

As Reported by the Senate Judiciary--Civil Justice Committee

124th General Assembly

Regular Session

2001-2002

Sub. S. B. No. 74

SENATOR Blessing

A BILL

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

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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
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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

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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
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 1309.23, 1309.25, 1309.28, 1309.30, 1309.32, 1309.35, 1309.36, 68
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 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
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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
Sec. 317.12. 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 division (D) of section 1309.40 <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 division (E) of section 1309.03 <u>1309.301</u> of the Revised Code, or fixture filings made pursuant to section 1309.32 <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

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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
individual has reason to know of the transaction and that the
transaction would be materially affected by the information.

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

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

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

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

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

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

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

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

(JJ) "Rights" includes remedies.

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

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~~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 goods. 703
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An undivided share in an identified bulk of fungible goods is sufficiently identified to be sold although the quantity of the bulk is not determined. Any agreed proportion of such a bulk or any quantity thereof agreed upon by number, weight, or other measure may to the extent of the seller's interest in the bulk be sold to the buyer who then becomes an owner in common. 705
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(9) "Lot" means a parcel or a single article which is the subject matter of a separate sale or delivery, whether or not it is sufficient to perform the contract. 711
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(10) "Commercial unit" means such a unit of goods as by commercial usage is a single whole for purposes of sale and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article (as a machine) or a set of articles (as a suite of furniture or an assortment of sizes) or a quantity (as a bale, gross, or carload) or any other unit treated in use or in the relevant market as a single whole. 714
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(11) "Contract" and "agreement" are limited to those relating to the present or future sale of goods. "Contract for sale" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price. A "present sale" means a sale which is accomplished by the making of the contract. 722
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(12) Goods or conduct including any part of a performance are "conforming" or conform to the contract when they are in accordance with the obligations under the contract. 728
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(13) "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the contract 731
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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
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(12) "Sale or return", as defined in section 1302.39 of the Revised Code. 765
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(C) As used in sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code, "check" and "draft" have the meaning set forth in section 1303.03 of the Revised Code, "consignee" and "consignor" have the meaning set forth in section 1307.01 of the Revised Code, "consumer goods" has the meaning set forth in section ~~1309.07~~ 1309.102 of the Revised Code, and "dishonor" has the meaning set forth in section 1303.62 of the Revised Code. 767
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(D) The terms and principles of construction and interpretation set forth in sections 1301.01 to 1301.14, ~~inclusive~~, of the Revised Code, are applicable to sections 1302.01 to 1302.98, ~~inclusive~~, of the Revised Code. 774
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Sec. 1302.13. (A) A party may perform ~~his~~ the party's duty through a delegate unless otherwise agreed or unless the other party has a substantial interest in having ~~his~~ the original promisor perform or control the acts required by the contract. No delegation of performance relieves the party delegating of any duty to perform or any liability for breach. 778
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(B) ~~Unless~~ (1) Except as otherwise provided in section 1309.406 of the Revised Code, unless otherwise agreed all rights of either seller or buyer can be assigned except where the assignment would materially change the duty of the other party, or increase materially the burden or risk imposed on ~~him~~ the other party by ~~his~~ the contract, or impair materially ~~his~~ the other party's chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the 784
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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
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~~(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

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(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

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against the bailor on the goods covered by a warehouse receipt or 1064
on the proceeds thereof in ~~his~~ the warehouseman'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~~ warehouseman 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~~ warehouseman. But against a person to 1076
whom a negotiable warehouse receipt is duly negotiated a 1077
~~warehouseman's~~ warehouseman'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~~ warehouseman 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~~ warehouseman'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

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|---|------------------------------|
| | 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
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| (B) The local law of the securities intermediary's jurisdiction, as specified in division (E) of this section, governs: | 1168
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| (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
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| (C) The local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the security certificate is delivered. | 1181
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(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

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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
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(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
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(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
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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
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(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

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| <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 |

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

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| <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 |

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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

1657

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

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| <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 |

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| <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 |

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| <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
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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
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| <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
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1821 |
| <u>(73) "Security agreement" means an agreement that creates or provides for a security interest.</u> | 1822
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| <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
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| <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
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| <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
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(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
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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
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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
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(79) "Termination statement" means an amendment of a financing statement that: 1848
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(a) Identifies, by its file number, the initial financing statement to which it relates; and 1850
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(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

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| <u>(2) "Beneficiary" has the same meaning as in section 1305.01 of the Revised Code.</u> | 1866 |
| | 1867 |
| <u>(3) "Broker" has the same meaning as in section 1308.01 of the Revised Code.</u> | 1868 |
| | 1869 |
| <u>(4) "Certificated security" has the same meaning as in section 1308.01 of the Revised Code.</u> | 1870 |
| | 1871 |
| <u>(5) "Check" has the same meaning as in section 1303.03 of the Revised Code.</u> | 1872 |
| | 1873 |
| <u>(6) "Clearing corporation" has the same meaning as in section 1308.01 of the Revised Code.</u> | 1874 |
| | 1875 |
| <u>(7) "Contract for sale" has the same meaning as in section 1302.01 of the Revised Code.</u> | 1876 |
| | 1877 |
| <u>(8) "Customer" has the same meaning as in section 1304.01 of the Revised Code.</u> | 1878 |
| | 1879 |
| <u>(9) "Entitlement holder" has the same meaning as in section 1308.01 of the Revised Code.</u> | 1880 |
| | 1881 |
| <u>(10) "Financial asset" has the same meaning as in section 1308.01 of the Revised Code.</u> | 1882 |
| | 1883 |
| <u>(11) "Holder in due course" has the same meaning as in section 1303.32 of the Revised Code.</u> | 1884 |
| | 1885 |
| <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 |
| | 1887 |
| | 1888 |
| <u>(13) "Issuer," with respect to a security, has the same meaning as in section 1308.08 of the Revised Code.</u> | 1889 |
| | 1890 |
| <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> | 1891 |
| | 1892 |
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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 |
| <u>Sec. 1309.103. (A) As used in this section:</u> | 1920 |
| <u>(1) "Purchase-money collateral" means goods or software that secures a purchase-money obligation incurred with respect to that</u> | 1921
1922 |

collateral; and 1923

(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. 1924
1925
1926
1927

(B) A security interest in goods is a purchase-money security interest: 1928
1929

(1) To the extent that the goods are purchase-money collateral with respect to that security interest; 1930
1931

(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 1932
1933
1934
1935
1936

(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. 1937
1938
1939
1940

(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: 1941
1942
1943
1944
1945

(1) The debtor acquired its interest in the software in an integrated transaction in which it acquired an interest in the goods. and 1946
1947
1948

(2) The debtor acquired its interest in the software for the principal purpose of using the software in the goods. 1949
1950

(D) The security interest of a consignor in goods that are the subject of a consignment is a purchase-money security interest 1951
1952

