31, 1308.02, 1308.05, 1308.16, 1308.24, 1308.27, 7807  
1308.60, 1309.08, 1309.11, 1309.13, 1309.15, 1309.16, 1309.18, 7808  
1309.20, 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 7809  
1309.36, 1309.401, 1309.431, 1310.01, 1310.31, 1310.35, 1310.37, 7810  
1311.55, 1317.01, 1317.12, 1317.13, 1317.16, 1321.16, 1321.58, 7811  
1321.83, 1329.68, 1336.08, 1548.11, 1701.66, 4503.31, 4505.04, 7812

4505.13, and 4519.68 and sections 111.25, 1309.01, 1309.02, 7813  
1309.03, 1309.04, 1309.05, 1309.06, 1309.07, 1309.10, 1309.111, 7814  
1309.112, 1309.113, 1309.12, 1309.14, 1309.17, 1309.19, 1309.21, 7815  
1309.22, 1309.24, 1309.26, 1309.27, 1309.29, 1309.31, 1309.33, 7816  
1309.34, 1309.37, 1309.38, 1309.39, 1309.40, 1309.402, 1309.41, 7817  
1309.42, 1309.43, 1309.44, 1309.45, 1309.46, 1309.47, 1309.48, 7818  
1309.49, and 1309.50 of the Revised Code are hereby repealed. 7819

**Section 3.** Section 1301.05 of the Revised Code is presented 7821  
in this act as a composite of the section as amended by both H.B. 7822  
338 and Am. Sub. H.B. 170 of the 122nd General Assembly. Section 7823  
1309.23 of the Revised Code is presented in this act as a 7824  
composite of the section as amended by both H.B. 338 and Am. Sub. 7825  
H.B. 170 of the 122nd General Assembly. The General Assembly, 7826  
applying the principle stated in division (B) of section 1.52 of 7827  
the Revised Code that amendments are to be harmonized if 7828  
reasonably capable of simultaneous operation, finds that the 7829  
composite is the resulting version of the section in effect prior 7830  
to the effective date of the section as presented in this act. 7831

**Section 4.** Sections 1 and 2 of this act shall take effect on 7832  
July 1, 2001. 7833

**Section 5.** This act is hereby declared to be an emergency 7834  
measure necessary for the immediate preservation of the public 7835  
peace, health, and safety. The reason for such necessity is that 7836  
Revised Article 9 of the Uniform Commercial Code contains a 7837  
nationally uniform effective date established by the Uniform Law 7838  
Commissioners and complications may result in the area of secured 7839  
transactions if former Article 9 is in effect in Ohio on July 1, 7840  
2001. Therefore, this act shall go into immediate effect. 7841

**Section 6.** Section 1309.525 of the Revised Code in this act 7842  
and section 1309.40 of the Revised Code in H.B. 95 of the 124th 7843  
General Assembly both prescribe the fees for filing, indexing, and 7844  
furnishing filing data for an original, amended, or continuation 7845  
statement filed in the office of the secretary of state. The 7846  
amendment of section 1309.40 of the Revised Code by H.B. 95 of the 7847  
124th General Assembly supersedes the amendment of section 7848  
1309.525 of the Revised Code by this act with regards to the 7849  
amount of the fee prescribed by the secretary of state for filing, 7850  
indexing, and furnishing filing data for an original, amended, or 7851  
continuation statement in the office of the secretary of state. 7852