

1 **SENATE FLOOR VERSION**

2 April 2, 2024

3 ENGROSSED HOUSE
4 BILL NO. 2776

By: McCall of the House

and

Hall of the Senate

5
6
7
8 An Act relating to the Uniform Commercial Code;
9 amending 12A O.S. 2021, Sections 1-201, 1-204, 1-301
10 and 1-306, which relate to General Provisions of the
11 Uniform Commercial Code; clarifying scope of certain
12 definitions; adding definitions; providing statutory
13 references; replacing certain term with new term;
14 amending 12A O.S. 2021, Sections 2-102, 2-106, 2-201,
15 2-202, 2-203, 2-205 and 2-209, which relate to sales;
16 deleting exception to the applicability of
17 transactions in goods; providing for the
18 applicability of hybrid transactions; providing
19 exceptions to applicability provision; defining term;
20 replacing certain term with new term; adding signed
21 records to certain exception; amending 12A O.S. 2021,
22 Sections 2A-102, 2A-103, 2A-107, 2A-201, 2A-202, 2A-
23 203, 2A-205 and 2A-208, which relate to leases;
24 expanding scope of leases to include hybrid leases;
providing guidelines for hybrid leases; making
Article 2A applicable if lease-of-goods aspects
predominate; adding definition; replacing certain
term with new term; amending 12A O.S. 2021, Sections
3-104, 3-105, 3-401 and 3-604, which relate to
negotiable instruments; expanding scope of certain
definitions; deleting certain requirements for when a
signature may be made; affirming obligation of party
to pay check despite its destruction; deleting
certain defined term; amending 12A O.S. 2021,
Sections 4A-103, 4A-201, 4A-202, 4A-203, 4A-207, 4A-
208, 4A-210, 4A-211 and 4A-305, which relate to funds
transfers; modifying scope of certain definitions;
clarifying bank's obligations concerning security
procedures; requiring express agreement be evidenced
by a record; replacing certain term with new term;

1 deleting references to electronically transmitted
2 notices or communications; amending 12A O.S. 2021,
3 Sections 5-104 and 5-116, which relate to letters of
4 credit; providing for the issuance of letter of
5 credit by signed record; deleting authentication
6 requirements; deleting statutory reference;
7 clarifying jurisdiction of bank's branches; amending
8 12A O.S. 2021, Sections 7-102 and 7-106, which relate
9 to documents of title; deleting certain defined term;
10 clarifying requirements for controlling electronic
11 documents of title; providing for exclusivity of
12 power; making power nonshareable and nonexclusive
13 under certain circumstances; providing circumstances
14 when a person has control of an electronic document
15 of title; providing for the acknowledgment of control
16 of electronic documents of title; amending 12A O.S.
17 2021, Sections 8-102, 8-103, 8-106, 8-110 and 8-303,
18 which relate to investment securities; modifying
19 scope of certain definitions; providing statutory
20 references; declaring certain accounts and records as
21 not a financial asset; providing an exception;
22 stating circumstances when a purchaser has control of
23 a security entitlement; providing for the
24 acknowledgment of control on behalf of a purchaser;
declaring the law that governs jurisdiction;
modifying scope of certain definition; amending 12A
O.S. 2021, Sections 1-9-102, 1-9-104, 1-9-105, 1-9-
203, 1-9-204, 1-9-207, 1-9-208, 1-9-209, 1-9-210, 1-
9-301, 1-9-304, 1-9-305, 1-9-310, 1-9-312, 1-9-313,
1-9-314, 1-9-316, 1-9-317, 1-9-323, 1-9-324, 1-9-330,
1-9-331, 1-9-332, 1-9-334, 1-9-341, 1-9-404, 1-9-406,
1-9-408, 1-9-509, 1-9-513, 1-9-601, 1-9-605, 1-9-608,
1-9-611, 1-9-613, 1-9-614, 1-9-615, 1-9-616, 1-9-619,
1-9-620, 1-9-621, 1-9-624 and 1-9-628, which relate
to secured transactions; modifying scope of certain
definitions; deleting and adding definitions;
providing statutory references; replacing certain
term with new term; expanding requirements for
secured parties to control deposit accounts;
clarifying requirements for establishing control of
electronic chattel paper; stating manner by which a
system may satisfy certain requirements; providing
for the exclusivity of power under certain
circumstances; providing exceptions; presuming powers
to be exclusive under certain circumstance; providing
control to purchaser if certain conditions are met;
stating when a secured party has control of a

1 controllable electronic record, controllable account
2 or controllable payment intangible; allowing person
3 with specific control to deny acknowledgment of said
4 control; modifying certain conditions to include
5 controllable accounts, controllable electronic
6 records, controllable payment intangibles and
7 documents; providing statutory references; declaring
8 chattel paper as collateral; providing for the
9 attachment of security interests; modifying
10 procedures for responding to signed demand by a
11 debtor; clarifying jurisdiction requirement;
12 declaring bank's jurisdiction even if transaction
13 bears no relation to bank's jurisdiction; providing
14 additional exception to certain rules; providing
15 guidelines for determining the jurisdiction of
16 chattel paper; establishing rules for determining
17 jurisdiction; providing circumstances when local law
18 governs jurisdiction; stating that filing is required
19 to perfect security interest; allowing perfection of
20 a security interest by taking possession or control
21 of collateral; providing time limitations; providing
22 for perfection by possession and control of chattel
23 paper; providing time limitations for perfected
24 security interests; stating circumstances that allow
 buyers of chattel paper, electronic documents,
 controllable electronic records, controllable
 accounts or controllable payment intangibles to take
 free of security interests; clarifying exceptions for
 buyers of goods; specifying when security interests
 have priority over conflicting security interests;
 specifying circumstances when a purchaser of chattel
 paper has priority over security interests in the
 chattel paper; declaring when purchaser of chattel
 paper or instrument has knowledge that purchase
 violates rights of the secured party; stating rights
 of holders and purchasers; modifying procedures for
 transferring money; clarifying references to
 promissory note; excepting certain provisions from
 controllable account or controllable payment
 intangible; stating duties of secured party; deleting
 certain forms; creating Notification of Disposition
 of Collateral form; providing instructions for form;
 creating Notice of Plan to Sell Property form;
 providing instructions for form; clarifying scope of
 certain definitions; making certain provisions
 inapplicable to limiting the liability of a secured
 party; creating new article for the Uniform

1 Commercial Code to be named Controllable Electronic
2 Records; defining terms; declaring which article
3 controls if conflict exists; providing applicability
4 provision; stating rights of purchaser of
5 controllable account, controllable payment
6 intangible, and controllable electronic record;
7 stating how qualifying purchaser acquires its rights;
8 providing limitations on actions against qualified
9 purchaser; providing restriction on notice of claims;
10 declaring when a person has control of a controllable
11 electronic record; stating exclusivity of powers
12 under certain circumstances; declaring when powers
13 are nonexclusive; making powers presumptive under
14 certain circumstances; providing additional
15 circumstances for when a person has control of a
16 controllable electronic record; providing procedures
17 for account debtors discharging their obligations;
18 providing restrictions on discharging obligations;
19 making notifications ineffective under certain
20 circumstances; requiring certain proof if requested
21 by account debtor; providing circumstances that show
22 reasonable proof has been furnished; prohibiting
23 waiver or varying of rights; making provisions
24 subject to other laws; providing jurisdiction for
controllable electronic records; stating rules for
determining jurisdiction; declaring governing laws
for certain matters; defining term; providing for
rights to be governed under certain applicable law;
creating new article for the Uniform Commercial Code
to be named Transitional Provisions for Uniform
Commercial Code Amendments (2022); defining terms;
providing for the termination of transactions;
providing for the applicability of certain articles
to transactions, liens, or other interests in
property; declaring the validity of transactions,
liens, or other interest in property on and after
certain date; making exception to applicability
provision; declaring previously perfected security
interest as perfected after certain date; providing
guidelines for enforceable and perfected security
interest when requirements therefor are not
satisfied; declaring status of enforceable security
interest that is unperfected on certain date; stating
certain actions as effective to perfect a security
interest; providing for the effectiveness of
financing statement for perfecting a security
interest; providing for the sufficiency of taking an

1 action before certain date; providing guidelines for
2 determining priority of claims to collateral;
3 providing statutory reference for determining
4 priority of conflicting claims; stating which
5 articles and statutes apply when determining
6 priority; providing construing provision regarding
7 digital currency; providing for codification; and
8 providing an effective date.

9 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

10 SECTION 1. AMENDATORY 12A O.S. 2021, Section 1-201, is
11 amended to read as follows:

12 Section 1-201.

13 General Definitions and Principles of Interpretation.

14 (a) Unless the context otherwise requires, words or phrases
15 defined in this section, or in the additional definitions contained
16 in other articles of the Uniform Commercial Code that apply to
17 particular articles or parts thereof, have the meanings stated.

18 (b) Subject to definitions contained in other articles of the
19 Uniform Commercial Code that apply to particular articles or parts
20 thereof:

21 (1) "Action" in the sense of a judicial proceeding includes a
22 recoupment, counterclaim, setoff, suit in equity, and any other
23 proceedings in which rights are determined.

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

1 (3) "Agreement", as distinguished from "contract", means the
2 bargain of the parties in fact as found in their language or
3 inferred from other circumstances including course of performance,
4 course of dealing, or usage of trade as provided in Section 1-303 of
5 this title.

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

9 (5) "Bearer" means a person in control of a negotiable
10 electronic document of title or a person in possession of an
11 instrument, negotiable tangible document of title, or certificated
12 security payable to bearer or endorsed in blank.

13 (6) "Bill of lading" means a document of title evidencing the
14 receipt of goods for shipment issued by a person engaged in the
15 business of directly or indirectly transporting or forwarding goods.
16 The term does not include a warehouse receipt.

17 (7) "Branch" includes a separately incorporated foreign branch
18 of a bank.

19 (8) "Burden of establishing" means the burden of persuading the
20 trier of fact that the existence of the fact is more probable than
21 its nonexistence.

22 (9) "Buyer in ordinary course of business" means a person that
23 buys goods in good faith, without knowledge that the sale violates
24 the rights of another person in the goods, and in the ordinary

1 course from a person, other than a pawnbroker, in the business of
2 selling goods of that kind. A person buys goods in the ordinary
3 course if the sale to the person comports with the usual or
4 customary practices in the kind of business in which the seller is
5 engaged or with the seller's own usual or customary practices. A
6 person that sells oil, gas, or other minerals at the wellhead or
7 minehead is a person in the business of selling goods of that kind.
8 A buyer in ordinary course of business may buy for cash, by exchange
9 of other property, or on secured or unsecured credit, and may
10 acquire goods or documents of title under a preexisting contract for
11 sale. Only a buyer that takes possession of the goods or has a
12 right to recover the goods from the seller under Article 2 may be a
13 buyer in ordinary course of business. "Buyer in ordinary course of
14 business" does not include a person that acquires goods in a
15 transfer in bulk or as security for or total or partial satisfaction
16 of a money debt.

17 (10) "Conspicuous", with reference to a term, means so written,
18 displayed, or presented that, based on the totality of the
19 circumstances, a reasonable person against whom it is to operate
20 ought to have noticed it. Whether a term is "conspicuous" or not is
21 a decision for the court. ~~Conspicuous terms include the following:~~

22 ~~(A) a heading in capitals equal to or greater in size than~~
23 ~~the surrounding text, or in contrasting type, font, or~~
24

1 ~~color to the surrounding text of same or lesser size;~~
2 and

3 ~~(B) language in the body of a record or display in larger~~
4 ~~type than the surrounding text of the same size, or~~
5 ~~set off from surrounding text of the same size by~~
6 ~~symbols or other marks that call attention to the~~
7 ~~language.~~

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

10 (12) "Contract", as distinguished from "agreement", means the
11 total legal obligation that results from the parties' agreement as
12 determined by the provisions of the Uniform Commercial Code as
13 supplemented by any other applicable laws.

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

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

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

1 tangible copy of a record evidencing chattel paper, means voluntary
2 transfer of possession.

3 (16) "Document of title" means a record that in the regular
4 course of business or financing is treated as adequately evidencing
5 that the person in possession or control of the record is entitled
6 to receive, control, hold, and dispose of the record and the goods
7 the record covers and that purports to be issued by or addressed to
8 a bailee and to cover goods in the bailee's possession which are
9 either identified or are fungible portions of an identified mass.
10 The term includes a bill of lading, transport document, dock
11 warrant, dock receipt, warehouse receipt, and order for delivery of
12 goods. An electronic document of title means a document of title
13 evidenced by a record consisting of information stored in an
14 electronic medium. A tangible document of title means a document of
15 title evidenced by a record consisting of information that is
16 inscribed on a tangible medium.

17 (16A) "Electronic" means relating to technology having
18 electrical, digital, magnetic, wireless, optical, electromagnetic,
19 or similar capabilities.

20 (17) "Fault" means a default, breach, or wrongful act or
21 omission.

22 (18) "Fungible goods" means:

23 (A) goods of which any unit, by nature or usage of trade,
24 is the equivalent of any other like unit; or

1 (B) goods that by agreement are treated as equivalent.

2 (19) "Genuine" means free of forgery or counterfeiting.

3 (20) "Good faith", except as otherwise provided in Article 5 of
4 this title, means honesty in fact and the observance of reasonable
5 commercial standards of fair dealing.

6 (21) "Holder" means:

7 (A) the person in possession of a negotiable instrument
8 that is payable either to bearer or to an identified
9 person that is the person in possession;

10 (B) the person in possession of a document of title if the
11 goods are deliverable either to bearer or to the order
12 of the person in possession; or

13 (C) the person in control, other than pursuant to
14 subsection (g) of Section 7-106 of this title, of a
15 negotiable electronic document of title.

16 (22) "Insolvency proceeding" includes any assignment for the
17 benefit of creditors or other proceeding intended to liquidate or
18 rehabilitate the estate of the person involved.

19 (23) "Insolvent" means:

20 (A) having generally ceased to pay debts in the ordinary
21 course of business other than as a result of bona fide
22 dispute;

23 (B) being unable to pay debts as they become due; or
24

1 (C) being insolvent within the meaning of the federal
2 bankruptcy law.

3 (24) "Money" means a medium of exchange that is authorized or
4 adopted by a domestic or foreign government and is not in an
5 electronic form. The term includes a monetary unit of account
6 established by an intergovernmental organization or by agreement
7 between two or more countries.

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

9 (26) "Party", as distinguished from "third party", means a
10 person who has engaged in a transaction or made an agreement subject
11 to the Uniform Commercial Code.

12 (27) "Person" means an individual, corporation, business trust,
13 estate, trust, partnership, limited liability company, association,
14 joint venture, government, governmental subdivision, agency, or
15 instrumentality, ~~public corporation,~~ or any other legal or
16 commercial entity. The term includes a protected series, however
17 denominated, of an entity if the protected series is established
18 under law other than the Uniform Commercial Code that limits, or
19 limits if conditions specified under the law are satisfied, the
20 ability of a creditor of the entity or of any other protected series
21 of the entity to satisfy a claim from assets of the protected
22 series.

23 (28) "Present value" means the amount as of a date certain of
24 one or more sums payable in the future, discounted to the date

1 certain by use of either an interest rate specified by the parties
2 if that rate is not manifestly unreasonable at the time the
3 transaction is entered into or, if an interest rate is not so
4 specified, a commercially reasonable rate that takes into account
5 the facts and circumstances at the time the transaction is entered
6 into.

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

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

11 (31) "Record" means information that is inscribed on a tangible
12 medium or that is stored in an electronic or other medium and is
13 retrievable in perceivable form.

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

16 (33) "Representative" means a person empowered to act for
17 another, including an agent, an officer of a corporation or
18 association, and a trustee, executor, or administrator of an estate.

19 (34) "Right" includes remedy.

20 (35) "Security interest" means an interest in personal property
21 or fixtures which secures payment or performance of an obligation.
22 "Security interest" includes any interest of a consignor and a buyer
23 of accounts, chattel paper, a payment intangible, or a promissory
24 note in a transaction that is subject to Article 9 of this title.

1 "Security interest" does not include the special property interest
2 of a buyer of goods on identification of those goods to a contract
3 for sale under Section 2-401 of this title, but a buyer may also
4 acquire a "security interest" by complying with the provisions of
5 Article 9 of this title. Except as otherwise provided in Section 2-
6 505 of this title, the right of a seller or lessor of goods under
7 Article 2 or 2A of this title to retain or acquire possession of the
8 goods is not a "security interest", but a seller or lessor may also
9 acquire a "security interest" by complying with Article 9 of this
10 title. The retention or reservation of title by a seller of goods
11 notwithstanding shipment or delivery to the buyer under Section 2-
12 401 of this title is limited in effect to a reservation of a
13 "security interest". Whether a transaction in the form of a lease
14 creates security interest is determined pursuant to Section 1-203 of
15 this title.

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

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

1 (B) ~~in any other way to cause to be received any record or~~
2 ~~notice within the time at which it would have arrived~~
3 ~~if properly sent~~ to cause the record or notification
4 to be received within the time it would have been
5 received if properly sent under subparagraph (A) of
6 this paragraph.

7 (37) ~~"Signed" includes any symbol executed or adopted with~~
8 ~~present intention to adopt or accept a writing~~ "Sign" means, with
9 present intent to authenticate or adopt a record:

10 (A) execute or adopt a tangible symbol; or

11 (B) attach to or logically associate with the record an
12 electronic symbol, sound, or process.