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| <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 |

| | |
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| <u>interest is a purchase-money security interest.</u> | 1982 |
| <u>(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.</u> | 1983
1984
1985
1986
1987
1988 |
| <u>Sec. 1309.104. (A) A secured party has control of a deposit account if:</u> | 1989
1990 |
| <u>(1) The secured party is the bank with which the deposit account is maintained;</u> | 1991
1992 |
| <u>(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</u> | 1993
1994
1995
1996 |
| <u>(3) The secured party becomes the bank's customer with respect to the deposit account.</u> | 1997
1998 |
| <u>(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.</u> | 1999
2000
2001
2002 |
| <u>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:</u> | 2003
2004
2005 |
| <u>(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;</u> | 2006
2007
2008
2009 |
| <u>(B) The authoritative copy identifies the secured party as</u> | 2010 |

| | |
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| <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 |
| <u>Sec. 1309.106. (A) A person has control of a certificated security, uncertificated security, or security entitlement as provided in section 1308.24 of the Revised Code.</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 |
| <u>Sec. 1309.107. 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

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| <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 |

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| <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 |

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

| | |
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| <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
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| <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
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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
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2284 |
| Sec. 1309.15 <u>1309.204</u>. (A) Except as provided in division (B) of this section, a security agreement may <u>create or provide that</u> any or all obligations covered by the <u>for a security agreement are</u> to be secured by <u>interest in</u> after-acquired collateral. | 2285
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| (B) No <u>A</u> security interest attaches <u>does not attach</u> under a <u>term constituting</u> an after-acquired property clause to consumer ; | 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
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2295 |
| <u>(2) A commercial tort claim.</u> | 2296 |
| (C) Obligations covered by a <u>A</u> security agreement may include <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
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~~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

| | |
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| <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
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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
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| <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 |
| Sec. 1309.18 1309.207. (A) <u>A Except as otherwise provided in division (D) of this section, a secured party must shall use reasonable care in the custody and preservation of collateral in his the secured party's possession. In the case of an instrument or chattel paper, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.</u> | 2346
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| <u>(B) Unless Except as otherwise agreed provided in division (D) of this section, when collateral is in the if a secured party's party has possession of collateral:</u> | 2352
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| <u>(1) reasonable Reasonable expenses, including the cost of any insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the collateral are chargeable to the debtor and are secured by the collateral;</u> | 2355
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2358 |
| <u>(2) the 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
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~~(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
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~~(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
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~~(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
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2386

~~(1) May hold as additional security any proceeds, except money or funds, received from the collateral;~~ 2387
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| <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 |
| <u>Sec. 1309.208. (A) This section applies to cases in which</u> | 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</u> | 2419 |
| <u>the debtor's name;</u> | 2420 |
| <u>(3) A secured party, other than a buyer, having control of</u> | 2421 |
| <u>electronic chattel paper under section 1309.105 of the Revised</u> | 2422 |
| <u>Code shall:</u> | 2423 |
| <u>(a) Communicate the authoritative copy of the electronic</u> | 2424 |
| <u>chattel paper to the debtor or its designated custodian;</u> | 2425 |
| <u>(b) If the debtor designates a custodian that is the</u> | 2426 |
| <u>designated custodian with which the authoritative copy of the</u> | 2427 |
| <u>electronic chattel paper is maintained for the secured party,</u> | 2428 |
| <u>communicate to the custodian an authenticated record releasing the</u> | 2429 |
| <u>designated custodian from any further obligation to comply with</u> | 2430 |
| <u>instructions originated by the secured party and instructing the</u> | 2431 |
| <u>custodian to comply with instructions originated by the debtor;</u> | 2432 |
| <u>and</u> | 2433 |
| <u>(c) Take appropriate action to enable the debtor or its</u> | 2434 |
| <u>designated custodian to make copies of or revisions to the</u> | 2435 |
| <u>authoritative copy that add or change an identified assignee of</u> | 2436 |
| <u>the authoritative copy without the consent of the secured party.</u> | 2437 |
| <u>(4) A secured party having control of investment property</u> | 2438 |
| <u>under division (D)(2) of section 1308.24 or division (B) of</u> | 2439 |
| <u>section 1309.106 of the Revised Code shall send to the securities</u> | 2440 |
| <u>intermediary or commodity intermediary with which the security</u> | 2441 |
| <u>entitlement or commodity contract is maintained an authenticated</u> | 2442 |
| <u>record that releases the securities intermediary or commodity</u> | 2443 |
| <u>intermediary from any further obligation to comply with</u> | 2444 |
| <u>entitlement orders or directions originated by the secured party.</u> | 2445 |
| <u>and</u> | 2446 |
| <u>(5) A secured party having control of a letter-of-credit</u> | 2447 |
| <u>right under section 1309.107 of the Revised Code shall send to</u> | 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

As Reported by the Senate Judiciary--Civil Justice Committee

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
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(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
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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
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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
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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
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(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
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(C) Except as otherwise provided in division (D) of this section, while negotiable documents, goods, instruments, money, or 2537
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| <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 |
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| <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 |
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| <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 |
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| <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
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Sec. 1309.305. (A) Except as otherwise provided in division (C) of this section, the following rules apply: 2601
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(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
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(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
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(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
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(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
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(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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(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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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

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(3) Automatic perfection of a security interest in a commodity contract or commodity account created by a commodity intermediary. 2659
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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
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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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(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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Sec. 1309.307. (A) As used in this section, "place of business" means a place where a debtor conducts the debtor's affairs. 2677
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(B) Except as otherwise provided in this section, the following rules determine a debtor's location: 2680
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(1) A debtor who is an individual is located at the individual's principal residence. 2682
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(2) A debtor that is an organization and has only one place of business is located at its place of business. 2684
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(3) A debtor that is an organization and has more than one place of business is located at its chief executive office. 2686
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(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
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(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
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(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
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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
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(K) This section applies only for the purposes of sections 1309.301 to 1309.342 of the Revised Code. 2734
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Sec. 1309.308. (A) Except as otherwise provided in this section and section 1309.309 of the Revised Code, a security interest is perfected if it has attached and all of the applicable requirements for perfection in sections 1309.310 to 1309.316 of the Revised Code have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches. 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
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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
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(D) Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral. 2753
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(E) Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right. 2756
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(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

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| <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
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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
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| <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
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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
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2799 |
| <u>(M) A security interest created by an assignment of a beneficial interest in a decedent's estate.</u> | 2800
2801 |
| <u>Sec. 1309.310.</u> <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
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| <u>(B) The filing of a financing statement is not necessary to</u> | 2806 |

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| <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
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| <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
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| <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
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| <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
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2819 |
| <u>(6) In collateral in the secured party's possession under section 1309.313 of the Revised Code;</u> | 2820
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| <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
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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
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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
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(2) Chapters 1547., 1548., 4505., 4519., and 5309. of the Revised Code; 2844
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(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
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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
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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

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(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~~ 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~~ 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)~~ (D) ~~A security interest in~~ 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

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

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| <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
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| <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
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| <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
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| <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
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| <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
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| <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
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| <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
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| <u>(G) If a person acknowledges that the person holds possession</u> | 2987 |

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| <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>otherwise provides.</u> | 2996 |
| <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> | 2997 |
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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. 3018
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(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: 3023
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(1) The secured party does not have control; and 3027

(2) One of the following occurs: 3028

(a) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate; 3029
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(b) If the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or 3031
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(c) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder. 3034
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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."~~ 3036
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~~(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:~~ 3045
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(1) A security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the disposition was authorized by the secured party in the security agreement or otherwise, and also continues in authorized the disposition free of the security interest or agricultural lien; and

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

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

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

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

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

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

(1) The following conditions are satisfied:

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

(b) The 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

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

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~~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
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(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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(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
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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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(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
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(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
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(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
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(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
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(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
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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

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(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

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| <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
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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
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| <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
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| <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
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3408 |

(G) A perfected agricultural lien on collateral has priority 3409
over a conflicting security interest in or agricultural lien on 3410
the same collateral if the statute creating the agricultural lien 3411
so provides. 3412

Sec. 1309.323. (A) Except as otherwise provided in division 3413
(C) of this section, for purposes of determining the priority of a 3414
perfected security interest under division (A)(1) of section 3415
1309.322 of the Revised Code, perfection of the security interest 3416
dates from the time an advance is made to the extent that the 3417
security interest secures an advance that: 3418

(1) Is made while the security interest is perfected only: 3419

(a) Under section 1309.309 of the Revised Code when it 3420
attaches; or 3421

(b) Temporarily under division (E), (F), or (G) of section 3422
1309.312 of the Revised Code. 3423

(2) Is not made pursuant to a commitment entered into before 3424
or while the security interest is perfected by a method other than 3425
under section 1309.309 or division (E), (F), or (G) of section 3426
1309.312 of the Revised Code. 3427

(B) Except as otherwise provided in division (C) of this 3428
section, a security interest is subordinate to the rights of a 3429
person that becomes a lien creditor to the extent that the 3430
security interest secures advances made more than forty-five days 3431
after the person becomes a lien creditor unless the advance is 3432
made: 3433

(1) Without knowledge of the lien; or 3434

(2) Pursuant to a commitment entered into without knowledge 3435
of the lien. 3436

(C) Divisions (A) and (B) of this section do not apply to a 3437

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|---|------|
| <u>security interest held by a secured party that is a buyer of</u> | 3438 |
| <u>accounts, chattel paper, payment intangibles, or promissory notes</u> | 3439 |
| <u>or a consignor.</u> | 3440 |
| <u>(D) Except as otherwise provided in division (E) of this</u> | 3441 |
| <u>section, a buyer of goods other than a buyer in ordinary course of</u> | 3442 |
| <u>business takes free of a security interest to the extent that it</u> | 3443 |
| <u>secures advances made after the earlier of:</u> | 3444 |
| <u>(1) The time the secured party acquires knowledge of the</u> | 3445 |
| <u>buyer's purchase; or</u> | 3446 |
| <u>(2) Forty-five days after the purchase.</u> | 3447 |
| <u>(E) Division (D) of this section does not apply if the</u> | 3448 |
| <u>advance is made pursuant to a commitment entered into without</u> | 3449 |
| <u>knowledge of the buyer's purchase and before the expiration of the</u> | 3450 |
| <u>forty-five-day period.</u> | 3451 |
| <u>(F) Except as otherwise provided in division (G) of this</u> | 3452 |
| <u>section, a lessee of goods, other than a lessee in ordinary course</u> | 3453 |
| <u>of business, takes the leasehold interest free of a security</u> | 3454 |
| <u>interest to the extent that it secures advances made after the</u> | 3455 |
| <u>earlier of:</u> | 3456 |
| <u>(1) The time the secured party acquires knowledge of the</u> | 3457 |
| <u>lease; or</u> | 3458 |
| <u>(2) Forty-five days after the lease contract becomes</u> | 3459 |
| <u>enforceable.</u> | 3460 |
| <u>(G) Division (F) of this section does not apply if the</u> | 3461 |
| <u>advance is made pursuant to a commitment entered into without</u> | 3462 |
| <u>knowledge of the lease and before the expiration of the</u> | 3463 |
| <u>forty-five-day period.</u> | 3464 |
| Sec. 1309.324. <u>(A) Except as otherwise provided in division</u> | 3465 |
| <u>(G) of this section, a perfected purchase money security interest</u> | 3466 |

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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

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| <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>(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> | 3500 |
| <u>(1) The purchase money security interest is perfected when the debtor receives possession of the livestock;</u> | 3504 |
| <u>(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;</u> | 3505 |
| <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> | 3506 |
| <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> | 3507 |
| <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> | 3508 |
| <u>(1) If the purchase money security interest is perfected by filing, before the date of the filing; or</u> | 3509 |

(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. 3527
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(F) Except as otherwise provided in division (G) of this section, a perfected purchase money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section. 3531
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(G) If more than one security interest qualifies for priority in the same collateral under division (A), (B), (D), or (F) of this section: 3540
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(1) A security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and 3543
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(2) In all other cases, division (A) of section 1309.322 of the Revised Code applies to the qualifying security interests. 3548
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Sec. 1309.325. (A) Except as otherwise provided in division (B) of this section, a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if: 3550
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(1) The debtor acquired the collateral subject to the security interest created by the other person; 3554
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(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 3558
is unperfected. 3559

(B) Division (A) of this section subordinates a security 3560
interest only if the security interest: 3561

(1) Otherwise would have priority solely under division (A) 3562
of section 1309.322 or section 1309.324 of the Revised Code; or 3563

(2) Arose solely under division (C) of section 1302.85 or 3564
division (E) of section 1310.54 of the Revised Code. 3565

Sec. 1309.326. (A) Subject to division (B) of this section, a 3566
security interest created by a new debtor that is perfected by a 3567
filed financing statement that is effective solely under section 3568
1309.508 of the Revised Code in collateral in which a new debtor 3569
has or acquires rights is subordinate to a security interest in 3570
the same collateral that is perfected other than by a filed 3571
financing statement that is effective solely under section 3572
1309.508 of the Revised Code. 3573

(B) Sections 1309.301 to 1309.342 of the Revised Code 3574
determine the priority among conflicting security interests in the 3575
same collateral perfected by filed financing statements that are 3576
effective solely under section 1309.508 of the Revised Code. 3577
However, if the security agreements to which a new debtor became 3578
bound as debtor were not entered into by the same original debtor, 3579
the conflicting security interests rank according to priority in 3580
time of the new debtor's having become bound. 3581

Sec. 1309.327. The following rules govern priority among 3582
conflicting security interests in the same deposit account: 3583

(A) A security interest held by a secured party having 3584
control of the deposit account under section 1309.104 of the 3585

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

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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
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(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

| | |
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| <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
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| <u>(2) That is created by statute or rule of law in favor of the person; and</u> | 3738
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| <u>(3) Whose effectiveness depends on the person's possession of the goods.</u> | 3740
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| <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
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3744 |
| 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: | 3745
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| (1) Goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law. | 3749
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| (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. | 3752
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| (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. | 3757
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3760 |
| (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> | 3761
3762 |