13 "Signed", "signing", and "signature" have corresponding meanings.

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

18 (39) "Surety" includes guarantor or other secondary obligor.

19 (40) "Term" means a portion of an agreement which relates to a
20 particular matter.

21 (41) "Unauthorized signature" means a signature made without
22 actual, implied or apparent authority. The term includes a forgery.

23 (42) "Warehouse receipt" means a document of title issued by a
24 person engaged in the business of storing goods for hire.

1 (43) "Writing" includes printing, typewriting, or any other
2 intentional reduction to tangible form. "Written" has a
3 corresponding meaning.

4 SECTION 2. AMENDATORY 12A O.S. 2021, Section 1-204, is
5 amended to read as follows:

6 Section 1-204.

7 "Value".

8 Except as otherwise provided in Articles 3, 4 ~~and~~, 5, 6, and 12
9 of the Uniform Commercial Code, a person gives value for rights if
10 the person acquires them:

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

15 (2) as security for, or in total or partial satisfaction of, a
16 preexisting claim;

17 (3) by accepting delivery under a preexisting contract for
18 purchase; or

19 (4) in return for any consideration sufficient to support a
20 simple contract.

21 SECTION 3. AMENDATORY 12A O.S. 2021, Section 1-301, is
22 amended to read as follows:

23 Section 1-301. Territorial Applicability; Parties' Power to
24 Choose Applicable Law.

1 (a) Except as provided hereafter in this section, when a
2 transaction bears a reasonable relation to this state and also to
3 another state or nation, the parties may agree that the law either
4 of this state or of such other state or nation shall govern their
5 rights and duties. Failing such agreement, this title applies to
6 transactions bearing an appropriate relation to this state.

7 (b) To the extent that the Uniform Commercial Code governs a
8 transaction, if one of the following provisions of the Uniform
9 Commercial Code specifies the applicable law, that provision governs
10 and a contrary agreement is effective only to the extent permitted
11 by the law so specified:

- 12 (1) Section 2-402 of this title;
- 13 (2) Sections 2A-105 and 2A-106 of this title;
- 14 (3) Section 4-102 of this title;
- 15 (4) Section 4A-507 of this title;
- 16 (5) Section 5-116 of this title;
- 17 (6) Section 8-110 of this title; ~~and~~
- 18 (7) Sections 1-9-301 through 1-9-307 of this title; and
- 19 (8) Section 12-107 of this title.

20 SECTION 4. AMENDATORY 12A O.S. 2021, Section 1-306, is
21 amended to read as follows:

22 Section 1-306. Waiver or Renunciation of Claim or Right after
23 Breach.

24

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

4 SECTION 5. AMENDATORY 12A O.S. 2021, Section 2-102, is
5 amended to read as follows:

6 Section 2-102. Scope; Certain Security and Other Transactions
7 Excluded from this Article.

8 (a) Unless the context otherwise requires, and except as
9 provided in subsection (c) of this section, this article applies to
10 transactions in goods; it does not apply to any transaction which
11 although in the form of an unconditional contract to sell or present
12 sale is intended to operate only as a security transaction nor does
13 this article impair or repeal any statute regulating sales to
14 consumers, farmers or other specified classes of buyers and, in the
15 case of a hybrid transaction, it applies to the extent provided in
16 subsection (b) of this section.

17 (b) In a hybrid transaction:

18 (1) If the sale-of-goods aspects do not predominate, only the
19 provisions of this article which relate primarily to the sale-of-
20 goods aspects of the transaction apply, and the provisions that
21 relate primarily to the transaction as a whole do not apply.

22 (2) If the sale-of-goods aspects predominate, this article
23 applies to the transaction but does not preclude application, in
24

1 appropriate circumstances, of other law to aspects of the
2 transaction which do not relate to the sale of goods.

3 (c) This article does not:

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

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

9 SECTION 6. AMENDATORY 12A O.S. 2021, Section 2-106, is
10 amended to read as follows:

11 Section 2-106. Definitions: "Contract"; "Agreement"; "Contract
12 for Sale"; "Sale"; "Present Sale"; "Conforming" to Contract;
13 "Termination"; "Cancellation"; "Hybrid Transaction".

14 (1) In this article, unless the context otherwise requires,
15 "contract" and "agreement" are limited to those relating to the
16 present or future sale of goods. "Contract for sale" includes both
17 a present sale of goods and a contract to sell goods at a future
18 time but does not include a license of information. A "sale"
19 consists in the passing of title from the seller to the buyer for a
20 price (Section 2-401). A "present sale" means a sale which is
21 accomplished by the making of the contract.

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

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

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

10 (5) "Hybrid transaction" means a single transaction involving a
11 sale of goods and:

12 (a) the provision of services;

13 (b) a lease of other goods; or

14 (c) a sale, lease, or license of property other than
15 goods.

16 SECTION 7. AMENDATORY 12A O.S. 2021, Section 2-201, is
17 amended to read as follows:

18 Section 2-201. (1) Except as otherwise provided in this
19 section, a contract for the sale of goods for the price of Five
20 Hundred Dollars (\$500.00) or more is not enforceable by way of
21 action or defense unless there is ~~some writing~~ a record sufficient
22 to indicate that a contract for sale has been made between the
23 parties and signed by the party against whom enforcement is sought
24 or by ~~his~~ the party's authorized agent or broker. A ~~writing~~ record

1 is not insufficient because it omits or incorrectly states a term
2 agreed upon but the contract is not enforceable under this paragraph
3 beyond the quantity of goods shown in ~~such writing~~ the record.

4 (2) Between merchants if within a reasonable time a ~~writing~~
5 record in confirmation of the contract and sufficient against the
6 sender is received and the party receiving it has reason to know its
7 contents, it satisfies the requirements of subsection (1) against
8 ~~such~~ the party unless ~~written~~ notice in a record of objection to its
9 contents is given within ten (10) days after it is received.

10 (3) A contract which does not satisfy the requirements of
11 subsection (1) but which is valid in other respects is enforceable:

12 (a) if the goods are to be specially manufactured for the
13 buyer and are not suitable for sale to others in the ordinary course
14 of the seller's business and the seller, before notice of
15 repudiation is received and under circumstances which reasonably
16 indicate that the goods are for the buyer, has made either a
17 substantial beginning of their manufacture or commitments for their
18 procurement; or

19 (b) if the party against whom enforcement is sought admits
20 in his pleading, testimony or otherwise in court that a contract for
21 sale was made, but the contract is not enforceable under this
22 provision beyond the quantity of goods admitted; or

23

24

1 (c) with respect to goods for which payment has been made
2 and accepted or which have been received and accepted (Section 2-
3 606).

4 SECTION 8. AMENDATORY 12A O.S. 2021, Section 2-202, is
5 amended to read as follows:

6 Section 2-202. Final ~~Written~~ Expression: Parol or Extrinsic
7 Evidence.

8 Terms with respect to which the confirmatory memoranda of the
9 parties agree or which are otherwise set forth in a ~~writing~~ record
10 intended by the parties as a final expression of their agreement
11 with respect to such terms as are included therein may not be
12 contradicted by evidence of any prior agreement or of a
13 contemporaneous oral agreement but may be explained or supplemented:

14 (a) by course of performance, course of dealing or usage of
15 trade (Section 16 of this act); and

16 (b) by evidence of consistent additional terms unless the court
17 finds the ~~writing~~ record to have been intended also as a complete
18 and exclusive statement of the terms of the agreement.

19 SECTION 9. AMENDATORY 12A O.S. 2021, Section 2-203, is
20 amended to read as follows:

21 Section 2-203. The affixing of a seal to a ~~writing~~ record
22 evidencing a contract for sale or an offer to buy or sell goods does
23 not constitute the ~~writing~~ record a sealed instrument and the law
24

1 with respect to sealed instruments does not apply to such a contract
2 or offer.

3 SECTION 10. AMENDATORY 12A O.S. 2021, Section 2-205, is
4 amended to read as follows:

5 Section 2-205. An offer by a merchant to buy or sell goods in a
6 signed ~~writing~~ record which by its terms gives assurance that it
7 will be held open is not revocable, for lack of consideration,
8 during the time stated or if no time is stated for a reasonable
9 time, but in no event may such period of irrevocability exceed three
10 (3) months; but any such term of assurance on a form supplied by the
11 offeree must be separately signed by the offeror.

12 SECTION 11. AMENDATORY 12A O.S. 2021, Section 2-209, is
13 amended to read as follows:

14 Section 2-209. (1) An agreement modifying a contract within
15 this article needs no consideration to be binding.

16 (2) A signed agreement which excludes modification or
17 rescission except by a signed writing or other signed record cannot
18 be otherwise modified or rescinded, but except as between merchants
19 such a requirement on a form supplied by the merchant must be
20 separately signed by the other party.

21 (3) The requirements of the statute of frauds section of this
22 article (Section 2-201) must be satisfied if the contract as
23 modified is within its provisions.

24

1 (4) Although an attempt at modification or rescission does not
2 satisfy the requirements of subsection (2) or (3) it can operate as
3 a waiver.

4 (5) A party who has made a waiver affecting an executory
5 portion of the contract may retract the waiver by reasonable
6 notification received by the other party that strict performance
7 will be required of any term waived, unless the retraction would be
8 unjust in view of a material change of position in reliance on the
9 waiver.

10 SECTION 12. AMENDATORY 12A O.S. 2021, Section 2A-102, is
11 amended to read as follows:

12 Section 2A-102.

13 SCOPE

14 (1) This article applies to any transaction, regardless of
15 form, that creates a lease ~~of goods~~ and, in the case of a hybrid
16 lease, it applies to the extent provided in paragraph (2) of this
17 section.

18 (2) In a hybrid lease:

19 (a) if the lease-of-goods aspects do not predominate:

20 (i) only the provisions of this article which relate
21 primarily to the lease-of-goods aspects of the
22 transaction apply, and the provisions that relate
23 primarily to the transaction as a whole do not
24 apply;

1 (ii) Section 2A-209 of this title applies if the lease
2 is a finance lease; and

3 (iii) Section 2A-407 of this title applies to the
4 promises of the lessee in a finance lease to the
5 extent the promises are consideration for the
6 right to possession and use of the leased goods;
7 and

8 (b) if the lease-of-goods aspects predominate, this
9 article applies to the transaction, but does not
10 preclude application, in appropriate circumstances, of
11 other law to aspects of the lease which do not relate
12 to the lease of goods.

13 SECTION 13. AMENDATORY 12A O.S. 2021, Section 2A-103, is
14 amended to read as follows:

15 Section 2A-103.

16 DEFINITIONS AND INDEX OF DEFINITIONS

17 (1) In this article unless the context otherwise requires:

18 (a) "Buyer in the ordinary course of business" means a
19 person who in good faith and without knowledge that
20 the sale to him or her is in violation of the
21 ownership rights or security interest or leasehold
22 interest of a third party in the goods, buys in the
23 ordinary course from a person in the business of
24 selling goods of that kind but does not include a

1 pawnbroker. "Buying" may be for cash or by exchange
2 of other property or on secured or unsecured credit
3 and includes acquiring goods or documents of title
4 under a preexisting contract for sale but does not
5 include a transfer in bulk or as security for or in
6 total or partial satisfaction of a money debt.

7 (b) "Cancellation" occurs when either party puts an end to
8 the lease contract for default by the other party.

9 (c) "Commercial unit" means such a unit of goods as by
10 commercial usage is a single whole for purposes of
11 lease and division of which materially impairs its
12 character or value on the market or in use. A
13 commercial unit may be a single article, as a machine,
14 or a set of articles, as a suite of furniture or a
15 line of machinery, or a quantity, as a gross or
16 carload, or any other unit treated in use or in the
17 relevant market as a single whole.

18 (d) "Conforming" goods or performance under a lease
19 contract means goods or performance that are in
20 accordance with the obligations under the lease
21 contract.

22 (e) "Consumer lease" means a lease that a lessor regularly
23 engaged in the business of leasing or selling makes to
24 a lessee who is an individual and who takes under the

1 lease primarily for a personal, family, or household
2 purpose, if the total payments to be made under the
3 lease contract, excluding payments for options to
4 renew or buy, do not exceed Forty-five Thousand
5 Dollars (\$45,000.00).

6 (f) "Fault" means wrongful act, omission, breach, or
7 default.

8 (g) "Finance lease" means a lease with respect to which:

9 (i) the lessor does not select, manufacture or supply
10 the goods;

11 (ii) the lessor acquires the goods or the right to
12 possession and use of the goods in connection
13 with the lease; and

14 (iii) one of the following occurs:

15 (A) the lessee receives a copy of the contract
16 by which the lessor acquired the goods or
17 the right to possession and use of the goods
18 before signing the lease contract;

19 (B) the lessee's approval of the contract by
20 which the lessor acquired the goods or the
21 right to possession and use of the goods is
22 a condition to effectiveness of the lease
23 contract;

24

1 (C) the lessee, before signing the lease
2 contract, receives an accurate and complete
3 statement designating the promises and
4 warranties, and any disclaimers of
5 warranties, limitations or modifications of
6 remedies, or liquidated damages, including
7 those of a third party, such as the
8 manufacturer of the goods, provided to the
9 lessor by the person supplying the goods in
10 connection with or as part of the contract
11 by which the lessor acquired the goods or
12 the right to possession and use of the
13 goods; or

14 (D) if the lease is not a consumer lease, the
15 lessor, before the lessee signs the lease
16 contract, informs the lessee in writing (a)
17 of the identity of the person supplying the
18 goods to the lessor, unless the lessee has
19 selected that person and directed the lessor
20 to acquire the goods or the right to
21 possession and use of the goods from that
22 person, (b) that the lessee is entitled
23 under this article to the promises and
24 warranties, including those of any third

1 party, provided to the lessor by the person
2 supplying the goods in connection with or as
3 part of the contract by which the lessor
4 acquired the goods or the right to
5 possession and use of the goods, and (c)
6 that the lessee may communicate with the
7 person supplying the goods to the lessor and
8 receive an accurate and complete statement
9 of those promises and warranties, including
10 any disclaimers and limitations of them or
11 of remedies.

12 (h) "Goods" means all things that are movable at the time
13 of identification to the lease contract, or are
14 fixtures (Section 2A-309 of this title). The term
15 includes future goods, specially manufactured goods,
16 and the unborn young of animals. The term does not
17 include information, the money in which the price is
18 to be paid, investment securities under Article 8 of
19 the Uniform Commercial Code, minerals or the like,
20 including oil and gas, before extraction, or choses in
21 action.

22 (i) "Hybrid lease" means a single transaction involving a
23 lease of goods and:

24 (i) the provision of services;

1 (ii) a sale of other goods; or

2 (iii) a sale, lease, or license of property other than
3 goods.

4 (j) "Installment lease contract" means a lease contract
5 that authorizes or requires the delivery of goods in
6 separate lots to be separately accepted, even though
7 the lease contract contains a clause "each delivery is
8 a separate lease" or its equivalent.

9 ~~(j)~~

10 (k) "Lease" means a transfer of the right to possession
11 and use of goods for a term in return for
12 consideration, but a sale, including a sale on
13 approval or a sale or return, or retention or creation
14 of a security interest or license of information is
15 not a lease. Unless the context clearly indicates
16 otherwise, the term includes a sublease.

17 ~~(k)~~

18 (l) "Lease agreement" means the bargain, with respect to
19 the lease, of the lessor and the lessee in fact as
20 found in their language or by implication from other
21 circumstances including course of dealing or usage of
22 trade or course of performance as provided in this
23 article. Unless the context clearly indicates
24 otherwise, the term includes a sublease agreement.

1 ~~(l)~~

2 (m) "Lease contract" means the total legal obligation that
3 results from the lease agreement as affected by this
4 article and any other applicable rules of law. Unless
5 the context clearly indicates otherwise, the term
6 includes a sublease contract.

7 ~~(m)~~

8 (n) "Leasehold interest" means the interest of the lessor
9 or the lessee under a lease contract.

10 ~~(n)~~

11 (o) "Lessee" means a person who acquires the right to
12 possession and use of goods under a lease. Unless the
13 context clearly indicates otherwise, the term includes
14 a sublessee.

15 ~~(o)~~

16 (p) "Lessee in the ordinary course of business" means a
17 person who in good faith and without knowledge that
18 the lease to him or her is in violation of the
19 ownership rights or security interest or leasehold
20 interest of a third party in the goods leases in the
21 ordinary course from a person in the business of
22 selling or leasing goods of that kind but does not
23 include a pawnbroker. "Leasing" may be for cash or by
24 exchange of other property or on secured or unsecured

1 credit and includes acquiring goods or documents of
2 title under a preexisting lease contract but does not
3 include a transfer in bulk or as security for or in
4 total or partial satisfaction of a money debt.

5 ~~(p)~~

6 (q) "Lessor" means a person who transfers the right to
7 possession and use of goods under a lease. Unless the
8 context clearly indicates otherwise, the term includes
9 a sublessor.

10 ~~(q)~~

11 (r) "Lessor's residual interest" means the lessor's
12 interest in the goods after expiration, termination,
13 or cancellation of the lease contract.

14 ~~(r)~~

15 (s) "Lien" means a charge against or interest in goods to
16 secure payment of a debt or performance of an
17 obligation, but the term does not include a security
18 interest.

19 ~~(s)~~

20 (t) "Lot" means a parcel or a single article that is the
21 subject matter of a separate lease or delivery,
22 whether or not it is sufficient to perform the lease
23 contract.