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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; 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, the security interest has;</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, and the debtor</u> | 3797 |
| <u>has an interest of record in the real estate or is in possession</u> | 3798 |
| <u>of the real estate; or</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) Whether or not the property is a fixture, a security</u> | 3812 |
| <u>interest in readily removable factory or office machines or</u> | 3813 |
| <u>readily removable replacements of domestic appliances that are</u> | 3814 |
| <u>consumer goods, which</u> | 3815 |
| <u>(4) The security interest has been perfected by any method</u> | 3816 |
| <u>permitted by sections 1309.01 to 1309.50 <u>is:</u></u> | 3817 |
| <u>(a) <u>Created in a manufactured home in a manufactured home</u></u> | 3818 |
| <u>transaction; and</u> | 3819 |
| <u>(b) <u>Perfected pursuant to a section listed in division (A)(2)</u></u> | 3820 |
| <u>of <u>section 1309.311</u> of the Revised Code and has been perfected</u> | 3821 |
| <u>before the property was installed in the real estate, has priority</u> | 3822 |

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

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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

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(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
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| <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
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| <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
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| <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
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| <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
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~~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
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(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

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| <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
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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
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| <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
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| <u>Sec. 1309.407.</u> <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
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| <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
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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
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| <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
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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

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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

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(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

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(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

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| <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 |

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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
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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
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(4) The record is duly recorded. 4389

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

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| <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 |

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| <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
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| <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
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| <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
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| <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
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| <u>Sec. 1309.504. A financing statement sufficiently indicates</u>
<u>the collateral that it covers if the financing statement provides:</u> | 4432
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| <u>(A) A description of the collateral pursuant to section</u>
<u>1309.108 of the Revised Code; or</u> | 4435
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| <u>(B) An indication that the financing statement covers all</u>
<u>assets or all personal property.</u> | 4437
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| <u>Sec. 1309.431 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
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(B) Sections 1309.501 to ~~1309.431~~ 1309.527 of the Revised Code shall apply to the filing of a financing statement under division (A) of this section and, as appropriate, to such compliance that is equivalent to filing a financing statement under division (B) of section 1309.311 of the Revised Code, but ~~its~~ the filing ~~shall~~ or compliance is not of itself be a factor in determining ~~whether or not~~ whether the ~~consignment or lease is~~ intended as security. However, if collateral secures an obligation. If it is determined for ~~other reasons~~ another reason that the ~~consignment or lease is so intended~~ collateral secures an obligation, a security interest ~~of~~ held by the consignor or, lessor which, bailor, licensor, owner, or buyer that attaches to the ~~consigned or leased goods~~ collateral is perfected by such the filing or compliance. 4449
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Sec. 1309.506. (A) A financing statement that substantially satisfies the requirements of sections 1309.501 to 1309.527 of the Revised Code is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading. 4463
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(B) Except as otherwise provided in division (C) of this section, a financing statement that fails sufficiently to provide the name of the debtor in accordance with division (A) of section 1309.503 is seriously misleading. 4468
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(C) If a search of the records of the filing office under the debtor's correct name, using the filing office's standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with division (A) of section 1309.503 of the Revised Code, the name provided does not make the financing statement seriously misleading. 4472
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(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

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

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(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 4598
section 1309.501 of the Revised Code, provides the date and time 4599
that the initial financing statement was filed and the information 4600
specified in division (B) of section 1309.502 of the Revised Code. 4601
4602

(B) Except as otherwise provided in section 1309.515 of the 4603
Revised Code, the filing of an amendment does not extend the 4604
period of effectiveness of the financing statement. 4605

(C) A financing statement that is amended by an amendment 4606
that adds collateral is effective as to the added collateral only 4607
from the date of the filing of the amendment. 4608

(D) A financing statement that is amended by an amendment 4609
that adds a debtor is effective as to the added debtor only from 4610
the date of the filing of the amendment. 4611

(E) An amendment is ineffective to the extent it: 4612

(1) Purports to delete all debtors and fails to provide the 4613
name of a debtor to be covered by the financing statement; or 4614

(2) Purports to delete all secured parties of record and 4615
fails to provide the name of a new secured party of record. 4616

Sec. 1309.513. (A) A secured party shall cause the secured 4617
party of record for a financing statement to file a termination 4618
statement for the financing statement if the financing statement 4619
covers consumer goods and: 4620

(1) There is no obligation secured by the collateral covered 4621
by the financing statement, and no commitment to make an advance, 4622
incur an obligation, or otherwise give value; or 4623

(2) The debtor did not authorize the filing of the initial 4624
financing statement. 4625

(B) To comply with division (A) of this section, a secured 4626

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

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relates ceases to be effective. Except as provided in section 1309.510 of the Revised Code, for purposes of division (G) of section 1309.519, division (A) of section 1309.522, and division (C) of section 1309.523 of the Revised Code, the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

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

(B) Except as provided in division (C) of this section, a secured party of record may assign of record all or part of its power to authorize an amendment to a financing statement by filing in the filing office an amendment of the financing statement that:

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

(2) Provides the name of the assignor; and

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

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

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

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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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| | |
|---|------|
| <u>statement is filed pursuant to division (D) of this section.</u> | 4717 |
| <u>Succeeding continuation statements may be filed in the same manner</u> | 4718 |
| <u>to continue the effectiveness of the initial financing statement.</u> | 4719 |
| | 4720 |
| <u>(F) If a debtor is a transmitting utility and a filed</u> | 4721 |
| <u>financing statement so indicates, the financing statement is</u> | 4722 |
| <u>effective until a termination statement is filed.</u> | 4723 |
| | |
| <u>(G) A record of a mortgage that is effective as a financing</u> | 4724 |
| <u>statement filed as a fixture filing under division (C) of section</u> | 4725 |
| <u>1309.502 of the Revised Code remains effective as a financing</u> | 4726 |
| <u>statement filed as a fixture filing until the mortgage is released</u> | 4727 |
| <u>or satisfied of record or its effectiveness otherwise terminates</u> | 4728 |
| <u>as to the real property.</u> | 4729 |
| | |
| <u>Sec. 1309.516. (A) Except as provided in division (B) of this</u> | 4730 |
| <u>section, communication of a record to a filing office and tender</u> | 4731 |
| <u>of the filing fee or acceptance of the record by the filing office</u> | 4732 |
| <u>constitutes filing.</u> | 4733 |
| | |
| <u>(B) Filing does not occur with respect to a record that a</u> | 4734 |
| <u>filing office refuses to accept because:</u> | 4735 |
| | |
| <u>(1) The record is not communicated by a method or medium of</u> | 4736 |
| <u>communication authorized by the filing office;</u> | 4737 |
| | |
| <u>(2) An amount equal to or greater than the applicable filing</u> | 4738 |
| <u>fee is not tendered;</u> | 4739 |
| | |
| <u>(3) The filing office is unable to index the record because:</u> | 4740 |
| | 4741 |
| | |
| <u>(a) In the case of an initial financing statement, the record</u> | 4742 |
| <u>does not provide a name for the debtor;</u> | 4743 |
| | |
| <u>(b) In the case of an amendment or correction statement, the</u> | 4744 |
| <u>record:</u> | 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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4769

(a) Provide a mailing address for the debtor; 4770

(b) Indicate whether the debtor is an individual or an organization; or 4771
4772

(c) If the financing statement indicates that the debtor is an organization, provide: 4773
4774

(i) A type of organization for the debtor; 4775

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- (ii) A jurisdiction of organization for the debtor; or 4776
- (iii) An organizational identification number for the debtor 4777
or indicate that the debtor has none. 4778
- (6) In the case of an assignment reflected in an initial 4779
financing statement under division (A) of section 1309.514 of the 4780
Revised Code or an amendment filed under division (B) of section 4781
1309.514 of the Revised Code, the record does not provide a name 4782
and mailing address for the assignee. 4783
- (7) In the case of a continuation statement, the record is 4784
not filed within the six-month period prescribed by division (D) 4785
of section 1309.515 of the Revised Code. or 4786
- (8) The secretary of state refuses to accept the record for 4787
filing or recording in compliance with division (A) of section 4788
111.24 of the Revised Code. 4789
- (C) For purposes of division (B) of this section: 4790
- (1) A record does not provide information if the filing 4791
office is unable to read or decipher the information; and 4792
- (2) A record that does not indicate that it is an amendment 4793
or identify an initial financing statement to which it relates, as 4794
required by section 1309.512, 1309.514, or 1309.518 of the Revised 4795
Code, is an initial financing statement. 4796
- (D) A record that is communicated to the filing office with 4797
tender of the filing fee, but that the filing office refuses to 4798
accept for a reason other than one specified in division (B) of 4799
this section, is effective as a filed record except as against a 4800
purchaser of the collateral that gives value in reasonable 4801
reliance upon the absence of the record from the files. 4802
- Sec. 1309.517.** The failure of the filing office to index a 4803
record correctly does not affect the effectiveness of the filed 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

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- (3) Maintain the filed record for public inspection; and 4833
- (4) Index the filed record in accordance with divisions (C), (D), and (E) of this section. 4834
4835
- (B) A file number assigned after January 1, 2002, must include a digit that: 4836
4837
- (1) Is mathematically derived from or related to the other digits of the file number; and 4838
4839
- (2) Aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error. 4840
4841
4842
- (C) Except as provided in divisions (D) and (E) of this section, the filing office shall: 4843
4844
- (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 4845
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4849
- (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. 4850
4851
4852
4853
- (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: 4854
4855
4856
- (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 4857
4858
4859
- (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 4860
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4862

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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> [] None | | | | 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> | | | | 4968 |
| <u>State</u> | | | | 4968 |
| <u>Postal code</u> | | | | 4968 |
| <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> [optional] | | | | 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 |

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9. NAME OF FIRST DEBTOR (1a OR 1b) ON RELATED FINANCING STATEMENT 4988

9a. Organization's name 4989

or 4990

9b. Individual's last name First name 4991

Middle name Suffix 4992

10. MISCELLANEOUS 4993

..... 4994

..... 4995

..... The above space is for filing office use only. 4996

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME 4997

(Insert only one name [11a or 11b]. Do not abbreviate or combine names.) 4998

11a. Organization's name 4999

or 5000

11b. Individual's last name First name 5001

Middle name Suffix 5002

11c. Mailing address 5003

City State Postal code Country 5004

11d. Tax ID Number: SSN or EIN 5005

Additional information regarding organization debtor 5006

11e. Type of organization 5007

11f. Jurisdiction of organization 5008

11g. Organizational ID number, if any [] None 5009

12. [] ADDITIONAL SECURED PARTY'S or [] ASSIGNOR S/P'S NAME 5010

(Insert only one name [12a or 12b].) 5011

12a. Organization's name 5012

or 5013

12b. Individual's last name First name 5014

Middle name Suffix 5015

12c. Mailing address 5016

City State Postal code Country 5017

13. This FINANCING STATEMENT covers [] timber to be cut or 5018

[] as-extracted collateral, or is filed as a [] fixture filing. 5019

| | |
|---|------|
| <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 |
| <u>or</u> | 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 |

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(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

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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

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(2) The secretary of state may adopt rules pursuant to 5199
Chapter 119. of the Revised Code to reasonably limit the number of 5200
bulk commercial special extraction requests made by a person for 5201
the same records or for updated records during a calendar year. 5202
The rules may include provisions for charges to be made for bulk 5203
commercial special extraction requests for the actual cost of the 5204
secretary of state, plus special extraction costs, plus ten per 5205
cent. The secretary of state may charge for expenses for redacting 5206
information, the release of which is prohibited by law. 5207

(3) As used in division (F)(2) of this section: 5208

(a) "Actual cost" means the cost of depleted supplies, 5209
records storage media costs, actual mailing and alternative 5210
delivery costs, or other transmitting costs, and any direct 5211
equipment operating and maintenance costs, including actual costs 5212
paid to private contractors for copying services. 5213

(b) "Bulk commercial special extraction request" means a 5214
request for copies of a record for information in a format other 5215
than the format already available, or information that cannot be 5216
extracted without examination of all items in a records series, 5217
class of records, or data base by a person who intends to use or 5218
forward the copies for surveys, marketing, solicitation, or resale 5219
for commercial purposes. "Bulk commercial special extraction 5220
request" does not include a request by a person who gives 5221
assurance to the secretary of state that the person making the 5222
request does not intend to use or forward the requested copies for 5223
surveys, marketing, solicitation, or resale for commercial 5224
purposes. 5225

(c) "Commercial" means profit-seeking production, buying, or 5226
selling of any good, service, or other product. 5227

(d) "Special extraction costs" means the cost of the time 5228
spent by the lowest paid employee competent to perform the task, 5229

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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

5254

(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

(1) Consistent with this chapter; and 5281
(2) Adopted in accordance with Chapter 119. of the Revised 5282

Code. 5283
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

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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

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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 5350
following percentages: 5351

(1) For the period of July 1, 2001, to June 30, 2002, that 5352
amount multiplied by fifty per cent. 5353

(2) For the period of July 1, 2002, to June 30, 2003, that 5354
amount multiplied by forty per cent. 5355

(3) For the period of July 1, 2003, to June 30, 2004, that 5356
amount multiplied by thirty per cent. 5357

(4) For the period of July 1, 2004, to June 30, 2005, that 5358
amount multiplied by twenty per cent. 5359

(5) For the period of July 1, 2005, to June 30, 2006, that 5360
amount multiplied by ten per cent. 5361

(B) The secretary of state shall make distributions to the 5362
county recorders pursuant to division (A) of this section so that 5363
the county recorder of each county receives a share of the 5364
aggregate amount so distributed equal to, as nearly as may be, the 5365
percentage that the fees collected by that county recorder under 5366
sections 1309.38 to 1309.431 of the Revised Code for calendar year 5367
1998 bore to the total of the fees collected by the county 5368
recorders of all counties under those sections for that calendar 5369
year. The percentage allocations among the county recorders of the 5370
counties shall be based upon the fee collection information for 5371
calendar year 1998 for each county provided to the secretary of 5372
state on or before October 31, 2001, by the association of county 5373
recorders of this state. The secretary of state may distribute 5374
those amounts from time to time as the secretary of state so 5375
determines but no less frequently than annually, and in any case 5376
shall commence those distributions not later than September 30, 5377
2002. 5378