24 ~~(t)~~

1 (u) "Merchant lessee" means a lessee that is a merchant
2 with respect to goods of the kind subject to the
3 lease.

4 ~~(u)~~

5 (v) "Present value" means the amount as of a date certain
6 of one or more sums payable in the future, discounted
7 to the date certain. The discount is determined by
8 the interest rate specified by the parties if the rate
9 was not manifestly unreasonable at the time the
10 transaction was entered into; otherwise, the discount
11 is determined by a commercially reasonable rate that
12 takes into account the facts and circumstances of each
13 case at the time the transaction was entered into.

14 ~~(v)~~

15 (w) "Purchase" includes taking by sale, lease, mortgage,
16 security interest, pledge, gift, or any other
17 voluntary transaction creating an interest in goods.

18 ~~(w)~~

19 (x) "Sublease" means a lease of goods the right to
20 possession and use of which was acquired by the lessor
21 as a lessee under an existing lease.

22 ~~(x)~~

23 (y) "Supplier" means a person from whom a lessor buys or
24 leases goods to be leased under a finance lease.

1 ~~(y)~~

2 (z) "Supply contract" means a contract under which a
3 lessor buys or leases goods to be leased.

4 ~~(z)~~

5 (aa) "Termination" occurs when either party pursuant to a
6 power created by agreement or law puts an end to the
7 lease contract otherwise than for default.

8 (2) Other definitions applying to this article and the sections
9 in which they appear are:

10 "Accessions". Subsection (1) of Section 2A-310 of this
11 title.

12 "Construction mortgage". Paragraph (d) of subsection (1)
13 of Section 2A-309 of this title.

14 "Encumbrance". Paragraph (e) of subsection (1) of Section
15 2A-309 of this title.

16 "Fixtures". Paragraph (a) of subsection (1) of Section 2A-
17 309 of this title.

18 "Fixture filing". Paragraph (b) of subsection (1) of
19 Section 2A-309 of this title.

20 "Purchase money lease". Paragraph (c) of subsection (1) of
21 Section 2A-309 of this title.

22 (3) The following definitions in other articles apply to this
23 article:

1 "Account". Paragraph (2) of subsection (a) of Section 1-9-
2 102 of this title.

3 "Between merchants". Subsection (3) of Section 2-104 of
4 this title.

5 "Buyer". Paragraph (a) of subsection (1) of Section 2-103
6 of this title.

7 "Chattel paper". Paragraph (11) of subsection (a) of
8 Section 1-9-102 of this title.

9 "Consumer goods". Paragraph (23) of subsection (a) of
10 Section 1-9-102 of this title.

11 "Document". Paragraph (30) of subsection (a) of Section 1-
12 9-102 of this title.

13 "Entrusting". Paragraph (3) of Section 2-403 of this
14 title.

15 "General intangible". Paragraph (42) of subsection (a) of
16 Section 1-9-102 of this title.

17 "Instrument". Paragraph (47) of subsection (a) of Section
18 1-9-102 of this title.

19 "Merchant". Subsection (1) of Section 2-104 of this title.

20 "Mortgage". Paragraph (55) of subsection (a) of Section 1-
21 9-102 of this title.

22 "Pursuant to commitment". Paragraph (69) of subsection (a)
23 of Section 1-9-102 of this title.

24

1 "Receipt". Subsection (c) of paragraph (1) of Section 2-
2 103 of this title.

3 "Sale". Paragraph (1) of Section 2-106 of this title.

4 "Sale on approval". Section 2-326 of this title.

5 "Sale or return". Section 2-326 of this title.

6 "Seller". Subparagraph (c) of paragraph (1) of Section 2-
7 103 of this title.

8 (4) In addition, Article 1 of this title, contains general
9 definitions and principles of construction and interpretation
10 applicable throughout this article.

11 SECTION 14. AMENDATORY 12A O.S. 2021, Section 2A-107, is
12 amended to read as follows:

13 Section 2A-107.

14 WAIVER OR RENUNCIATION OF CLAIM OR RIGHT AFTER DEFAULT

15 Any claim or right arising out of an alleged default or breach
16 of warranty may be discharged in whole or in part without
17 consideration by a ~~written~~ waiver or renunciation in a signed and
18 record delivered by the aggrieved party.

19 SECTION 15. AMENDATORY 12A O.S. 2021, Section 2A-201, is
20 amended to read as follows:

21 Section 2A-201.

22 STATUTE OF FRAUDS

23 (1) A lease contract is not enforceable by way of action or
24 defense unless:

1 (a) the total payments to be made under the lease
2 contract, excluding payments for options to renew or buy, are less
3 than One Thousand Dollars (\$1,000.00); or

4 (b) there is a ~~writing~~ record, signed by the party
5 against whom enforcement is sought or by that party's authorized
6 agent, sufficient to indicate that a lease contract has been made
7 between the parties and to describe the goods leased and the lease
8 term.

9 (2) Any description of leased goods or of the lease term is
10 sufficient and satisfies paragraph (b) of subsection (1) of this
11 section, whether or not it is specific, if it reasonably identifies
12 what is described.

13 (3) A ~~writing~~ record is not insufficient because it omits or
14 incorrectly states a term agreed upon, but the lease contract is not
15 enforceable under paragraph (b) of subsection (1) of this section
16 beyond the lease term and the quantity of goods shown in the ~~writing~~
17 record.

18 (4) A lease contract that does not satisfy the requirements of
19 subsection (1) of this section, but which is valid in other
20 respects, is enforceable:

21 (a) if the goods are to be specially manufactured or
22 obtained for the lessee and are not suitable for lease or sale to
23 others in the ordinary course of the lessor's business, and the
24 lessor, before notice of repudiation is received and under

1 circumstances that reasonably indicate that the goods are for the
2 lessee, has made either a substantial beginning of their manufacture
3 or commitments for their procurement;

4 (b) if the party against whom enforcement is sought
5 admits in that party's pleading, testimony or otherwise in court
6 that a lease contract was made, but the lease contract is not
7 enforceable under this provision beyond the quantity of goods
8 admitted; or

9 (c) with respect to goods that have been received
10 and accepted by the lessee.

11 (5) The lease term under a lease contract referred to in
12 subsection (4) of this section is:

13 (a) if there is a ~~writing~~ record signed by the party
14 against whom enforcement is sought or by that party's authorized
15 agent specifying the lease term, the term so specified;

16 (b) if the party against whom enforcement is sought
17 admits in that party's pleading, testimony, or otherwise in court a
18 lease term, the term so admitted; or

19 (c) a reasonable lease term.

20 SECTION 16. AMENDATORY 12A O.S. 2021, Section 2A-202, is
21 amended to read as follows:

22 Section 2A-202.

23 FINAL ~~WRITTEN~~ EXPRESSION; PAROL OR EXTRINSIC EVIDENCE

24

1 Terms with respect to which the confirmatory memoranda of the
2 parties agree or which are otherwise set forth in a ~~writing~~ record
3 intended by the parties as a final expression of their agreement
4 with respect to such terms as are included therein may not be
5 contradicted by evidence of any prior agreement or of a
6 contemporaneous oral agreement but may be explained or supplemented:

7 (a) by course of dealing or usage of trade or by
8 course of performance; and

9 (b) by evidence of consistent additional terms
10 unless the court finds the ~~writing~~ record to have been intended also
11 as a complete and exclusive statement of the terms of the agreement.

12 SECTION 17. AMENDATORY 12A O.S. 2021, Section 2A-203, is
13 amended to read as follows:

14 Section 2A-203.

15 SEALS INOPERATIVE

16 The affixing of a seal to a ~~writing~~ record evidencing a lease
17 contract or an offer to enter into a lease contract does not render
18 the ~~writing~~ record a sealed instrument and the law with respect to
19 sealed instruments does not apply to the lease contract or offer.

20 SECTION 18. AMENDATORY 12A O.S. 2021, Section 2A-205, is
21 amended to read as follows:

22 Section 2A-205.

23 FIRM OFFERS

24

1 An offer by a merchant to lease goods to or from another person
2 in a signed ~~writing~~ record that by its terms gives assurance it will
3 be held open is not revocable, for lack of consideration, during the
4 time stated or, if no time is stated, for a reasonable time, but in
5 no event may the period of irrevocability exceed three (3) months.
6 Any such term of assurance on a form supplied by the offeree must be
7 separately signed by the offeror.

8 SECTION 19. AMENDATORY 12A O.S. 2021, Section 2A-208, is
9 amended to read as follows:

10 Section 2A-208.

11 MODIFICATION, RESCISSION, AND WAIVER

12 (1) An agreement modifying a lease contract needs no
13 consideration to be binding.

14 (2) A signed lease agreement that excludes modification or
15 rescission except by a signed ~~writing~~ record may not be otherwise
16 modified or rescinded, but, except as between merchants, such a
17 requirement on a form supplied by a merchant must be separately
18 signed by the other party.

19 (3) Although an attempt at modification or rescission does not
20 satisfy the requirements of subsection (2) of this section, it may
21 operate as a waiver.

22 (4) A party who has made a waiver affecting an executory
23 portion of a lease contract may retract the waiver by reasonable
24 notification received by the other party that strict performance

1 will be required of any term waived, unless the retraction would be
2 unjust in view of a material change of position in reliance on the
3 waiver.

4 SECTION 20. AMENDATORY 12A O.S. 2021, Section 3-104, is
5 amended to read as follows:

6 Section 3-104.

7 NEGOTIABLE INSTRUMENT

8 (a) Except as provided in subsections (c) and (d) of this
9 section, "negotiable instrument" means an unconditional promise or
10 order to pay a fixed amount of money, with or without interest or
11 other charges described in the promise or order, if it:

- 12 (1) is payable to bearer or to order at the time it is
13 issued or first comes into possession of a holder;
- 14 (2) is payable on demand or at a definite time; and
- 15 (3) does not state any other undertaking or instruction by
16 the person promising or ordering payment to do any act
17 in addition to the payment of money, but the promise
18 or order may contain (i) an undertaking or power to
19 give, maintain, or protect collateral to secure
20 payment, (ii) an authorization or power to the holder
21 to confess judgment or realize on or dispose of
22 collateral, ~~or~~ (iii) a waiver of the benefit of any
23 law intended for the advantage or protection of an
24 obligor, (iv) a term that specifies the law that

1 governs the promise or order, or (v) an undertaking to
2 resolve in a specified forum a dispute concerning the
3 promise or order.

4 (b) "Instrument" means a negotiable instrument.

5 (c) An order that meets all of the requirements of subsection
6 (a) of this section, except paragraph (1), and otherwise falls
7 within the definition of "check" in subsection (f) of this section
8 is a negotiable instrument and a check.

9 (d) A promise or order other than a check is not an instrument
10 if, at the time it is issued or first comes into possession of a
11 holder, it contains a conspicuous statement, however expressed, to
12 the effect that the promise or order is not negotiable or is not an
13 instrument governed by this article.

14 (e) An instrument is a "note" if it is a promise and is a
15 "draft" if it is an order. If an instrument falls within the
16 definition of both "note" and "draft", a person entitled to enforce
17 the instrument may treat it as either.

18 (f) "Check" means (i) a draft, other than a documentary draft,
19 payable on demand and drawn on a bank or (ii) a cashier's check or
20 teller's check. An instrument may be a check even though it is
21 described on its face by another term, such as "money order".

22 (g) "Cashier's check" means a draft with respect to which the
23 drawer and drawee are the same bank or branches of the same bank.

1 (h) "Teller's check" means a draft drawn by a bank (i) on
2 another bank, or (ii) payable at or through a bank.

3 (i) "Traveler's check" means an instrument that (i) is payable
4 on demand, (ii) is drawn on or payable at or through a bank, (iii)
5 is designated by the term "traveler's check" or by a substantially
6 similar term, and (iv) requires, as a condition to payment, a
7 countersignature by a person whose specimen signature appears on the
8 instrument.

9 (j) "Certificate of deposit" means an instrument containing an
10 acknowledgment by a bank that a sum of money has been received by
11 the bank and a promise by the bank to repay the sum of money. A
12 certificate of deposit is a note of the bank.

13 SECTION 21. AMENDATORY 12A O.S. 2021, Section 3-105, is
14 amended to read as follows:

15 Section 3-105.

16 ISSUE OF INSTRUMENT

17 (a) "Issue" means ~~the~~ :

18 (1) The first delivery of an instrument by the maker or drawer,
19 whether to a holder or nonholder, for the purpose of giving rights
20 on the instrument to any person; or

21 (2) If agreed by the payee, the first transmission by the
22 drawer to the payee of an image of an item and information derived
23 from the item that enables the depository bank to collect the item
24 by transferring or presenting under federal law an electronic check.

1 (b) An unissued instrument, or an unissued incomplete
2 instrument that is completed, is binding on the maker or drawer, but
3 nonissuance is a defense. An instrument that is conditionally
4 issued or is issued for a special purpose is binding on the maker or
5 drawer, but failure of the condition or special purpose to be
6 fulfilled is a defense.

7 (c) "Issuer" applies to issued and unissued instruments and
8 means a maker or drawer of an instrument.

9 SECTION 22. AMENDATORY 12A O.S. 2021, Section 3-401, is
10 amended to read as follows:

11 Section 3-401.

12 SIGNATURE NECESSARY FOR LIABILITY ON INSTRUMENT

13 ~~(a)~~ A person is not liable on an instrument unless (i) the
14 person signed the instrument, or (ii) the person is represented by
15 an agent or representative who signed the instrument and the
16 signature is binding on the represented person under Section 3-402
17 of this title.

18 ~~(b)~~ ~~A signature may be made (i) manually or by means of a~~
19 ~~device or machine, and (ii) by the use of any name, including a~~
20 ~~trade or assumed name, or by a word, mark, or symbol executed or~~
21 ~~adopted by a person with present intention to authenticate a~~
22 ~~writing.~~

23 SECTION 23. AMENDATORY 12A O.S. 2021, Section 3-604, is
24 amended to read as follows:

1 Section 3-604.

2 DISCHARGE BY CANCELLATION OR RENUNCIATION

3 (a) A person entitled to enforce an instrument, with or without
4 consideration, may discharge the obligation of a party to pay the
5 instrument (i) by an intentional voluntary act, such as surrender of
6 the instrument to the party, destruction, mutilation, or
7 cancellation of the instrument, cancellation or striking out of the
8 party's signature, or the addition of words to the instrument
9 indicating discharge, or (ii) by agreeing not to sue or otherwise
10 renouncing rights against the party by a signed record. The
11 obligation of a party to pay a check is not discharged solely by
12 destruction of the check in connection with a process in which
13 information is extracted from the check and an image of the check is
14 made and, subsequently, the information and image are transmitted
15 for payment.

16 (b) Cancellation or striking out of an indorsement pursuant to
17 subsection (a) of this section does not affect the status and rights
18 of a party derived from the indorsement.

19 ~~(c) As used in this section, "signed", with respect to a record~~
20 ~~that is not a writing, includes the attachment to or logical~~
21 ~~association with the record of an electronic symbol, sound, or~~
22 ~~process with the present intent to adopt or accept the record.~~

23 SECTION 24. AMENDATORY 12A O.S. 2021, Section 4A-103, is
24 amended to read as follows:

1 Section 4A-103.

2 PAYMENT ORDER - DEFINITIONS

3 (a) In this ~~Article~~ article:

4 (1) "Payment order" means an instruction of a sender to a
5 receiving bank, transmitted orally, ~~electronically, or in writing~~ or
6 in a record, to pay, or to cause another bank to pay, a fixed or
7 determinable amount of money to a beneficiary if:

8 (i) the instruction does not state a condition to payment
9 to the beneficiary other than time of payment,

10 (ii) the receiving bank is to be reimbursed by debiting an
11 account of, or otherwise receiving payment from, the
12 sender, and

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

17 (2) "Beneficiary" means the person to be paid by the
18 beneficiary's bank.

19 (3) "Beneficiary's bank" means the bank identified in a payment
20 order in which an account of the beneficiary is to be credited
21 pursuant to the order or which otherwise is to make payment to the
22 beneficiary if the order does not provide for payment to an account.

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

1 (5) "Sender" means the person giving the instruction to the
2 receiving bank.

3 (b) If an instruction complying with paragraph (1) of
4 subsection (a) is to make more than one payment to a beneficiary,
5 the instruction is a separate payment order with respect to each
6 payment.

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

9 SECTION 25. AMENDATORY 12A O.S. 2021, Section 4A-201, is
10 amended to read as follows:

11 Section 4A-201.

12 SECURITY PROCEDURE

13 "Security procedure" means a procedure established by agreement
14 of a customer and a receiving bank for the purpose of (i) verifying
15 that a payment order or communication amending or canceling a
16 payment order is that of the customer, or (ii) detecting error in
17 the transmission or the content of the payment order or
18 communication. A security procedure may impose an obligation on the
19 receiving bank or the customer and may require the use of algorithms
20 or other codes, identifying words ~~or~~, numbers, symbols, sounds,
21 biometrics, encryption, callback procedures, or similar security
22 devices. Comparisons of a signature on a payment order or
23 communication with an authorized specimen signature of the customer
24 or requiring a payment order to be sent from a known email address,

1 IP address, or telephone number is not by itself a security
2 procedure.

3 SECTION 26. AMENDATORY 12A O.S. 2021, Section 4A-202, is
4 amended to read as follows:

5 Section 4A-202.

6 AUTHORIZED AND VERIFIED PAYMENT ORDERS

7 (a) A payment order received by the receiving bank is the
8 authorized order of the person identified as sender if that person
9 authorized the order or is otherwise bound by it under the law of
10 agency.