Sec. 1309.601. (A) After default, a secured party has the 5379
rights provided in sections 1309.601 to 1309.628 of the Revised 5380
Code and, except as otherwise provided in section 1309.602 of the 5381
Revised Code, those provided by agreement of the parties. A 5382
secured party: 5383

(1) May reduce a claim to judgment, foreclose, or otherwise 5384
enforce the claim, security interest, or agricultural lien by any 5385
available judicial procedure; and 5386

(2) If the collateral is documents, proceed either as to the 5387
documents or as to the goods they cover. 5388

(B) A secured party in possession of collateral or control of 5389
collateral under section 1309.104, 1309.105, 1309.106, or 1309.107 5390
of the Revised Code has the rights and duties provided in section 5391
1309.207 of the Revised Code. 5392

(C) The rights under divisions (A) and (B) of this section 5393
are cumulative and may be exercised simultaneously. 5394

(D) Except as otherwise provided in division (G) of this 5395
section and section 1309.605 of the Revised Code, after default, a 5396
debtor and an obligor have the rights provided in sections 5397
1309.601 to 1309.628 of the Revised Code and by agreement of the 5398
parties. 5399

(E) If a secured party has reduced its claim to judgment, the 5400
lien of any levy that may be made upon the collateral by virtue of 5401
an execution based upon the judgment relates back to the earliest 5402
of: 5403

(1) The date of perfection of the security interest or 5404
agricultural lien in the collateral; 5405

(2) The date of filing a financing statement covering the 5406
collateral; or 5407

(3) Any date specified in a statute under which the agricultural lien was created. 5408
5409

(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
5411
5412
5413
5414

(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
5416
5417
5418
5419

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
5421
5422
5423
5424

(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
5426
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
5429
5430

(C) Division (C) of section 1309.607 of the Revised Code, which relates to the collection and enforcement of collateral; 5431
5432

(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
5434
5435
5436

(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 |
| <u>Sec. 1309.603.</u> <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 |

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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

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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

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| | |
|--|------|
| <u>(b) The secured party is entitled to enforce the mortgage nonjudicially.</u> | 5554 |
| | 5555 |
| <u>(C) A secured party shall proceed in a commercially reasonable manner if the secured party:</u> | 5556 |
| | 5557 |
| <u>(1) Undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and</u> | 5558 |
| | 5559 |
| <u>(2) Is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.</u> | 5560 |
| | 5561 |
| | 5562 |
| <u>(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.</u> | 5563 |
| | 5564 |
| | 5565 |
| | 5566 |
| <u>(E) This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.</u> | 5567 |
| | 5568 |
| | 5569 |
| <u>Sec. 1309.608.</u> <u>(A) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:</u> | 5570 |
| | 5571 |
| | 5572 |
| <u>(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:</u> | 5573 |
| | 5574 |
| | 5575 |
| <u>(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;</u> | 5576 |
| | 5577 |
| | 5578 |
| | 5579 |
| <u>(b) The satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and</u> | 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
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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
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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
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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
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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
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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

| | |
|---|------|
| <u>(a) Any other person from whom the secured party has</u> | 5670 |
| <u>received, before the notification date, an authenticated</u> | 5671 |
| <u>notification of a claim of an interest in the collateral;</u> | 5672 |
| <u>(b) Any other secured party or lienholder who, ten days</u> | 5673 |
| <u>before the notification date, held a security interest in or other</u> | 5674 |
| <u>lien on the collateral perfected by the filing of a financing</u> | 5675 |
| <u>statement that:</u> | 5676 |
| <u>(i) Identified the collateral;</u> | 5677 |
| <u>(ii) Was indexed under the debtor's name as of that date; and</u> | 5678 |
| | 5679 |
| <u>(iii) Was filed in the office in which to file a financing</u> | 5680 |
| <u>statement against the debtor covering the collateral as of that</u> | 5681 |
| <u>date; and</u> | 5682 |
| <u>(c) Any other secured party who, ten days before the</u> | 5683 |
| <u>notification date, held a security interest in the collateral</u> | 5684 |
| <u>perfected by compliance with a statute, rule, or treaty described</u> | 5685 |
| <u>in division (A) of section 1309.311 of the Revised Code.</u> | 5686 |
| <u>(D) Division (B) of this section does not apply if the</u> | 5687 |
| <u>collateral is perishable or threatens to decline speedily in value</u> | 5688 |
| <u>or is of a type customarily sold on a recognized market.</u> | 5689 |
| <u>(E) A secured party complies with the requirement for</u> | 5690 |
| <u>notification prescribed by division (C)(3)(b) of this section if:</u> | 5691 |
| <u>(1) Not later than twenty days nor earlier than thirty days</u> | 5692 |
| <u>before the notification date, the secured party requests, in a</u> | 5693 |
| <u>commercially reasonable manner, information concerning financing</u> | 5694 |
| <u>statements indexed under the debtor's name in the office indicated</u> | 5695 |
| <u>in division (C)(3)(b) of this section; and</u> | 5696 |
| <u>(2) Before the notification date, the secured party:</u> | 5697 |
| <u>(a) Did not receive a response to the request for</u> | 5698 |
| <u>information; or</u> | 5699 |

(b) Received a response to the request for information and 5700
sent an authenticated notification of disposition to each secured 5701
party or other lienholder named in that response whose financing 5702
statement covered the collateral. 5703

Sec. 1309.612. (A) Except as otherwise provided in division 5704
(B) of this section, whether a notification is sent within a 5705
reasonable time is a question of fact. 5706

(B) A notification of disposition sent after default and ten 5707
days or more before the earliest time of disposition set forth in 5708
the notification is sent within a reasonable time before the 5709
disposition. 5710

Sec. 1309.613. (A) Except in a consumer-goods transaction, 5711
all of the following rules apply to a notification of disposition 5712
of collateral and to a disposition of collateral: 5713

(1) The contents of a notification of disposition are 5714
sufficient if the notification: 5715

(a) Describes the debtor and the secured party; 5716

(b) Describes the collateral that is the subject of the 5717
intended disposition; 5718

(c) States the method of intended disposition; 5719

(d) States that the debtor is entitled to an accounting of 5720
the unpaid indebtedness and states the charge, if any, for an 5721
accounting; and 5722

(e) States the time and place of a public disposition or the 5723
time after which any other disposition is to be made. 5724

(2) Whether the contents of a notification that lacks any of 5725
the information specified in division (A)(1) of this section are 5726
nevertheless sufficient is a question of fact. 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
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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
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5825 |
| <u>Sec. 1309.615.</u> <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
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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

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- of this section of how the secured party calculated the surplus or deficiency; 5902
5903
- (c) States, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and 5904
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- (d) Provides a telephone number or mailing address from which additional information concerning the transaction is available. 5908
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 1309.610 of the Revised Code. 5914
5915
- (B) In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under section 1309.615 of the Revised Code, the secured party shall: 5916
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- (1) Send an explanation to the debtor or consumer obligor, as applicable, after the disposition and: 5920
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- (a) Before or when the secured party accounts to the debtor and pays any surplus or first makes written demand on the consumer obligor after the disposition for payment of the deficiency; and 5922
5923
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 deficiency, within fourteen days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency. 5926
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- (C) To comply with division (A)(1)(b) of this section, a 5930