11 (b) If a bank and its customer have agreed that the
12 authenticity of payment orders issued to the bank in the name of the
13 customer as sender will be verified pursuant to a security
14 procedure, a payment order received by the receiving bank is
15 effective as the order of the customer, whether or not authorized,
16 if (i) the security procedure is a commercially reasonable method of
17 providing security against unauthorized payment orders, and (ii) the
18 bank proves that it accepted the payment order in good faith and in
19 compliance with the bank's obligations under the security procedure
20 and any ~~written~~ agreement or instruction of the customer, evidenced
21 by a record, restricting acceptance of payment orders issued in the
22 name of the customer. The bank is not required to follow an
23 instruction that violates a ~~written~~ an agreement with the customer,
24 evidenced by a record, or notice of which is not received at a time

1 and in a manner affording the bank a reasonable opportunity to act
2 on it before the payment order is accepted.

3 (c) Commercial reasonableness of a security procedure is a
4 question of law to be determined by considering the wishes of the
5 customer expressed to the bank, the circumstances of the customer
6 known to the bank, including the size, type, and frequency of
7 payment orders normally issued by the customer to the bank,
8 alternative security procedures offered to the customer, and
9 security procedures in general use by customers and receiving banks
10 similarly situated. A security procedure is deemed to be
11 commercially reasonable if (i) the security procedure was chosen by
12 the customer after the bank offered, and the customer refused, a
13 security procedure that was commercially reasonable for that
14 customer, and (ii) the customer expressly agreed in ~~writing~~ a record
15 to be bound by any payment order, whether or not authorized, issued
16 in its name and accepted by the bank in compliance with the bank's
17 obligations under the security procedure chosen by the customer.

18 (d) The term "sender" in this ~~Article~~ article includes the
19 customer in whose name a payment order is issued if the order is the
20 authorized order of the customer under subsection (a), or it is
21 effective as the order of the customer under subsection (b).

22 (e) This section applies to amendments and cancellations of
23 payment orders to the same extent it applies to payment orders.

24

1 (f) Except as provided in this section and in paragraph (1) of
2 subsection (a) of Section 11 of this act rights and obligations
3 arising under this section or Section 11 of this act may not be
4 varied by agreement.

5 SECTION 27. AMENDATORY 12A O.S. 2021, Section 4A-203, is
6 amended to read as follows:

7 Section 4A-203.

8 UNENFORCEABILITY OF CERTAIN VERIFIED PAYMENT ORDERS

9 (a) If an accepted payment order is not, under subsection (a)
10 of Section 10 of this act, an authorized order of a customer
11 identified as sender, but is effective as an order of the customer
12 pursuant to subsection (b) of Section 10 of this act, the following
13 rules apply:

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

17 (2) The receiving bank is not entitled to enforce or retain
18 payment of the payment order if the customer proves that the order
19 was not caused, directly or indirectly, by a person (i) entrusted at
20 any time with duties to act for the customer with respect to payment
21 orders or the security procedure, or (ii) who obtained access to
22 transmitting facilities of the customer or who obtained, from a
23 source controlled by the customer and without authority of the
24 receiving bank, information facilitating breach of the security

1 procedure, regardless of how the information was obtained or whether
2 the customer was at fault. Information includes any access device,
3 computer software, or the like.

4 (b) This section applies to amendments of payment orders to the
5 same extent it applies to payment orders.

6 SECTION 28. AMENDATORY 12A O.S. 2021, Section 4A-207, is
7 amended to read as follows:

8 Section 4A-207.

9 MISDESCRIPTION OF BENEFICIARY

10 (a) Subject to subsection (b) of this section, if, in a payment
11 order received by the beneficiary's bank, the name, bank account
12 number, or other identification of the beneficiary refers to a
13 nonexistent or unidentifiable person or account, no person has
14 rights as a beneficiary of the order and acceptance of the order
15 cannot occur.

16 (b) If a payment order received by the beneficiary's bank
17 identifies the beneficiary both by name and by an identifying or
18 bank account number and the name and number identify different
19 persons, the following rules apply:

20 (1) Except as otherwise provided in subsection (c) of this
21 section, if the beneficiary's bank does not know that the name and
22 number refer to different persons, it may rely on the number as the
23 proper identification of the beneficiary of the order. The

24

1 beneficiary's bank need not determine whether the name and number
2 refer to the same person.

3 (2) If the beneficiary's bank pays the person identified by
4 name or knows that the name and number identify different persons,
5 no person has rights as beneficiary except the person paid by the
6 beneficiary's bank if that person was entitled to receive payment
7 from the originator of the funds transfer. If no person has rights
8 as beneficiary, acceptance of the order cannot occur.

9 (c) If (i) a payment order described in subsection (b) of this
10 section is accepted, (ii) the originator's payment order described
11 the beneficiary inconsistently by name and number, and (iii) the
12 beneficiary's bank pays the person identified by number as permitted
13 by paragraph (1) of subsection (b) of this section, the following
14 rules apply:

15 (1) If the originator is a bank, the originator is obliged to
16 pay its order.

17 (2) If the originator is not a bank and proves that the person
18 identified by number was not entitled to receive payment from the
19 originator, the originator is not obliged to pay its order unless
20 the originator's bank proves that the originator, before acceptance
21 of the originator's order, had notice that payment of a payment
22 order issued by the originator might be made by the beneficiary's
23 bank on the basis of an identifying or bank account number even if
24 it identifies a person different from the named beneficiary. Proof

1 of notice may be made by any admissible evidence. The originator's
2 bank satisfies the burden of proof if it proves that the originator,
3 before the payment order was accepted, signed a ~~writing~~ record
4 stating the information to which the notice relates.

5 (d) In a case governed by paragraph (1) of subsection (b) of
6 this section, if the beneficiary's bank rightfully pays the person
7 identified by number and that person was not entitled to receive
8 payment from the originator, the amount paid may be recovered from
9 that person to the extent allowed by the law governing mistake and
10 restitution as follows:

11 (1) If the originator is obliged to pay its payment order as
12 stated in subsection (c) of this section, the originator has the
13 right to recover.

14 (2) If the originator is not a bank and is not obliged to pay
15 its payment order, the originator's bank has the right to recover.

16 SECTION 29. AMENDATORY 12A O.S. 2021, Section 4A-208, is
17 amended to read as follows:

18 Section 4A-208.

19 MISDESCRIPTION OF INTERMEDIARY BANK OR BENEFICIARY'S BANK

20 (a) This subsection applies to a payment order identifying an
21 intermediary bank or the beneficiary's bank only by an identifying
22 number.

23

24

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

4 (2) The sender is obliged to compensate the receiving bank for
5 any loss and expenses incurred by the receiving bank as a result of
6 its reliance on the number in executing or attempting to execute the
7 order.

8 (b) This subsection applies to a payment order identifying an
9 intermediary bank or the beneficiary's bank both by name and an
10 identifying number if the name and number identify different
11 persons.

12 (1) If the sender is a bank, the receiving bank may rely on the
13 number as the proper identification of the intermediary or
14 beneficiary's bank if the receiving bank, when it executes the
15 sender's order, does not know that the name and number identify
16 different persons. The receiving bank need not determine whether
17 the name and number refer to the same person or whether the number
18 refers to a bank. The sender is obliged to compensate the receiving
19 bank for any loss and expenses incurred by the receiving bank as a
20 result of its reliance on the number in executing or attempting to
21 execute the order.

22 (2) If the sender is not a bank and the receiving bank proves
23 that the sender, before the payment order was accepted, had notice
24 that the receiving bank might rely on the number as the proper

1 identification of the intermediary or beneficiary's bank even if it
2 identifies a person different from the bank identified by name, the
3 rights and obligations of the sender and the receiving bank are
4 governed by paragraph (1) of subsection (b) of this section, as
5 though the sender were a bank. Proof of notice may be made by any
6 admissible evidence. The receiving bank satisfies the burden of
7 proof if it proves that the sender, before the payment order was
8 accepted, signed a ~~writing~~ record stating the information to which
9 the notice relates.

10 (3) Regardless of whether the sender is a bank, the receiving
11 bank may rely on the name as the proper identification of the
12 intermediary or beneficiary's bank if the receiving bank, at the
13 time it executes the sender's order, does not know that the name and
14 number identify different persons. The receiving bank need not
15 determine whether the name and number refer to the same person.

16 (4) If the receiving bank knows that the name and number
17 identify different persons, reliance on either the name or the
18 number in executing the sender's payment order is a breach of the
19 obligation stated in paragraph (1) of subsection (a) of Section 22
20 of this act.

21 SECTION 30. AMENDATORY 12A O.S. 2021, Section 4A-210, is
22 amended to read as follows:

23 Section 4A-210.

24 REJECTION OF PAYMENT ORDER

1 (a) A payment order is rejected by the receiving bank by a
2 notice of rejection transmitted to the sender orally,
3 ~~electronically,~~ or in ~~writing~~ a record. A notice of rejection need
4 not use any particular words and is sufficient if it indicates that
5 the receiving bank is rejecting the order or will not execute or pay
6 the order. Rejection is effective when the notice is given if
7 transmission is by a means that is reasonable in the circumstances.
8 If notice of rejection is given by a means that is not reasonable,
9 rejection is effective when the notice is received. If an agreement
10 of the sender and receiving bank establishes the means to be used to
11 reject a payment order, (i) any means complying with the agreement
12 is reasonable and (ii) any means not complying is not reasonable
13 unless no significant delay in receipt of the notice resulted from
14 the use of the noncomplying means.

15 (b) This subsection applies if a receiving bank other than the
16 beneficiary's bank fails to execute a payment order despite the
17 existence on the execution date of a withdrawable credit balance in
18 an authorized account of the sender sufficient to cover the order.
19 If the sender does not receive notice of rejection of the order on
20 the execution date and the authorized account of the sender does not
21 bear interest, the bank is obliged to pay interest to the sender on
22 the amount of the order for the number of days elapsing after the
23 execution date to the earlier of the day the order is canceled
24 pursuant to subsection (d) of Section 19 of this act or the day the

1 sender receives notice or learns that the order was not executed,
2 counting the final day of the period as an elapsed day. If the
3 withdrawable credit balance during that period falls below the
4 amount of the order, the amount of interest is reduced accordingly.

5 (c) If a receiving bank suspends payments, all unaccepted
6 payment orders issued to it are deemed rejected at the time the bank
7 suspends payments.

8 (d) Acceptance of a payment order precludes a later rejection
9 of the order. Rejection of a payment order precludes a later
10 acceptance of the order.

11 SECTION 31. AMENDATORY 12A O.S. 2021, Section 4A-211, is
12 amended to read as follows:

13 Section 4A-211.

14 CANCELLATION AND AMENDMENT OF PAYMENT ORDER

15 (a) A communication of the sender of a payment order canceling
16 or amending the order may be transmitted to the receiving bank
17 orally, ~~electronically,~~ or in ~~writing~~ a record. If a security
18 procedure is in effect between the sender and the receiving bank,
19 the communication is not effective to cancel or amend the order
20 unless the communication is verified pursuant to the security
21 procedure or the bank agrees to the cancellation or amendment.

22 (b) Subject to subsection (a) of this section, a communication
23 by the sender canceling or amending a payment order is effective to
24 cancel or amend the order if notice of the communication is received

1 at a time and in a manner affording the receiving bank a reasonable
2 opportunity to act on the communication before the bank accepts the
3 payment order.

4 (c) After a payment order has been accepted, cancellation or
5 amendment of the order is not effective unless the receiving bank
6 agrees or a funds-transfer system rule allows cancellation or
7 amendment without agreement of the bank.

8 (1) With respect to a payment order accepted by a receiving
9 bank other than the beneficiary's bank, cancellation or amendment is
10 not effective unless a conforming cancellation or amendment of the
11 payment order issued by the receiving bank is also made.

12 (2) With respect to a payment order accepted by the
13 beneficiary's bank, cancellation or amendment is not effective
14 unless the order was issued in execution of an unauthorized payment
15 order, or because of a mistake by a sender in the funds transfer
16 which resulted in the issuance of a payment order (i) that is a
17 duplicate of a payment order previously issued by the sender, (ii)
18 that orders payment to a beneficiary not entitled to receive payment
19 from the originator, or (iii) that orders payment in an amount
20 greater than the amount the beneficiary was entitled to receive from
21 the originator. If the payment order is canceled or amended, the
22 beneficiary's bank is entitled to recover from the beneficiary any
23 amount paid to the beneficiary to the extent allowed by the law
24 governing mistake and restitution.

1 (d) An unaccepted payment order is canceled by operation of law
2 at the close of the fifth funds-transfer business day of the
3 receiving bank after the execution date or payment date of the
4 order.

5 (e) A canceled payment order cannot be accepted. If an
6 accepted payment order is canceled, the acceptance is nullified and
7 no person has any right or obligation based on the acceptance.
8 Amendment of a payment order is deemed to be cancellation of the
9 original order at the time of amendment and issue of a new payment
10 order in the amended form at the same time.

11 (f) Unless otherwise provided in an agreement of the parties or
12 in a funds-transfer system rule, if the receiving bank, after
13 accepting a payment order, agrees to cancellation or amendment of
14 the order by the sender or is bound by a funds-transfer system rule
15 allowing cancellation or amendment without the bank's agreement, the
16 sender, whether or not cancellation or amendment is effective, is
17 liable to the bank for any loss and expenses, including reasonable
18 ~~attorney's~~ attorney fees, incurred by the bank as a result of the
19 cancellation or amendment or attempted cancellation or amendment.

20 (g) A payment order is not revoked by the death or legal
21 incapacity of the sender unless the receiving bank knows of the
22 death or of an adjudication of incapacity by a court of competent
23 jurisdiction and has reasonable opportunity to act before acceptance
24 of the order.

1 (h) A funds-transfer system rule is not effective to the extent
2 it conflicts with paragraph (2) of subsection (c) of this section.

3 SECTION 32. AMENDATORY 12A O.S. 2021, Section 4A-305, is
4 amended to read as follows:

5 Section 4A-305.

6 LIABILITY FOR LATE OR IMPROPER EXECUTION OR FAILURE TO
7 EXECUTE PAYMENT ORDER

8 (a) If a funds transfer is completed but execution of a payment
9 order by the receiving bank in breach of Section 22 of this act
10 results in delay in payment to the beneficiary, the bank is obliged
11 to pay interest to either the originator or the beneficiary of the
12 funds transfer for the period of delay caused by the improper
13 execution. Except as provided in subsection (c) of this section,
14 additional damages are not recoverable.

15 (b) If execution of a payment order by a receiving bank in
16 breach of Section 22 of this act results in (i) noncompletion of the
17 funds transfer, (ii) failure to use an intermediary bank designated
18 by the originator, or (iii) issuance of a payment order that does
19 not comply with the terms of the payment order of the originator,
20 the bank is liable to the originator for its expenses in the funds
21 transfer and for incidental expenses and interest losses, to the
22 extent not covered by subsection (a) of this section, resulting from
23 the improper execution. Except as provided in subsection (c) of
24 this section, additional damages are not recoverable.

1 (c) In addition to the amounts payable under subsections (a)
2 and (b) of this section, damages, including consequential damages,
3 are recoverable to the extent provided in an express ~~written~~
4 agreement of the receiving bank, evidenced by a record.

5 (d) If a receiving bank fails to execute a payment order it was
6 obliged by express agreement to execute, the receiving bank is
7 liable to the sender for its expenses in the transaction and for
8 incidental expenses and interest losses resulting from the failure
9 to execute. Additional damages, including consequential damages,
10 are recoverable to the extent provided in an express ~~written~~
11 agreement of the receiving bank, evidenced by a record, but are not
12 otherwise recoverable.

13 (e) Reasonable ~~attorney's~~ attorney fees are recoverable if
14 demand for compensation under subsection (a) or (b) of this section
15 is made and refused before an action is brought on the claim. If a
16 claim is made for breach of an agreement under subsection (d) of
17 this section and the agreement does not provide for damages,
18 reasonable ~~attorney's~~ attorney fees are recoverable if demand for
19 compensation under subsection (d) of this section is made and
20 refused before an action is brought on the claim.

21 (f) Except as stated in this section, the liability of a
22 receiving bank under subsections (a) and (b) of this section may not
23 be varied by agreement.
24

1 SECTION 33. AMENDATORY 12A O.S. 2021, Section 5-104, is
2 amended to read as follows:

3 Section 5-104.

4 Formal Requirements.

5 A letter of credit, confirmation, advice, transfer, amendment,
6 or cancellation may be issued in any form that is a signed record
7 ~~and is authenticated:~~

8 ~~(1) By a signature; or~~

9 ~~(2) In accordance with the agreement of the parties or the~~
10 ~~standard practice referred to in subsection (c) of~~
11 ~~Section 5-108 of this title.~~

12 SECTION 34. AMENDATORY 12A O.S. 2021, Section 5-116, is
13 amended to read as follows:

14 Section 5-116.

15 Choice of Law and Forum.

16 (a) The liability of an issuer, nominated person, or adviser for
17 action or omission is governed by the law of the jurisdiction chosen
18 by an agreement in the form of a record signed ~~or otherwise~~
19 ~~authenticated~~ by the affected parties ~~in the manner provided in~~
20 ~~Section 5-104 of this title~~ or by a provision in the person's letter
21 of credit, confirmation, or other undertaking. The jurisdiction
22 whose law is chosen need not bear any relation to the transaction.

23 (b) Unless subsection (a) of this section applies, the
24 liability of an issuer, nominated person, or adviser for action or

1 omission is governed by the law of the jurisdiction in which the
2 person is located. The person is considered to be located at the
3 address indicated in the person's undertaking. If more than one
4 address is indicated, the person is considered to be located at the
5 address from which the person's undertaking was issued.

6 (c) For the purpose of jurisdiction, choice of law, and
7 recognition of interbranch letters of credit, but not enforcement of
8 a judgment, all branches of a bank are considered separate juridical
9 entities and a bank is considered to be located at the place where
10 its relevant branch is considered to be located under ~~this~~
11 subsection (d) of this section.

12 (d) A branch of a bank is considered to be located at the
13 address indicated in the branch's undertaking. If more than one
14 address is indicated, the branch is considered to be located at the
15 address from which the undertaking was issued.

16 ~~(e)~~ (e) Except as otherwise provided in this subsection, the
17 liability of an issuer, nominated person, or adviser is governed by
18 any rules of custom or practice, such as the Uniform Customs and
19 Practice for Documentary Credits, to which the letter of credit,
20 confirmation, or other undertaking is expressly made subject. If:

21 (1) This article would govern the liability of an issuer,
22 nominated person, or adviser under subsection (a) or
23 (b) of this section;

24

1 (2) The relevant undertaking incorporates rules of custom
2 or practice; and

3 (3) There is conflict between this article and those rules
4 as applied to that undertaking,

5 those rules govern except to the extent of any conflict with the
6 nonvariable provisions specified in subsection (c) of Section 5-103
7 of this title.

8 ~~(d)~~ (f) If there is conflict between this article and Article
9 3, 4, 4A, or 9 of this title, this article governs.

10 ~~(e)~~ (g) The forum for settling disputes arising out of an
11 undertaking within this article may be chosen in the manner and with
12 the binding effect that governing law may be chosen in accordance
13 with subsection (a) of this section.

14 SECTION 35. AMENDATORY 12A O.S. 2021, Section 7-102, is
15 amended to read as follows:

16 Section 7-102.

17 Definitions and Index of Definitions.

18 (a) In this article, unless the context otherwise requires:

19 (1) "Bailee" means a person that by a warehouse receipt, bill
20 of lading or other document of title acknowledges possession of
21 goods and contracts to deliver them.

22 (2) "Carrier" means a person that issues a bill of lading.

23 (3) "Consignee" means a person named in a bill of lading to
24 which or to whose order the bill promises delivery.

1 (4) "Consignor" means the person named in a bill of lading as
2 the person from whom the goods have been received for shipment.

3 (5) "Delivery order" means a record that contains an order to
4 deliver goods directed to a warehouse, carrier, or other person that
5 in the ordinary course of business issues warehouse receipts or
6 bills of lading.

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

9 (7) "Goods" means all things that are treated as movable for
10 the purposes of a contract of storage or transportation.

11 (8) "Issuer" means a bailee that issues a document of title or,
12 in the case of an unaccepted delivery order, the person that orders
13 the possessor of goods to deliver. The term includes a person for
14 which an agent or employee purports to act in issuing a document if
15 the agent or employee has real or apparent authority to issue
16 documents, even if the issuer did not receive any goods, the goods
17 were misdescribed, or in any other respect the agent or employee
18 violated the issuer's instructions.

19 (9) "Person entitled under the document" means the holder, in
20 the case of a negotiable document of title, or the person to which
21 delivery of the goods is to be made by the terms of, or pursuant to
22 instructions in a record under, a nonnegotiable document of title.

23

24

1 (10) ~~"Record" means information that is inscribed on a tangible~~
2 ~~medium or that is stored in an electronic or other medium and is~~
3 ~~retrievable in perceivable form.~~

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

6 ~~(A) to execute or adopt a tangible symbol; or~~

7 ~~(B) to attach to or logically associate with the record an~~
8 ~~electronic sound, symbol, or process.~~

9 ~~(12) "Shipper" means a person that enters into a contract of~~
10 ~~transportation with a carrier.~~

11 ~~(13) (11) "Warehouse" means a person engaged in the business of~~
12 ~~storing goods for hire.~~

13 (b) Definitions in other articles applying to this article and
14 the sections in which they appear are:

15 (1) "Contract for sale", Section 2-106.

16 (2) "Lessee in the ordinary course of business", Section 2A-
17 103.

18 (3) "Receipt" of goods, Section 2-103.

19 (c) In addition Article 1 contains general definitions and
20 principles of construction and interpretation applicable throughout
21 this article.

22 SECTION 36. AMENDATORY 12A O.S. 2021, Section 7-106, is
23 amended to read as follows:

24 Section 7-106.

1 Control of Electronic Document of Title.

2 (a) A person has control of an electronic document of title if
3 a system employed for evidencing the transfer of interests in the
4 electronic document reliably establishes that person as the person
5 to which the electronic document was issued or transferred.

6 (b) A system satisfies subsection (a) of this section, and a
7 person ~~is deemed to have~~ has control of an electronic document of
8 title, if the document is created, stored, and ~~assigned~~ transferred
9 in ~~such~~ a manner that:

10 (1) a single authoritative copy of the document exists which
11 is unique, identifiable, and, except as otherwise provided in
12 paragraphs (4), (5), and (6) of this subsection, unalterable;

13 (2) the authoritative copy identifies the person asserting
14 control as:

15 (A) the person to which the document was issued; or

16 (B) if the authoritative copy indicates that the document
17 has been transferred, the person to which the document
18 was most recently transferred;

19 (3) the authoritative copy is communicated to and maintained by
20 the person asserting control or its designated custodian;

21 (4) copies or amendments that add or change an identified
22 ~~assignee~~ transferee of the authoritative copy can be made only with
23 the consent of the person asserting control;

1 (5) each copy of the authoritative copy and any copy of a copy
2 is readily identifiable as a copy that is not the authoritative
3 copy; and

4 (6) any amendment of the authoritative copy is readily
5 identifiable as authorized or unauthorized.

6 (c) A system satisfies subsection (a) of this section, and a
7 person has control of an electronic document of title, if an
8 authoritative electronic copy of the document, a record attached to
9 or logically associated with the electronic copy, or a system in
10 which the electronic copy is recorded:

11 (1) enables the person readily to identify each electronic copy
12 as either an authoritative copy or a nonauthoritative copy;

13 (2) enables the person readily to identify itself in any way,
14 including by name, identifying number, cryptographic key, office, or
15 account number, as the person to which each authoritative electronic
16 copy was issued or transferred; and

17 (3) gives the person exclusive power, subject to subsection (d)
18 of this section, to:

19 (A) prevent others from adding or changing the person to
20 which each authoritative electronic copy has been
21 issued or transferred; and

22 (B) transfer control of each authoritative electronic
23 copy.

24

1 (d) Subject to subsection (e) of this section, a power is
2 exclusive under subparagraphs (A) and (B) of paragraph (3) of
3 subsection (c) of this section even if:

4 (1) the authoritative electronic copy, a record attached to or
5 logically associated with the authoritative electronic copy, or a
6 system in which the authoritative electronic copy is recorded limits
7 the use of the document of title or has a protocol that is
8 programmed to cause a change, including a transfer or loss of
9 control; or

10 (2) the power is shared with another person.

11 (e) A power of a person is not shared with another person under
12 paragraph (2) of subsection (d) of this section and the person's
13 power is not exclusive if:

14 (1) the person can exercise the power only if the power also is
15 exercised by the other person; and

16 (2) the other person:

17 (A) can exercise the power without exercise of the power
18 by the person; or

19 (B) is the transferor to the person of an interest in the
20 document of title.

21 (f) If a person has the powers specified in subparagraphs (A)
22 and (B) of paragraph (3) of subsection (c) of this section, the
23 powers are presumed to be exclusive.

24

1 (g) A person has control of an electronic document of title if
2 another person, other than the transferor to the person of an
3 interest in the document:

4 (1) has control of the document and acknowledges that it has
5 control on behalf of the person; or

6 (2) obtains control of the document after having acknowledged
7 that it will obtain control of the document on behalf of the person.

8 (h) A person that has control under this section is not
9 required to acknowledge that it has control on behalf of another
10 person.

11 (i) If a person acknowledges that it has or will obtain control
12 on behalf of another person, unless the person otherwise agrees or
13 law other than this article or Article 9 of this title otherwise
14 provides, the person does not owe any duty to the other person and
15 is not required to confirm the acknowledgment to any other person.

16 SECTION 37. AMENDATORY 12A O.S. 2021, Section 8-102, is
17 amended to read as follows:

18 Section 8-102.

19 Definitions.

20 (a) In this article:

21 (1) "Adverse claim" means a claim that a claimant has a
22 property interest in a financial asset and that it is
23 a violation of the rights of the claimant for another
24

1 person to hold, transfer or deal with the financial
2 asset;

3 (2) "Bearer form", as applied to a certificated security,
4 means a form in which the security is payable to the
5 bearer of the security certificate according to its
6 term but not by reason of an indorsement;

7 (3) "Broker" means a person defined as a broker or dealer
8 under the federal securities laws, but without
9 excluding a bank acting in that capacity;

10 (4) "Certificated security" means a security that is
11 represented by a certificate;

12 (5) "Clearing corporation" means:

13 (i) a person that is registered as a "clearing
14 agency" under the federal securities laws;

15 (ii) a federal reserve bank; or

16 (iii) any other person that provides clearance or
17 settlement services with respect to financial
18 assets that would require it to register as a
19 clearing agency under the federal securities laws
20 but for an exclusion or exemption from the
21 registration requirement, if its activities as a
22 clearing corporation, including promulgation of
23 rules, are subject to regulation by a federal or
24 state governmental authority;

1 (6) "Communicate" means to:

2 (i) send a signed ~~writing~~ record; or

3 (ii) transmit information by any mechanism agreed upon
4 by the persons transmitting and receiving the
5 information;

6 (7) "Entitlement holder" means a person identified in the
7 records of a securities intermediary as the person
8 having a security entitlement against the securities
9 intermediary. If a person acquires a security
10 entitlement by virtue of paragraph (2) or (3) of
11 subsection (b) of Section 8-501 of this title, that
12 person is the entitlement holder;

13 (8) "Entitlement order" means a notification communicated
14 to a securities intermediary directing transfer or
15 redemption of a financial asset to which the
16 entitlement holder has a security entitlement;

17 (9) "Financial asset", except as otherwise provided in
18 Section 8-103 of this title, means:

19 (i) a security;

20 (ii) an obligation of a person or a share,
21 participation or other interest in a person or in
22 property or an enterprise of a person, which is,
23 or is of a type, dealt in or traded on financial
24 markets, or which is recognized in any area in

1 which it is issued or dealt in as a medium for
2 investment; or

3 (iii) any property that is held by a securities
4 intermediary for another person in a securities
5 account if the securities intermediary has
6 expressly agreed with the other person that the
7 property is to be treated as a financial asset
8 under this article.

9 As context requires, the term means either the
10 interest itself or the means by which a person's claim
11 to it is evidenced, including a certificated or
12 uncertificated security, a security certificate, or a
13 security entitlement;

14 (10) "Good faith", for purposes of the obligation of good
15 faith in the performance or enforcement of contracts
16 or duties within this article, means honesty in fact
17 and the observance of reasonable commercial standards
18 of fair dealing;

19 (11) "Indorsement" means a signature that alone or
20 accompanied by other words is made on a security
21 certificate in registered form or on a separate
22 document for the purpose of assigning, transferring or
23 redeeming the security or granting a power to assign,
24 transfer, or redeem it;

1 (12) "Instruction" means a notification communicated to the
2 issuer of an uncertificated security which directs
3 that the transfer of the security be registered or
4 that the security be redeemed;

5 (13) "Registered form", as applied to a certificate
6 security, means a form in which:

7 (i) the security certificate specifies a person
8 entitled to the security; and

9 (ii) a transfer of the security may be registered upon
10 books maintained for that purpose by or on behalf
11 of the issuer, or the security certificate so
12 states;

13 (14) "Securities intermediary" means:

14 (i) a clearing corporation; or

15 (ii) a person, including a bank or broker, that in the
16 ordinary course of its business maintains
17 securities accounts for others and is acting in
18 that capacity;

19 (15) "Security", except as otherwise provided in Section 8-
20 103 of this title, means an obligation of an issuer or
21 a share, participation, or other interest in an issuer
22 or in property or an enterprise of an issuer:

23 (i) which is represented by a security certificate in
24 bearer or registered form, or the transfer of

1 which may be registered upon books maintained for
2 that purpose by or on behalf of the issuer;

3 (ii) which is one of a class or series or by its terms
4 is divisible into a class or series of shares,
5 participations, interests, or obligations; and

6 (iii) which:

7 (A) is, or is of a type, dealt in or traded on
8 securities exchanges or securities markets;
9 or

10 (B) is a medium for investment and by its terms
11 expressly provides that it is a security
12 governed by this article;

13 (16) "Security certificate" means a certificate
14 representing a security;

15 (17) "Security entitlement" means the rights and property
16 interest of an entitlement holder with respect to a
17 financial asset specified in Part 5 of this article;
18 and

19 (18) "Uncertificated security" means a security that is not
20 represented by a certificate.

21 (b) ~~Other~~ The following definitions ~~applying to~~ in this article
22 and ~~the sections in which they appear are~~ other articles apply to
23 this article:

24 "Appropriate person". Section 8-107.

1 "Control". Section 8-106.

2 "Controllable account". Section 1-9-102.

3 "Controllable electronic record". Section 12-102.

4 "Controllable payment intangible". Section 1-9-102.

5 "Delivery". Section 8-301.

6 "Investment company security". Section 8-103.

7 "Issuer". Section 8-201.

8 "Overissue". Section 8-210.

9 "Protected purchaser". Section 8-303.

10 "Securities account". Section 8-501.

11 (c) In addition, Article 1 contains general definitions and
12 principles of construction and interpretation applicable throughout
13 this article.

14 (d) The characterization of a person, business, or transaction
15 for purposes of this article does not determine the characterization
16 of the person, business, or transaction for purposes of any other
17 law, regulation, or rule.

18 SECTION 38. AMENDATORY 12A O.S. 2021, Section 8-103, is
19 amended to read as follows:

20 Section 8-103. Rules for Determining Whether Certain
21 Obligations and Interests Are Securities or Financial Assets.

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

1 (b) An "investment company security" is a security.

2 "Investment company security" means a share or similar equity
3 interest issued by an entity that is registered as an investment
4 company under the federal investment company laws, an interest in a
5 unit investment trust that is so registered, or a face-amount
6 certificate issued by a face-amount certificate company that is so
7 registered. Investment company security does not include an
8 insurance policy or endowment policy or annuity contract issued by
9 an insurance company.

10 (c) An interest in a partnership or limited liability company
11 is not a security unless it is dealt in or traded on securities
12 exchanges or in securities markets, its terms expressly provide that
13 it is a security governed by this article, or it is an investment
14 company security. However, an interest in a partnership or limited
15 liability company is a financial asset if it is held in a securities
16 account.

17 (d) A writing that is a security certificate is governed by
18 this article and not by Article 3 of this code, even though it also
19 meets the requirements of that article. However, a negotiable
20 instrument governed by Article 3 of this code is a financial asset
21 if it is held in a securities account.

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

1 (f) A commodity contract, as defined in paragraph (15) of
2 subsection (a) of Section 1-9-102 of this title, is not a security
3 or a financial asset.

4 (g) A document of title is not a financial asset unless
5 subparagraph (iii) of paragraph (9) of subsection (a) of Section 8-
6 102 of this title applies.

7 (h) A controllable account, controllable electronic record, or
8 controllable payment intangible is not a financial asset unless
9 subparagraph (iii) of paragraph 9 of subsection (a) of Section 8-102
10 of this title applies.

11 SECTION 39. AMENDATORY 12A O.S. 2021, Section 8-106, is
12 amended to read as follows:

13 Section 8-106.

14 Control.

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

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

- 21 (1) the certificate is indorsed to the purchaser or in
22 blank by an effective endorsement; or

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

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

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

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

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

11 (1) the purchaser becomes the entitlement holder;

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

16 (3) another person ~~has control of the,~~ other than the
17 transferor to the purchaser of an interest in the
18 security entitlement ~~on behalf of the purchaser or,~~
19 ~~having previously acquired control of the security~~
20 ~~entitlement, acknowledges that it has control:~~

21 (A) has control of the security entitlement and
22 acknowledges that it has control on behalf of the
23 purchaser; or

1 (B) obtains control of the security entitlement after
2 having acknowledged that it will obtain control
3 of the security entitlement on behalf of the
4 purchaser.

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

8 (f) A purchaser who has satisfied the requirements of
9 subsection (c) or (d) of this section has control even if the
10 registered owner in the case of subsection (c) of this section or
11 the entitlement holder in the case of subsection (d) of this section
12 retains the right to make substitutions for the uncertificated
13 security or security entitlement, to originate instructions or
14 entitlement orders to the issuer or securities intermediary, or
15 otherwise to deal with the uncertificated security or security
16 entitlement.

17 (g) An issuer or a securities intermediary may not enter into
18 an agreement of the kind described in paragraph (2) of subsection
19 (c) or paragraph (2) of subsection (d) of this section without the
20 consent of the registered owner or entitlement holder, but an issuer
21 or a securities intermediary is not required to enter into such an
22 agreement even though the registered owner or entitlement holder so
23 directs. An issuer or securities intermediary that has entered into
24 such an agreement is not required to confirm the existence of the

1 agreement to another party unless requested to do so by the
2 registered owner or entitlement holder.