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|---|------|
| <u>writing must provide all of the following information in the</u> | 5931 |
| <u>following order:</u> | 5932 |
| <u>(1) The aggregate amount of obligations secured by the</u> | 5933 |
| <u>security interest under which the disposition was made, and, if</u> | 5934 |
| <u>the amount reflects a rebate of unearned interest or credit</u> | 5935 |
| <u>service charge, an indication of that fact, calculated as of a</u> | 5936 |
| <u>specified date:</u> | 5937 |
| <u>(a) If the secured party takes or receives possession of the</u> | 5938 |
| <u>collateral after default, not more than thirty-five days before</u> | 5939 |
| <u>the secured party takes or receives possession; or</u> | 5940 |
| <u>(b) If the secured party takes or receives possession of the</u> | 5941 |
| <u>collateral before default or does not take possession of the</u> | 5942 |
| <u>collateral, not more than thirty-five days before the disposition;</u> | 5943 |
| <u>(2) The amount of proceeds of the disposition;</u> | 5944 |
| <u>(3) The aggregate amount of the obligations after deducting</u> | 5945 |
| <u>the amount of proceeds;</u> | 5946 |
| <u>(4) The amount, in the aggregate or by type, and types of</u> | 5947 |
| <u>expenses, including expenses of retaking, holding, preparing for</u> | 5948 |
| <u>disposition, processing, and disposing of the collateral, and</u> | 5949 |
| <u>attorney's fees secured by the collateral that are known to the</u> | 5950 |
| <u>secured party and relate to the current disposition;</u> | 5951 |
| <u>(5) The amount, in the aggregate or by type, and types of</u> | 5952 |
| <u>credits, including rebates of interest or credit service charges,</u> | 5953 |
| <u>to which the obligor is known to be entitled and that are not</u> | 5954 |
| <u>reflected in the amount in division (C)(1) of this section; and</u> | 5955 |
| <u>(6) The amount of the surplus or deficiency.</u> | 5956 |
| <u>(D) A particular phrasing of the explanation is not required.</u> | 5957 |
| <u>An explanation that complies substantially with the requirements</u> | 5958 |
| <u>of division (A) of this section is sufficient, even if it includes</u> | 5959 |
| <u>minor errors that are not seriously misleading.</u> | 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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Sec. 1309.617. (A) A secured party's disposition of collateral after default: 5968
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(1) Transfers to a transferee for value all of the debtor's rights in the collateral; 5970
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(2) Discharges the security interest under which the disposition is made; and 5972
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(3) Discharges any subordinate security interest or other subordinate lien other than the liens specified in division (D) of section 1309.109 of the Revised Code. 5974
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(B) A transferee who acts in good faith takes free of the rights and interests described in division (A) of this section, even if the secured party fails to comply with this chapter or the requirements of any judicial proceeding. 5977
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(C) If a transferee does not take free of the rights and interests described in division (A) of this section, the transferee takes the collateral subject to: 5981
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(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 |
| <u>Sec. 1309.619.</u> (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

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(1) In the case of a person to whom the proposal was sent pursuant to section 1309.621 of the Revised Code, within twenty days after notification was sent to that person; and 6075
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(2) In the case of persons other than those described in division (D)(1) of this section: 6078
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(a) Within twenty days after the last notification was sent pursuant to section 1309.621 of the Revised Code; or 6080
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(b) If a notification was not sent, before the debtor consents to the acceptance under division (C) of this section. 6082
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(E) A secured party who has taken possession of collateral shall dispose of the collateral pursuant to section 1309.610 of the Revised Code within the time specified in division (F) of this section if: 6084
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(1) Sixty per cent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or 6088
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(2) Sixty per cent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods. 6090
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(F) To comply with division (E) of this section, the secured party shall dispose of the collateral: 6093
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(1) Within ninety days after taking possession; or 6095

(2) Within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and authenticated after default. 6096
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(G) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures. 6099
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Sec. 1309.621. (A) A secured party who desires to accept collateral in full or partial satisfaction of the obligation it 6102
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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

(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

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| <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 |
| <u>Sec. 1309.623.</u> (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 |
| <u>Sec. 1309.624.</u> (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 |

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(B) A debtor may waive the right to require disposition of collateral under division (E) of section 1309.620 of the Revised Code only by an agreement to that effect entered into and authenticated after default. 6160
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(C) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under section 1309.623 of the Revised Code only by an agreement to that effect entered into and authenticated after default. 6164
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Sec. 1309.625. (A) If it is established that a secured party is not proceeding in accordance with this chapter, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions. 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
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(1) A person who, at the time of the failure, was a debtor, was an obligor, or held a security interest in or other lien on the collateral may recover damages under division (B) of this section for its loss; and 6179
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(2) If the collateral is consumer goods, a person who was a debtor or a secondary obligor at the time a secured party failed to comply with sections 1309.601 to 1309.628 of the Revised Code may recover for that failure in any event an amount not less than the credit service charge plus ten per cent of the principal 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.

(E) In addition to any damages recoverable under division (B) of this section, the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover five hundred dollars in each case from a person that:

(1) Fails to comply with section 1309.208 of the Revised Code;

(2) Fails to comply with section 1309.209 of the Revised Code;

(3) Files a record that the person is not entitled to file under division (A) of section 1309.509 of the Revised Code;

(4) Fails to cause the secured party of record to file or send a termination statement as required by division (A) or (C) of section 1309.513 of the Revised Code;

(5) Fails to comply with division (B)(1) of section 1309.616 of the Revised Code and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or

(6) Fails to comply with division (B)(2) of section 1309.616 of the Revised Code.

(F) A debtor or consumer obligor may recover damages under division (B) of this section and, in addition, five hundred dollars in each case from a person who, without reasonable cause, fails to comply with a request under section 1309.210 of the

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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
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(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

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| <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
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| <u>(C) A collection, enforcement, disposition, or acceptance is commercially reasonable if it has been approved:</u> | 6285
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| <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
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| <u>Sec. 1309.628.</u> <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
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| <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
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| <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
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| <u>(B) A secured party is not liable because of its status as secured party:</u> | 6304
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| <u>(1) To a person that is a debtor or obligor, unless the secured party knows;</u> | 6306
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| <u>(a) That the person is a debtor or obligor;</u> | 6308 |

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| <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 |
| <u>Sec. 1309.702.</u> <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