3 (h) A person that has control under this section is not
4 required to acknowledge that it has control on behalf of a
5 purchaser.

6 (i) If a person acknowledges that it has or will obtain control
7 on behalf of a purchaser, unless the person otherwise agrees or law
8 other than this article or Article 9 of this title otherwise
9 provides, the person does not owe any duty to the purchaser and is
10 not required to confirm the acknowledgment to any other person.

11 SECTION 40. AMENDATORY 12A O.S. 2021, Section 8-110, is
12 amended to read as follows:

13 Section 8-110.

14 Applicability; Choice of Law.

15 (a) The local law of the issuer's jurisdiction, as specified in
16 subsection (d) of this section, governs:

17 (1) the validity of a security;

18 (2) the rights and duties of the issuer with respect to
19 registration of transfer;

20 (3) the effectiveness of registration of transfer by the
21 issuer;

22 (4) whether the issuer owes any duties to an adverse
23 claimant to a security; and
24

1 (5) whether an adverse claim can be asserted against a
2 person to whom transfer of a certificated or
3 uncertificated security is registered or a person who
4 obtains control of an uncertificated security.

5 (b) The local law of the securities intermediary's
6 jurisdiction, as specified in subsection (e) of this section,
7 governs:

- 8 (1) acquisition of a security entitlement from the
9 securities intermediary;
- 10 (2) the rights and duties of the securities intermediary
11 and entitlement holder arising out of a security
12 entitlement;
- 13 (3) whether the securities intermediary owes any duties to
14 an adverse claimant to a security entitlement; and
- 15 (4) whether an adverse claim can be asserted against a
16 person who acquires a security entitlement from the
17 securities intermediary or a person who purchases a
18 security entitlement or interest therein from an
19 entitlement holder.

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

1 (d) "Issuer's jurisdiction" means the jurisdiction under which
2 the issuer of the security is organized or, if permitted by the law
3 of that jurisdiction, the law of another jurisdiction specified by
4 the issuer. An issuer organized under the law of this state may
5 specify the law of another jurisdiction as the law governing the
6 matters specified in paragraphs (2) through (5) of subsection (a) of
7 this section.

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

10 (1) If an agreement between the securities intermediary
11 and its entitlement holder governing the securities
12 account expressly provides that a particular
13 jurisdiction is the securities intermediary's
14 jurisdiction for purposes of this part, this article,
15 or this title, that jurisdiction is the securities
16 intermediary's jurisdiction;

17 (2) If paragraph (1) does not apply and an agreement
18 between the securities intermediary and its
19 entitlement holder governing the securities account
20 expressly provides that the agreement is governed by
21 the law of a particular jurisdiction, that
22 jurisdiction is the securities intermediary's
23 jurisdiction.

24

1 (3) If neither paragraph (1) nor paragraph (2) of this
2 subsection applies and an agreement between the
3 securities intermediary and its entitlement holder
4 governing the securities account expressly provides
5 that the securities account is maintained at an office
6 in a particular jurisdiction, that jurisdiction is the
7 securities intermediary's jurisdiction;

8 (4) If none of the preceding paragraphs of this subsection
9 applies, the securities intermediary's jurisdiction is
10 the jurisdiction in which the office identified in an
11 account statement as the office serving the
12 entitlement holder's account is located; and

13 (5) If none of the preceding paragraphs of this subsection
14 applies, the securities intermediary's jurisdiction is
15 the jurisdiction in which the chief executive office
16 of the securities intermediary is located.

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

23 (g) The local law of the issuer's jurisdiction or the
24 securities intermediary's jurisdiction governs a matter or

1 transaction specified in subsection (a) or (b) of this section even
2 if the matter or transaction does not bear any relation to the
3 jurisdiction.

4 SECTION 41. AMENDATORY 12A O.S. 2021, Section 8-303, is
5 amended to read as follows:

6 Section 8-303.

7 Protected Purchaser.

8 (a) "Protected purchaser" means a purchaser of a certificated
9 or uncertificated security, or of an interest therein, who:

- 10 (1) gives value;
- 11 (2) does not have notice of any adverse claim to the
12 security; and
- 13 (3) obtains control of the certificated or uncertificated
14 security.

15 (b) ~~In addition to acquiring the rights of a purchaser, a~~ A
16 protected purchaser ~~also~~ acquires its interest in the security free
17 of any adverse claim.

18 SECTION 42. AMENDATORY 12A O.S. 2021, Section 1-9-102,
19 is amended to read as follows:

20 Section 1-9-102.

21 DEFINITIONS AND INDEX OF DEFINITIONS

22 (a) In this article:
23
24

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

4 (2) (A) "Account", except as used in "account for", "account
5 statement", "account to", "commodity account" in
6 paragraph (14) of this subsection, "customer account",
7 "deposit account" in paragraph (29) of this
8 subsection, "on account of", and "statement of
9 account", means a right to payment of a monetary
10 obligation, whether or not earned by performance:

11 (i) for property that has been or is to be sold,
12 leased, licensed, assigned, or otherwise disposed
13 of;

14 (ii) for services rendered or to be rendered;

15 (iii) for a policy of insurance issued or to be issued;

16 (iv) for a secondary obligation incurred or to be
17 incurred;

18 (v) for energy provided or to be provided;

19 (vi) for the use or hire of a vessel under a charter
20 or other contract;

21 (vii) arising out of the use of a credit or charge card
22 or information contained on or for use with the
23 card; or
24

1 (viii) as winnings in a lottery or other game of chance
2 operated or sponsored by a state, governmental
3 unit of a state, or a person licensed or
4 authorized to operate the game by a state or
5 governmental unit of a state.

6 (B) The term includes controllable accounts and health-
7 care-insurance receivables.

8 (C) The term does not include:

9 (i) ~~rights to payment evidenced by chattel paper or~~
10 ~~an instrument;~~

11 (ii) commercial tort claims;

12 (iii) deposit accounts;

13 (iv) investment property;

14 (v) letter-of-credit rights or letters of credit; ~~or~~

15 (vi) rights to payment for money or funds advanced or
16 sold, other than rights arising out of the use of
17 a credit or charge card or information contained
18 on or for use with the card; or

19 (vii) rights to payment evidenced by an instrument.

20 (3) "Account debtor" means a person obligated on an account,
21 chattel paper, or general intangible. The term does not include
22 persons obligated to pay a negotiable instrument, even if the
23 negotiable instrument constitutes part of evidences chattel paper.

- 1 (4) "Accounting", except as used in "accounting for", means a
2 record:
- 3 (A) ~~authenticated~~ signed by a secured party;
- 4 (B) indicating the aggregate unpaid secured obligations as
5 of a date not more than thirty-five (35) days earlier
6 or thirty-five (35) days later than the date of the
7 record; and
- 8 (C) identifying the components of the obligations in
9 reasonable detail.
- 10 (5) "Agricultural lien" means an interest in farm products:
- 11 (A) which secures payment or performance of an obligation
12 for:
- 13 (i) goods or services furnished in connection with a
14 debtor's farming operation; or
- 15 (ii) rent on real property leased by a debtor in
16 connection with its farming operation;
- 17 (B) which is created by statute in favor of a person that:
- 18 (i) in the ordinary course of its business furnished
19 goods or services to a debtor in connection with
20 a debtor's farming operation; or
- 21 (ii) leased real property to a debtor in connection
22 with the debtor's farming operation; and
- 23 (C) whose effectiveness does not depend on the person's
24 possession of the personal property.

1 (6) "As-extracted collateral" means:

2 (A) oil, gas, or other minerals that are subject to a
3 security interest that:

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

6 (ii) attaches to the minerals as extracted; or

7 (B) accounts arising out of the sale at the wellhead or
8 minehead of oil, gas, or other minerals in which the
9 debtor had an interest before extraction.

10 (7) ~~"Authenticate" means:~~

11 ~~(A) to sign; or~~

12 ~~(B) with present intent to adopt or accept a record, to~~
13 ~~attach to or logically associate with the record an~~
14 ~~electronic sound, symbol, or process~~ Reserved.

15 (7A) "Assignee", except as used in "assignee for benefit of
16 creditors", means a person:

17 (A) in whose favor a security interest that secures an
18 obligation is created or provided for under a security
19 agreement, whether or not the obligation is
20 outstanding; or

21 (B) to which an account, chattel paper, payment
22 intangible, or promissory note has been sold. The
23 term includes a person to which a security interest
24 has been transferred by a secured party.

1 (7B) "Assignor" means a person that:

2 (A) under a security agreement, creates or provides for a
3 security interest that secures an obligation; or

4 (B) sells an account, chattel paper, payment intangible,
5 or promissory note. The term includes a secured party
6 that has transferred a security interest to another
7 person.

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

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

13 (10) "Certificate of title" means a certificate of title with
14 respect to which a statute provides for the security interest in
15 question to be indicated on the certificate as a condition or result
16 of the security interest's obtaining priority over the rights of a
17 lien creditor with respect to the collateral. The term includes
18 another record maintained as an alternative to a certificate of
19 title by the governmental unit that issues certificates of title if
20 a statute permits the security interest in question to be indicated
21 on the record as a condition or result of the security interest's
22 obtaining priority over the rights of a lien creditor with respect
23 to the collateral.

1 (11) "Chattel paper" means ~~a record or records that evidence~~
2 ~~both a monetary obligation and a security interest in specific~~
3 ~~goods, a security interest in specific goods and software used in~~
4 ~~the goods, a security interest in specific goods and license of~~
5 ~~software used in the goods, a lease of specific goods, or a lease of~~
6 ~~specific goods and license of software used in the goods.~~ In this
7 paragraph, "monetary obligation" means a monetary obligation secured
8 by the goods or owed under a lease of goods and includes a monetary
9 obligation with respect to software used in the goods:

10 (A) a right to payment of a monetary obligation secured by
11 specific goods, if the right to payment and security
12 agreement are evidenced by a record; or

13 (B) a right to payment of a monetary obligation owed by a
14 lessee under a lease agreement with respect to
15 specific goods and a monetary obligation owed by the
16 lessee in connection with the transaction giving rise
17 to the lease, if:

18 (i) the right to payment and lease agreement are
19 evidenced by a record; and

20 (ii) the predominant purpose of the transaction giving
21 rise to the lease was to give the lessee the
22 right to possession and use of the goods.

23 The term does not include ~~charters or other contracts involving the~~
24 ~~use or hire of a vessel.~~ If a transaction is evidenced by records

1 ~~that include an instrument or series of instruments, the group of~~
2 ~~records taken together constitutes chattel paper~~ a right to payment
3 arising out of a charter or other contract involving the use or hire
4 of a vessel or a right to payment arising out of the use of a credit
5 or charge card or information contained on or for use with the card.

6 (12) "Collateral" means the property subject to a security
7 interest or agricultural lien. The term includes:

8 (A) proceeds to which a security interest attaches;

9 (B) accounts, chattel paper, payment intangibles, and
10 promissory notes that have been sold; and

11 (C) goods that are the subject of a consignment.

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

14 (A) the claimant is an organization; or

15 (B) the claimant is an individual and the claim:

16 (i) arose in the course of the claimant's business or
17 profession; and

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

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

23

24

1 (15) "Commodity contract" means a commodity futures contract,
2 an option on a commodity futures contract, a commodity option, or
3 another contract if the contract or option is:

4 (A) traded on or subject to the rules of a board of trade
5 that has been designated as a contract market for such
6 a contract pursuant to federal commodities laws; or

7 (B) traded on a foreign commodity board of trade,
8 exchange, or market, and is carried on the books of a
9 commodity intermediary for a commodity customer.

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

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

13 (A) is registered as a futures commission merchant under
14 federal commodities law; or

15 (B) in the ordinary course of its business provides
16 clearance or settlement services for a board of trade
17 that has been designated as a contract market pursuant
18 to federal commodities law.

19 (18) "Communicate" means:

20 (A) to send a written or other tangible record;

21 (B) to transmit a record by any means agreed upon by the
22 persons sending and receiving the record; or
23
24

1 (C) in the case of transmission of a record to or by a
2 filing office, to transmit a record by any means
3 prescribed by filing-office rule.

4 (19) "Consignee" means a merchant to which goods are delivered
5 in a consignment.

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

9 (A) the merchant:

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

12 (ii) is not an auctioneer; and

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

16 (B) with respect to each delivery, the aggregate value of
17 the goods is One Thousand Dollars (\$1,000.00) or more
18 at the time of delivery;

19 (C) the goods are not consumer goods immediately before
20 delivery; and

21 (D) the transaction does not create a security interest
22 that secures an obligation.

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

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

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

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

7 (A) an individual incurs an obligation primarily for
8 personal, family, or household purposes; and

9 (B) a security interest in consumer goods secures the
10 obligation.

11 (25) "Consumer obligor" means an obligor who is an individual
12 and who incurred the obligation as part of a transaction entered
13 into primarily for personal, family, or household purposes.

14 (26) "Consumer transaction" means a transaction in which (i) an
15 individual incurs an obligation primarily for personal, family, or
16 household purposes, (ii) a security interest secures the obligation,
17 and (iii) the collateral is held or acquired primarily for personal,
18 family, or household purposes. The term includes consumer-goods
19 transactions.

20 (27) "Continuation statement" means an amendment of a financing
21 statement which:

22 (A) identifies, by its file number, the initial financing
23 statement to which it relates; and

24

1 (B) indicates that it is a continuation statement for, or
2 that it is filed to continue the effectiveness of, the
3 identified financing statement.

4 (27A) "Controllable account" means an account evidenced by a
5 controllable electronic record that provides that the account debtor
6 undertakes to pay the person that has control under Section 12-105
7 of this title of the controllable electronic record.

8 (27B) "Controllable payment intangible" means a payment
9 intangible evidenced by a controllable electronic record that
10 provides that the account debtor undertakes to pay the person that
11 has control under Section 12-105 of this title of the controllable
12 electronic record.

13 (28) "Debtor" means:

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

17 (B) a seller of accounts, chattel paper, payment
18 intangibles, or promissory notes; or

19 (C) a consignee.

20 (29) "Deposit account" means a demand, time, savings, passbook,
21 or similar account maintained with a bank as defined in paragraph
22 (8) of this subsection. The term does not include investment
23 property or a deposit account evidenced by an instrument.

24

1 (30) "Document" means a document of title or a receipt of the
2 type described in subsection (b) of Section 7-201 of this title.

3 (31) ~~"Electronic chattel paper" means chattel paper evidenced~~
4 ~~by a record or records consisting of information stored in an~~
5 ~~electronic medium~~ Reserved.

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

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

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

14 (A) crops grown, growing, or to be grown, including:

15 (i) crops produced on trees, vines, and bushes; and

16 (ii) aquatic goods produced in aquacultural
17 operations;

18 (B) livestock, born or unborn, including aquatic goods
19 produced in aquacultural operations;

20 (C) supplies used or produced in a farming operation; or

21 (D) products of crops or livestock in their unmanufactured
22 states.

23

24

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

4 (36) "File number" means the number assigned to an initial
5 financing statement pursuant to subsection (a) of Section 1-9-519 of
6 this title.

7 (37) "Filing office" means an office designated in Section 1-9-
8 501 as the place to file a financing statement.

9 (38) "Filing-office rule" means a rule adopted pursuant to
10 Sections 1-9-526 and 1-9-526.1 of this title.

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

14 (40) "Fixture filing" means the filing of a financing statement
15 covering goods that are or are to become fixtures and satisfying
16 subsections (a) and (b) of Section 1-9-502 of this title. The term
17 includes the filing of a financing statement covering goods of a
18 transmitting utility which are or are to become fixtures.

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

22 (42) "General intangible" means any personal property,
23 including things in action, other than accounts, chattel paper,
24 commercial tort claims, deposit accounts, documents, goods,

1 instruments, investment property, letter-of-credit rights, letters
2 of credit, money, and oil, gas, or other minerals before extraction.
3 The term includes controllable electronic records, payment
4 intangibles and software.

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

7 (44) (A) "Goods" means all things that are movable when a
8 security interest attaches.

9 (B) The term includes:

10 (i) fixtures;

11 (ii) standing timber that is to be cut and removed
12 under a conveyance or contract for sale;

13 (iii) the unborn young of animals;

14 (iv) crops grown, growing, or to be grown, even if the
15 crops are produced on trees, vines, or bushes;
16 and

17 (v) manufactured homes.

18 (C) The term also includes a computer program embedded in
19 goods and any supporting information provided in
20 connection with a transaction relating to the program
21 if:

22 (i) the program is associated with the goods in such
23 a manner that it customarily is considered part
24 of the goods; or

1 (ii) by becoming the owner of the goods, a person
2 acquires a right to use the program in connection
3 with the goods.

4 (D) The term does not include a computer program which is
5 embedded in goods and that consist solely of the
6 medium in which the program is embedded.

7 (E) The term also does not include accounts, chattel
8 paper, commercial tort claims, deposit accounts,
9 documents, general intangibles, instruments,
10 investment property, letter-of-credit rights, letters
11 of credit, money, or oil, gas, or other minerals
12 before extraction.

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

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

23 (47) (A) "Instrument" means a negotiable instrument or any
24 other writing that evidences a right to the payment of

1 a monetary obligation, is not itself a security
2 agreement or lease, and is of a type that in ordinary
3 course of business is transferred by delivery with any
4 necessary endorsement or assignment.