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section, if the law of this state governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after July 1, 2001, only if: 6488
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(1) The pre-effective-date financing statement and an amendment are filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001; 6491
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(2) An amendment is filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001, concurrently with, or after the filing in that office of, an initial financing statement that satisfies division (C) of section 1309.706 of the Revised Code as it exists on July 1, 2001. 6494
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(3) An initial financing statement that provides the information as amended and satisfies division (C) of section 1309.706 of the Revised Code as it exists on July 1, 2001 is filed in the office specified in section 1309.501 of the Revised Code, as it exists on July 1, 2001. 6499
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(D) If the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under division (D) or (F) of section 1309.705 or section 1309.706 of the Revised Code as it exists on July 1, 2001. 6504
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(E) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in this state may be terminated after July 1, 2001, by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies division (C) of section 1309.706 of the Revised Code as it exists on July 1, 2001, has been filed in the office specified by the law of the jurisdiction governing perfection as provided in sections 1309.301 to 1309.342 of the Revised Code, as they exist on July 1, 2001, as 6509
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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
6525

(2) To perfect or continue the perfection of a security interest. 6526
6527

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
6544

(1) "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale to him the 6545
6546

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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

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| | |
|--|------|
| (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
6610

(8) "Goods" means all things that are movable at the time of
identification to the lease contract or that are fixtures, as 6611
defined in section 1310.37 of the Revised Code. "Goods" does not 6612
include money, documents, instruments, accounts, chattel paper, 6613
general intangibles, or minerals or the like, including oil and 6614
gas, before extraction. "Goods" includes the unborn young of 6615
animals. 6616
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. 6640

(14) "Lessee" means a person who acquires the right to 6641
possession and use of goods under a lease. Unless the context 6642
clearly indicates otherwise, "lessee" includes a sublessee. 6643

(15) "Lessee in ordinary course of business" means a person 6644
who in good faith and without knowledge that the lease to ~~him~~ the 6645
person is in violation of the ownership rights or security 6646
interest or leasehold interest of a third party in the goods 6647
leases in ordinary course from a person in the business of selling 6648
or leasing goods of that kind. "Lessee in ordinary course of 6649
business" does not include a pawnbroker. "Leasing" may be for 6650
cash, by exchange of other property, or on secured or unsecured 6651
credit and includes receiving goods or documents of title under a 6652
~~pre-existing~~ preexisting lease contract. "Leasing" does not 6653
include a transfer in bulk or as security for or in total or 6654
partial satisfaction of a money debt. 6655

(16) "Lessor" means a person who transfers the right to 6656
possession and use of goods under a lease. Unless the context 6657
clearly indicates otherwise, "lessor" includes a sublessor. 6658

(17) "Lessor's residual interest" means the lessor's interest 6659
in the goods after expiration, termination, or cancellation of the 6660
lease contract. 6661

(18) "Lien" means a charge against or interest in goods to 6662
secure payment of a debt or performance of an obligation but does 6663
not include a security interest. 6664

(19) "Lot" means a parcel or a single article that is the 6665
subject matter of a separate lease or delivery, whether or not it 6666
is sufficient to perform the lease contract. 6667

(20) "Merchant lessee" means a lessee that is a merchant with 6668
respect to goods of the kind subject to the lease. 6669

(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

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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

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(N) "Finance charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time. Any advancement in the cash price ordinarily charged by the retail seller is a finance charge when a retail installment sale is made.

(O) "Service charge" means the amount that the retail buyer pays or contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time in addition to the finance charge for the same privilege.

(P) "Consumer transaction" means a sale, lease, assignment, or other transfer of an item of goods, or a service, except those transactions between persons, defined in sections 4905.03 and 5725.01 of the Revised Code, and their customers, or between attorneys or physicians and their clients or patients, to an individual for purposes that are primarily personal, family, or household. For the purposes of this chapter only, a "consumer transaction" does not include a lease-purchase agreement.

(Q) "Purchase money loan" means a cash advance that is received by a consumer from a creditor in return for a finance charge within the meaning of the "Truth in Lending Act," 82 Stat. 146 (1968), 15 U.S.C.A. 1601 and regulation Z thereunder, which is applied in whole or substantial part to a consumer transaction with a seller, who either:

(1) Cooperates with the creditor to channel consumers to the creditor on a continuing basis;

(2) Is affiliated with the creditor by common control, contract, or business arrangement.

If a credit card issued by a bank or a savings and loan association is used by a consumer in a particular consumer transaction, the bank or savings and loan association is not a

creditor, within the meaning of this division, with respect to the
particular consumer transaction.

(R) "Dealer" and "motor vehicle" have the same meanings as in
section 4501.01 of the Revised Code.

(S)(1) "Layaway arrangement" means a contract for sale at
retail, other than one involving the sale of a motor vehicle by a
dealer, in which the buyer agrees to buy and the seller agrees to
sell specific goods at a future time and:

(a) Until such future time, the seller agrees to retain
possession of but remove the specific goods from its retail
inventory and not offer the specific goods for sale to other
persons or promises the availability thereof at the agreed time of
delivery; and

(b) The buyer agrees to pay the seller the layaway price, in
whole or in part, by deposit, down payment, part payment,
periodically or in installments or otherwise prior to delivery of
the specific goods.

(2) A layaway arrangement does not include interest or
equivalent financing charges. If a contract of sale is a layaway
arrangement, it is not a retail installment sale and it is not a
contract subject to Chapter 1309. or sections 1351.02 to 1351.09
or 1317.02 to 1317.16 of the Revised Code.

(T) "Layaway price" means the price at which the specific
goods which are the subject of a layaway arrangement are offered
for sale at retail by the seller if such sale were a sale for cash
to be paid in full upon delivery on the date the layaway
arrangement was entered into instead of pursuant to a layaway
arrangement. Layaway price may include sales taxes.

Sec. 1317.12. Notwithstanding any agreement to the contrary
in a retail installment contract made on or after the effective

date of this section, if collateral for a consumer transaction is 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

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"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
7199

(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

7223

(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

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(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

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in full within ten days after its due date. For this purpose, all
required minimum payments are considered paid in the order in
which they become due. The amount of the default charge shall not
exceed the greater of five per cent of the required minimum
payment or fifteen dollars.

(D) The borrower at any time may pay all or any part of the
unpaid balance on the account or, if the account is not in
default, the borrower may pay the unpaid balance in installments
subject to minimum payment requirements as determined by the
registrant and set forth in the open-end loan agreement.

(E) If credit life insurance or credit accident and health
insurance is obtained by the registrant and if the insured dies or
becomes disabled when there is an outstanding open-end loan
indebtedness, the insurance shall be sufficient to pay the unpaid
balance on the loan due on the date of the borrower's death in the
case of credit life insurance or all minimum payments that become
due on the loan during the covered period of disability in the
case of credit accident and health insurance. The additional
charge for credit life insurance, credit accident and health
insurance, or unemployment insurance shall be calculated each
billing cycle by applying the current monthly premium rate for the
insurance, filed by the insurer with the superintendent of
insurance and not disapproved by the superintendent, to the unpaid
balances in the borrower's account, using one of the methods
specified in division (B) of this section for the calculation of
interest. No credit life insurance, credit accident and health
insurance, or unemployment insurance written in connection with an
open-end loan shall be canceled by the registrant because of
delinquency of the borrower in making the required minimum
payments on the loan unless one or more such payments is past due
for a period of thirty days or more. The registrant shall advance
to the insurer the amounts required to keep the insurance in force

during such period, which amounts may be debited to the borrower's 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

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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

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(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

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~~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

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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

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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