5 (B) "Instrument" includes:

6 (i) an instrument as defined in subparagraph (A) of
7 this paragraph, whether the instrument is subject
8 to Section 3-104 of this title because it is not
9 payable to order; and

10 (ii) a writing that contains both an acknowledgment by
11 a bank as defined in paragraph (8) of this
12 subsection that a sum of money has been received
13 by the bank and its promise to repay the sum of
14 money, which is considered a certificate of
15 deposit by the bank issuing it, even if the
16 writing provides that it is nontransferable or
17 uses similar language.

18 (C) The term does not include:

19 (i) investment property;

20 (ii) letters of credit; ~~or~~

21 (iii) writings that evidence a right to payment arising
22 out of the use of a credit or charge card or
23 information contained on or for use with the
24 card; or

1 (iv) writings that evidence chattel paper.

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

3 (A) are leased by a person as lessor;

4 (B) are held by a person for sale or lease or to be
5 furnished under a contract of service;

6 (C) are furnished by a person under a contract of service;
7 or

8 (D) consist of raw materials, work in process, or
9 materials used or consumed in a business.

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

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

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

21 (52) "Lien creditor" means:

22 (A) a creditor that has acquired a lien on the property
23 involved by attachment, levy, or the like;

24

1 (B) an assignee for benefit of creditors from the time of
2 assignment;

3 (C) a trustee in bankruptcy from the date of the filing of
4 the petition; or

5 (D) a receiver in equity from the time of appointment.

6 (53) (A) "Manufactured home" means a structure, transportable
7 in one or more sections, which:

8 (i) in the traveling mode, is eight (8) body feet or
9 more in width or forty (40) body feet or more in
10 length, or, when erected on site, is three
11 hundred twenty (320) or more square feet;

12 (ii) is built on a permanent chassis;

13 (iii) is designed to be used as a dwelling with or
14 without a permanent foundation when connected to
15 the required utilities; and

16 (iv) includes the plumbing, heating, air-conditioning,
17 and electrical systems contained therein.

18 (B) The term includes any structure that meets all of the
19 requirements of this paragraph except the size
20 requirements and with respect to which the
21 manufacturer voluntarily files a certification
22 required by the United States Secretary of Housing and
23 Urban Development and complies with the standards
24 established under Title 42 of the United States Code.

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

3 (A) that creates a purchase-money security interest in a
4 manufactured home, other than a manufactured home held
5 as inventory; or

6 (B) in which a manufactured home, other than a
7 manufactured home held as inventory, is the primary
8 collateral.

9 (54A) "Money" has the same meaning as in paragraph (24) of
10 subsection (b) of Section 1-201 of this title, but does not include
11 a deposit account.

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

15 (56) "New debtor" means a person that becomes bound as a debtor
16 under subsection (d) of Section 1-9-203 of this title by a security
17 agreement previously entered into by another person.

18 (57) (A) "New value" means:

19 (i) money;

20 (ii) money's worth in property, services, or new
21 credit; or

22 (iii) release by a transferee of an interest in
23 property previously transferred to the
24 transferee.

1 (B) The term does not include an obligation substituted
2 for another obligation.

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

5 (59) (A) "Obligor" means a person that, with respect to an
6 obligation secured by a security interest in or an
7 agricultural lien on the collateral:

8 (i) owes payment or other performance of the
9 obligation;

10 (ii) has provided property other than the collateral
11 to secure payment or other performance of the
12 obligation; or

13 (iii) is otherwise accountable in whole or in part for
14 payment or other performance of the obligation.

15 (B) The term does not include issuers or nominated persons
16 under a letter of credit.

17 (60) "Original debtor" means a person that, as debtor, entered
18 into a security agreement to which a new debtor has become bound
19 under subsection (d) of Section 1-9-203 of this title.

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

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

24 (A) the spouse of the individual;

- 1 (B) a brother, brother-in-law, sister, or sister-in-law of
2 the individual;
- 3 (C) an ancestor or lineal descendant of the individual or
4 the individual's spouse; or
- 5 (D) any other relative, by blood or marriage, of the
6 individual or the individual's spouse who shares the
7 same home with the individual.

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

- 10 (A) a person directly or indirectly controlling,
11 controlled by, or under common control with the
12 organization;
- 13 (B) an officer or director of, or a person performing
14 similar functions with respect to, the organization;
- 15 (C) an officer or director of, or a person performing
16 similar functions with respect to, a person described
17 in subparagraph (A) of this paragraph;
- 18 (D) the spouse of an individual described in subparagraph
19 (A), (B), or (C) of this paragraph; or
- 20 (E) an individual who is related by blood or marriage to
21 an individual described in subparagraph (A), (B), (C),
22 or (D) of this paragraph and who shares the same home
23 with the individual.

24 (64) "Proceeds" means the following property:

- 1 (A) whatever is acquired upon the sale, lease, license,
2 exchange, or other disposition of collateral;
- 3 (B) whatever is collected on, or distributed on account
4 of, collateral;
- 5 (C) rights arising out of collateral;
- 6 (D) to the extent of the value of collateral, claims
7 arising out of the loss, nonconformity, or
8 interference with the use of, defects or infringement
9 of rights in, or damage to, the collateral; or
- 10 (E) to the extent of the value of collateral and to the
11 extent payable to the debtor or the secured party,
12 insurance payable by reason of the loss or
13 nonconformity of, defects or infringement of rights
14 in, or damage to, the collateral.

15 (65) "Promissory note" means an instrument that evidences a
16 promise to pay a monetary obligation, does not evidence an order to
17 pay, and does not contain an acknowledgment by a bank that the bank
18 has received for deposit a sum of money or funds.

19 (66) "Proposal" means a record ~~authenticated~~ signed by a
20 secured party which includes the terms on which the secured party is
21 willing to accept collateral in full or partial satisfaction of the
22 obligation it secures pursuant to Sections 1-9-620, 1-9-621, and 1-
23 9-622 of this title.

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

3 (A) debt securities are issued;

4 (B) all or a portion of the securities issued have an
5 initial stated maturity of at least twenty (20) years;
6 and

7 (C) the debtor, obligor, secured party, account debtor or
8 other person obligated on collateral, assignor or
9 assignee of a secured obligation, or assignor or
10 assignee of a security interest is a state or a
11 governmental unit of a state.

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

14 (A) a record consisting of the record initially filed with
15 or issued by a state or the United States to form or
16 organize an organization and any record filed with or
17 issued by the state or the United States which amends
18 or restates the initial record;

19 (B) an organic record of a business trust consisting of
20 the record initially filed with a state and any record
21 filed with the state which amends or restates the
22 initial record, if a statute of the state governing
23 business trusts requires that the record be filed with
24 the state; or

1 (C) a record consisting of legislation enacted by the
2 Legislature of a state or the Congress of the United
3 States which forms or organizes an organization, any
4 record amending the legislation, and any record filed
5 with or issued by the state or United States which
6 amends or restates the name of the organization.

7 (69) "Pursuant to commitment", with respect to an advance made
8 or other value given by a secured party, means pursuant to the
9 secured party's obligation, whether or not a subsequent event of
10 default or other event not within the secured party's control has
11 relieved or may relieve the secured party from its obligation.

12 (70) "Record", except as used in "for record", "of record",
13 "record or legal title", and "record owner", means information that
14 is inscribed on a tangible medium or which is stored in an
15 electronic or other medium and is retrievable in perceivable form.

16 (71) "Registered organization" means an organization formed or
17 organized solely under the law of a single state or the United
18 States by the filing of a public organic record with, the issuance
19 of a public organic record by, or the enactment of legislation by
20 the state or United States. The term includes a business trust that
21 is formed or organized under the law of a single state if a statute
22 of the state governing business trusts requires that the business
23 trusts' organic record be filed with the state.

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

- 1 (A) the obligor's obligation is secondary; or
2 (B) the obligor has a right of recourse with respect to an
3 obligation secured by collateral against the debtor,
4 another obligor, or property of either.

5 (73) "Secured party" means:

- 6 (A) a person in whose favor a security interest is created
7 or provided for under a security agreement, whether or
8 not any obligation to be secured is outstanding;
9 (B) a person that holds an agricultural lien;
10 (C) a consignor;
11 (D) a person to which accounts, chattel paper, payment
12 intangibles, or promissory notes have been sold;
13 (E) a trustee, indenture trustee, agent, collateral agent,
14 or other representative in whose favor a security
15 interest or agricultural lien is created or provided
16 for; or
17 (F) a person that holds a security interest arising under
18 Section 2-401, 2-505, paragraph (3) of Section 2-711,
19 paragraph (5) of Section 2A-508, 4-210, or 5-118 of
20 this title.

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

23 (75) ~~"Send", in connection with a record or notification,~~
24 ~~means:~~

1 ~~(A) to deposit in the mail, deliver for transmission, or~~
2 ~~transmit by any other usual means of communication,~~
3 ~~with postage or cost of transmission provided for,~~
4 ~~addressed to any address reasonable under the~~
5 ~~circumstances; or~~

6 ~~(B) to cause the record or notification to be received~~
7 ~~within the time that it would have been received if~~
8 ~~properly sent under subparagraph (A) of this paragraph~~
9 Reserved.

10 (76) "Software" means a computer program and any supporting
11 information provided in connection with a transaction relating to
12 the program. The term does not include a computer program that is
13 included in the definition of goods.

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

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

22 ~~(79) "Tangible chattel paper" means chattel paper evidenced by~~
23 ~~a record or records consisting of information that is inscribed on a~~
24 ~~tangible medium~~ Reserved.

1 (80) "Termination statement" means an amendment of a financing
2 statement which:

3 (A) identifies, by its file number, the initial financing
4 statement to which it relates; and

5 (B) indicates either that it is a termination statement or
6 that the identified financing statement is no longer
7 effective.

8 (81) "Transmitting utility" means a person primarily engaged in
9 the business of:

10 (A) operating a railroad, subway, street railway, or
11 trolley bus;

12 (B) transmitting communications electrically,
13 electromagnetically, or by light;

14 (C) transmitting goods by pipeline or sewer; or

15 (D) transmitting or producing and transmitting
16 electricity, steam, gas, or water.

17 (b) "Control" as provided in Section 7-106 of this title and
18 the following definitions in other articles of this title apply to
19 this article:

20 "Applicant" - Section 5-102 of this title.

21 "Beneficiary" - Section 5-102 of this title.

22 "Broker" - Section 8-102 of this title.

23 "Certificated security" - Section 8-102 of this title.

24 "Check" - Section 3-104 of this title.

1 "Clearing corporation" - Section 8-102 of this title.
2 "Contract for sale" - Section 2-106 of this title.
3 "Controllable electronic record" - Section 12-102 of this title.
4 "Customer" - Section 4-104 of this title.
5 "Entitlement holder" - Section 8-102 of this title.
6 "Financial asset" - Section 8-102 of this title.
7 "Holder in due course" - Section 3-302 of this title.
8 "Issuer" (with respect to a letter of credit or letter-of-credit
9 right)- Section 5-102 of this title.
10 "Issuer" - (with respect to a security) - Section 8-201 of this
11 title.
12 "Issuer" - (with respect to documents of title) - Section 7-102
13 of this title.
14 "Lease" - Section 2A-103 of this title.
15 "Lease agreement" - Section 2A-103 of this title.
16 "Lease contract" - Section 2A-103 of this title.
17 "Leasehold interest" - Section 2A-103 of this title.
18 "Lessee" - Section 2A-103 of this title.
19 "Lessee in ordinary course of business" - Section 2A-103 of this
20 title.
21 "Lessor" - Section 2A-103 of this title.
22 "Lessor's residual interest" - Section 2A-103 of this title.
23 "Letter of credit" - Section 5-102 of this title.
24 "Merchant" - Section 2-104 of this title.

1 "Negotiable instrument" - Section 3-104 of this title.

2 "Nominated person" - Section 5-102 of this title.

3 "Note" - Section 3-104 of this title.

4 "Proceeds of a letter of credit" - Section 5-114 of this title.

5 "Protected purchaser" - Section 8-303 of this title.

6 "Prove" - Section 3-103 of this title.

7 "Qualifying purchaser" - Section 12-102 of this title.

8 "Sale" - Section 2-106 of this title.

9 "Securities account" - Section 8-501 of this title.

10 "Securities intermediary" - Section 8-102 of this title.

11 "Security" - Section 8-102 of this title.

12 "Security certificate" - Section 8-102 of this title.

13 "Security entitlement" - Section 8-102 of this title.

14 "Uncertificated security" - Section 8-102 of this title.

15 (c) Article 1 of this title contains general definitions and
16 principles of construction and interpretation applicable throughout
17 this article.

18 SECTION 43. AMENDATORY 12A O.S. 2021, Section 1-9-104,
19 is amended to read as follows:

20 Section 1-9-104.

21 CONTROL OF DEPOSIT ACCOUNT

22 (a) A secured party has control of a deposit account if:

- 23 (1) the secured party is the bank with which the deposit
24 account is maintained;

1 (2) the debtor, secured party, and bank have agreed in ~~an~~
2 ~~authenticated~~ a signed record that the bank will
3 comply with instructions originated by the secured
4 party directing disposition of the funds in the
5 deposit account without further consent by the debtor;
6 ~~or~~

7 (3) the secured party becomes the bank's customer with
8 respect to the deposit account; or

9 (4) another person, other than the debtor:

10 (A) has control of the deposit account and
11 acknowledges that it has control on behalf of the
12 secured party; or

13 (B) obtains control of the deposit account after
14 having acknowledged that it will obtain control
15 of the deposit account on behalf of the secured
16 party.

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

20 SECTION 44. AMENDATORY 12A O.S. 2021, Section 1-9-105,
21 is amended to read as follows:

22 Section 1-9-105.

23 CONTROL OF ELECTRONIC COPY OF RECORD EVIDENCING CHATTEL PAPER
24

1 (a) A ~~secured party~~ purchaser has control of an authoritative
2 electronic copy of a record evidencing chattel paper if a system
3 employed for evidencing the ~~transfer~~ assignment of interests in the
4 chattel paper reliably establishes the ~~secured party~~ purchaser as
5 the person to which the ~~chattel paper~~ authoritative electronic copy
6 was assigned.

7 (b) A system satisfies subsection (a) of this section, ~~and a~~
8 ~~secured party has control of electronic chattel paper,~~ if the record
9 or records ~~comprising~~ evidencing the chattel paper are created,
10 stored, and assigned in ~~such~~ a manner that:

11 (1) a single authoritative copy of the record or records exists
12 which is unique, identifiable and, except as otherwise provided in
13 paragraphs (4), (5), and (6) of this section, unalterable;

14 (2) the authoritative copy identifies the ~~secured party~~
15 purchaser as the assignee of the record or records;

16 (3) the authoritative copy is communicated to and maintained by
17 the ~~secured party~~ purchaser or its designated custodian;

18 (4) copies or amendments that add or change an identified
19 assignee of the authoritative copy can be made only with the consent
20 of the ~~secured party~~ purchaser;

21 (5) each copy of the authoritative copy and any copy of a copy
22 is readily identifiable as a copy that is not the authoritative
23 copy; and

24

1 (6) any amendment of the authoritative copy is readily
2 identifiable as authorized or unauthorized.

3 (c) A system satisfies subsection (a) of this section, and a
4 purchaser has control of an authoritative electronic copy of a
5 record evidencing chattel paper, if the electronic copy, a record
6 attached to or logically associated with the electronic copy, or a
7 system in which the electronic copy is recorded:

8 (1) enables the purchaser readily to identify each electronic
9 copy as either an authoritative copy or a nonauthoritative copy;

10 (2) enables the purchaser readily to identify itself in any
11 way, including by name, identifying number, cryptographic key,
12 office, or account number, as the assignee of the authoritative
13 electronic copy; and

14 (3) gives the purchaser exclusive power, subject to subsection
15 (d) of this section, to:

16 (A) prevent others from adding or changing an identified
17 assignee of the authoritative electronic copy; and

18 (B) transfer control of the authoritative electronic copy.

19 (d) Subject to subsection (e) of this section, a power is
20 exclusive under subparagraphs (A) and (B) of paragraph 3 of
21 subsection (c) of this section even if:

22 (1) the authoritative electronic copy, a record attached to or
23 logically associated with the authoritative electronic copy, or a
24 system in which the authoritative electronic copy is recorded limits

1 the use of the authoritative electronic copy or has a protocol
2 programmed to cause a change, including a transfer or loss of
3 control; or

4 (2) the power is shared with another person.

5 (e) A power of a purchaser is not shared with another person
6 under paragraph 2 of subsection (d) of this section and the
7 purchaser's power is not exclusive if:

8 (1) the purchaser can exercise the power only if the power also
9 is exercised by the other person; and

10 (2) the other person:

11 (A) can exercise the power without exercise of the power
12 by the purchaser; or

13 (B) is the transferor to the purchaser of an interest in
14 the chattel paper.

15 (f) If a purchaser has the powers specified in subparagraphs
16 (A) and (B) of paragraph (3) of subsection (c) of this section, the
17 powers are presumed to be exclusive.

18 (g) A purchaser has control of an authoritative electronic copy
19 of a record evidencing chattel paper if another person, other than
20 the transferor to the purchaser of an interest in the chattel paper:

21 (1) has control of the authoritative electronic copy and
22 acknowledges that it has control on behalf of the purchaser; or

23

24

1 (2) obtains control of the authoritative electronic copy after
2 having acknowledged that it will obtain control of the electronic
3 copy on behalf of the purchaser.

4 SECTION 45. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 1-9-107A of Title 12A, unless
6 there is created a duplication in numbering, reads as follows:

7 CONTROL OF CONTROLLABLE ELECTRONIC RECORD, CONTROLLABLE ACCOUNT, OR
8 CONTROLLABLE PAYMENT INTANGIBLE

9 (a) A secured party has control of a controllable electronic
10 record as provided in Section 12-105 of this title.

11 (b) A secured party has control of a controllable account or
12 controllable payment intangible if the secured party has control of
13 the controllable electronic record that evidences the controllable
14 account or controllable payment intangible.

15 SECTION 46. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 1-9-107B of Title 12A, unless
17 there is created a duplication in numbering, reads as follows:

18 NO REQUIREMENT TO ACKNOWLEDGE OR CONFIRM; NO DUTIES

19 (a) A person that has control under Section 9-104 or 9-105 of
20 this title is not required to acknowledge that it has control on
21 behalf of another person.

22 (b) If a person acknowledges that it has or will obtain control
23 on behalf of another person, unless the person otherwise agrees or
24 law other than this article otherwise provides, the person does not

1 owe any duty to the other person and is not required to confirm the
2 acknowledgment to any other person.

3 SECTION 47. AMENDATORY 12A O.S. 2021, Section 1-9-203,
4 is amended to read as follows:

5 Section 1-9-203.

6 ATTACHMENT AND ENFORCEABILITY OF SECURITY INTEREST;

7 PROCEEDS; SUPPORTING OBLIGATIONS; FORMAL REQUISITES

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

11 (b) Except as otherwise provided in subsections (c) through (i)
12 of this section, a security interest is enforceable against the
13 debtor and third parties with respect to the collateral only if:

14 (1) value has been given;

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

17 (3) one of the following conditions is met:

18 (A) the debtor has ~~authenticated~~ signed a security
19 agreement that provides a description of the
20 collateral and, if the security interest covers timber
21 to be cut, a description of the land concerned;

22 (B) the collateral is not a certificated security and is
23 in the possession of the secured party under Section
24

1 1-9-313 of this title pursuant to the debtor's
2 security agreement;

3 (C) the collateral is a certificated security in
4 registered form and the security certificate has been
5 delivered to the secured party under Section 8-301 of
6 this title pursuant to the debtor's security
7 agreement; ~~or~~

8 (D) the collateral is controllable accounts, controllable
9 electronic records, controllable payment intangibles,
10 deposit accounts, electronic ~~chattel paper~~ documents,
11 investment property, or letter-of-credit rights, ~~or~~
12 electronic documents, and the secured party has
13 control under Section 7-106, 1-9-104, ~~1-9-105,~~ 1-9-
14 106, ~~or~~ 1-9-107, or 1-9-107A of this title pursuant to
15 the debtor's security agreement; or

16 (E) the collateral is chattel paper and the secured party
17 has possession and control under Section 1-9-314A of
18 this title pursuant to the debtor's security
19 agreement.

20 (c) Subsection (b) of this section is subject to Section 4-210
21 of this title on the security interest of a collecting bank, Section
22 5-118 of this title on the security interest of a letter-of-credit
23 issuer or nominated person, Section 1-9-110 of this title on a
24 security interest arising under Article 2 or 2A of this title, and

1 Section 1-9-206 of this title on security interests in investment
2 property.

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

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

8 (2) the person becomes generally obligated for the obligations
9 of the other person, including the obligation secured under the
10 security agreement, and acquires or succeeds to all or substantially
11 all of the assets of the other person.

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

14 (1) the agreement satisfies paragraph (3) of subsection (b) of
15 this section with respect to existing or after-acquired property of
16 the new debtor to the extent the property is described in the
17 agreement; and

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

20 (f) The attachment of a security interest in collateral gives
21 the secured party the rights to proceeds provided by Section 1-9-315
22 of this title and is also attachment of a security interest in a
23 supporting obligation for the collateral.

24

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

5 (h) The attachment of a security interest in a securities
6 account is also attachment of a security interest in the security
7 entitlements carried in the securities account.

8 (i) The attachment of a security interest in a commodity
9 account is also attachment of a security interest in the commodity
10 contracts carried in the commodity account.

11 SECTION 48. AMENDATORY 12A O.S. 2021, Section 1-9-204,
12 is amended to read as follows:

13 Section 1-9-204.

14 AFTER-ACQUIRED PROPERTY; FUTURE ADVANCES

15 (a) Except as otherwise provided in subsection (b) of this
16 section, a security agreement may create or provide for a security
17 interest in after-acquired collateral.

18 (b) ~~A~~ Subject to subsection (d) of this section, a security
19 interest does not attach under a term constituting an after-acquired
20 property clause to:

21 (1) consumer goods, other than an accession when given as
22 additional security, unless the debtor acquires rights in them
23 within ten (10) days after the secured party gives value; or

24 (2) a commercial tort claim.

1 (c) A security agreement may provide that collateral secures,
2 or that accounts, chattel paper, payment intangibles, or promissory
3 notes are sold in connection with, future advances or other value,
4 whether or not the advances or value are given pursuant to
5 commitment.

6 (d) Subsection (b) of this section does not prevent a security
7 interest from attaching:

8 (1) to consumer goods as proceeds under subsection (a) of
9 Section 1-9-315 of this title or commingled goods under subsection
10 (c) of Section 1-9-336 of this title;

11 (2) to a commercial tort claim as proceeds under subsection (a)
12 of Section 1-9-315 of this title; or

13 (3) under an after-acquired property clause to property that is
14 proceeds of consumer goods or a commercial tort claim.

15 SECTION 49. AMENDATORY 12A O.S. 2021, Section 1-9-207,
16 is amended to read as follows:

17 Section 1-9-207.

18 RIGHTS AND DUTIES OF SECURED PARTY

19 HAVING POSSESSION OR CONTROL OF COLLATERAL

20 (a) Except as otherwise provided in subsection (d) of this
21 section, a secured party shall use reasonable care in the custody
22 and preservation of collateral in the secured party's possession.
23 In the case of chattel paper or an instrument, reasonable care
24

1 includes taking necessary steps to preserve rights against prior
2 parties unless otherwise agreed.

3 (b) Except as otherwise provided in subsection (d) of this
4 section, if a secured party has possession of collateral:

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

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

11 (3) the secured party shall keep the collateral identifiable,
12 but fungible collateral may be commingled; and

13 (4) the secured party may use or operate the collateral:

14 (A) for the purpose of preserving the collateral or its
15 value;

16 (B) as permitted by an order of a court having competent
17 jurisdiction; or

18 (C) except in the case of consumer goods, in the manner
19 and to the extent agreed by the debtor.

20 (c) Except as otherwise provided in subsection (d) of this
21 section, a secured party having possession of collateral or control
22 of collateral under Section 7-106, 1-9-104, 1-9-105, 1-9-106, ~~or~~ 1-
23 9-107, or 1-9-107A of this title:

24

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

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

5 (3) may create a security interest in the collateral.

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

8 (1) subsection (a) of this section does not apply unless the
9 secured party is entitled under an agreement:

10 (A) to charge back uncollected collateral; or

11 (B) otherwise to full or limited recourse against the
12 debtor or a secondary obligor based on the nonpayment
13 or other default of an account debtor or other obligor
14 on the collateral; and

15 (2) subsections (b) and (c) of this section do not apply.

16 SECTION 50. AMENDATORY 12A O.S. 2021, Section 1-9-208,
17 is amended to read as follows:

18 Section 1-9-208.

19 ADDITIONAL DUTIES OF SECURED PARTY

20 HAVING CONTROL OF COLLATERAL

21 (a) This section applies to cases in which there is no
22 outstanding secured obligation and the secured party is not
23 committed to make advances, incur obligations, or otherwise give
24 value.

1 (b) Within ten (10) days after receiving ~~an authenticated~~ a
2 signed demand by the debtor:

3 (1) a secured party having control of a deposit account under
4 paragraph (2) of subsection (a) of Section 1-9-104 of this title
5 shall send to the bank with which the deposit account is maintained
6 ~~an authenticated statement~~ a signed record that releases the bank
7 from any further obligation to comply with instructions originated
8 by the secured party;

9 (2) a secured party having control of a deposit account under
10 paragraph (3) of subsection (a) of Section 1-9-104 of this title
11 shall:

12 (A) pay the debtor the balance on deposit in the deposit
13 account; or

14 (B) transfer the balance on deposit into a deposit account
15 in the debtor's name;

16 (3) a secured party, other than a buyer, having control ~~of~~
17 ~~electronic chattel paper~~ under Section 1-9-105 of this title shall:

18 ~~(A) communicate the~~ of an authoritative electronic copy of
19 ~~the electronic~~ a record evidencing chattel paper ~~to~~
20 ~~the debtor or its designated custodian;~~

21 ~~(B) if the debtor designates a custodian that is the~~
22 ~~designated custodian with which the authoritative copy~~
23 ~~of the electronic chattel paper is maintained for the~~
24 ~~secured party, communicate to the custodian an~~

1 ~~authenticated record releasing the designated~~
2 ~~custodian from any further obligation to comply with~~
3 ~~instructions originated by the secured party and~~
4 ~~instructing the custodian to comply with instructions~~
5 ~~originated by the debtor; and~~

6 ~~(C) take appropriate action to enable the debtor or its~~
7 ~~designated custodian to make copies of or revisions to~~
8 ~~the authoritative copy which add or change an~~
9 ~~identified assignee of the authoritative copy without~~
10 ~~the consent of the secured party shall transfer~~
11 ~~control of the electronic copy to the debtor or a~~
12 ~~person designated by the debtor;~~

13 (4) a secured party having control of investment property under
14 paragraph (2) of subsection (d) of Section 8-106 of this title or
15 subsection (b) of Section 1-9-106 of this title shall send to the
16 securities intermediary or commodity intermediary with which the
17 security entitlement or commodity contract is maintained ~~an~~
18 ~~authenticated~~ a signed record that releases the securities
19 intermediary or commodity intermediary from any further obligation
20 to comply with entitlement orders or directions originated by the
21 secured party;

22 (5) a secured party having control of a letter-of-credit right
23 under Section 1-9-107 of this title shall send to each person having
24 an unfulfilled obligation to pay or deliver proceeds of the letter

1 of credit to the secured party ~~an authenticated~~ a signed release
2 from any further obligation to pay or deliver proceeds of the letter
3 of credit to the secured party; ~~and~~

4 (6) a secured party having control under Section 7-106 of this
5 title of an authoritative electronic copy of an electronic document
6 shall~~+~~

7 ~~(A) give control of the electronic document to the debtor~~
8 ~~or its designated custodian;~~

9 ~~(B) if the debtor designates a custodian that is the~~
10 ~~designated custodian with which the authoritative copy~~
11 ~~of the electronic document is maintained for the~~
12 ~~secured party, communicate to the custodian an~~
13 ~~authenticated record releasing the designated~~
14 ~~custodian from any further obligation to comply with~~
15 ~~instructions originated by the secured party and~~
16 ~~instructing the custodian to comply with instructions~~
17 ~~originated by the debtor; and~~

18 ~~(C) take appropriate action to enable the debtor or its~~
19 ~~designated custodian to make copies of or revisions to~~
20 ~~the authoritative copy which add or change an~~
21 ~~identified assignee of the authoritative copy without~~
22 ~~the consent of the secured party transfer control of~~
23 ~~the electronic copy to the debtor or a person~~
24 ~~designated by the debtor; and~~

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

3 SECTION 52. AMENDATORY 12A O.S. 2021, Section 1-9-210,
4 is amended to read as follows:

5 Section 1-9-210.

6 REQUEST FOR ACCOUNTING; REQUEST REGARDING
7 LIST OF COLLATERAL OR STATEMENT OF ACCOUNT

8 (a) In this section:

9 (1) "Request" means a record of a type described in paragraph
10 (2), (3), or (4) of this subsection.

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

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

21 (4) "Request regarding a statement of account" means a record
22 ~~authenticated~~ signed by a debtor requesting that the recipient
23 approve or correct a statement indicating what the debtor believes
24 to be the aggregate amount of unpaid obligations secured by

1 collateral as of a specified date and reasonably identifying the
2 transaction or relationship that is the subject of the request.

3 (b) Subject to subsections (c), (d), (e), and (f) of this
4 section, a secured party, other than a buyer of accounts, chattel
5 paper, payment intangibles, or promissory notes or a consignor,
6 shall comply with a request within fourteen (14) days after receipt:

7 (1) in the case of a request for an accounting, by
8 ~~authenticating~~ signing and sending to the debtor an accounting; and

9 (2) in the case of a request regarding a list of collateral or
10 a request regarding a statement of account, by ~~authenticating~~
11 signing and sending to the debtor an approval or correction.

12 (c) A secured party that claims a security interest in all of a
13 particular type of collateral owned by the debtor may comply with a
14 request regarding a list of collateral by sending to the debtor ~~an~~
15 ~~authenticated~~ a signed record including a statement to that effect
16 within fourteen (14) days after receipt.

17 (d) A person that receives a request regarding a list of
18 collateral, claims no interest in the collateral when it receives
19 the request, and claimed an interest in the collateral at an earlier
20 time shall comply with the request within fourteen (14) days after
21 receipt by sending to the debtor ~~an authenticated~~ a signed record:

22 (1) disclaiming any interest in the collateral; and
23
24

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

4 (e) A person that receives a request for an accounting or a
5 request regarding a statement of account, claims no interest in the
6 obligations when it receives the request, and claimed an interest in
7 the obligations at an earlier time shall comply with the request
8 within fourteen (14) days after receipt by sending to the debtor an
9 ~~authenticated~~ a signed record:

10 (1) disclaiming any interest in the obligations; and

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

14 (f) A debtor is entitled without charge to one response to a
15 request under this section during any six-month period. The secured
16 party may require payment of a charge not exceeding Twenty-five
17 Dollars (\$25.00) for each additional response.

18 SECTION 53. AMENDATORY 12A O.S. 2021, Section 1-9-301,
19 is amended to read as follows:

20 Section 1-9-301.

21 LAW GOVERNING PERFECTION AND

22 PRIORITY OF SECURITY INTERESTS

23 Except as otherwise provided in Sections 1-9-303 through ~~1-9-306~~
24 1-9-306B of this title, the following rules determine the law

1 governing perfection, the effect of perfection or nonperfection, and
2 the priority of a security interest in collateral:

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

8 (2) While collateral is located in a jurisdiction, the local
9 law of that jurisdiction governs perfection, the effect of
10 perfection or nonperfection, and the priority of a possessory
11 security interest in that collateral.

12 (3) Except as otherwise provided in paragraph (4) of this
13 section, while ~~tangible~~ negotiable tangible documents, goods,
14 instruments, or money, ~~or tangible chattel paper is~~ are located in a
15 jurisdiction, the local law of that jurisdiction governs:

16 (A) perfection of a security interest in the goods by
17 filing a fixture filing;

18 (B) perfection of a security interest in timber to be cut;
19 and

20 (C) the effect of perfection or nonperfection and the
21 priority of a nonpossessory security interest in the
22 collateral.

23 (4) The local law of the jurisdiction in which the wellhead or
24 minehead is located governs perfection, the effect of perfection or

1 nonperfection, and the priority of a security interest in as-
2 extracted collateral.

3 SECTION 54. AMENDATORY 12A O.S. 2021, Section 1-9-304,
4 is amended to read as follows:

5 Section 1-9-304.

6 LAW GOVERNING PERFECTION AND PRIORITY OF
7 SECURITY INTERESTS IN DEPOSIT ACCOUNTS

8 (a) The local law of a bank's jurisdiction governs perfection,
9 the effect of perfection or nonperfection, and the priority of a
10 security interest in a deposit account maintained with that bank
11 even if the transaction does not bear any relation to the bank's
12 jurisdiction.

13 (b) The following rules determine a bank's jurisdiction for
14 purposes of this part:

15 (1) If an agreement between the bank and its customer governing
16 the deposit account expressly provides that a particular
17 jurisdiction is the bank's jurisdiction for purposes of this part,
18 this article, or the Uniform Commercial Code, that jurisdiction is
19 the bank's jurisdiction.

20 (2) If paragraph (1) of this subsection does not apply and an
21 agreement between the bank and its customer governing the deposit
22 account expressly provides that the agreement is governed by the law
23 of a particular jurisdiction, that jurisdiction is the bank's
24 jurisdiction.

1 (3) If neither paragraph (1) nor paragraph (2) of this
2 subsection applies and an agreement between the bank and its
3 customer governing the deposit account expressly provides that the
4 deposit account is maintained at an office in a particular
5 jurisdiction, that jurisdiction is the bank's jurisdiction.

6 (4) If none of the preceding paragraphs of this subsection
7 applies, the bank's jurisdiction is the jurisdiction in which the
8 office identified in an account statement as the office serving the
9 customer's account is located.

10 (5) If none of the preceding paragraphs applies, the bank's
11 jurisdiction is the jurisdiction in which the chief executive office
12 of the bank is located.

13 SECTION 55. AMENDATORY 12A O.S. 2021, Section 1-9-305,
14 is amended to read as follows:

15 Section 1-9-305.

16 LAW GOVERNING PERFECTION AND PRIORITY

17 OF SECURITY INTERESTS IN INVESTMENT PROPERTY

18 (a) Except as otherwise provided in subsection (c) of this
19 section, the following rules apply:

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

24

1 (2) The local law of the issuer's jurisdiction as specified in
2 subsection (d) of Section 8-110 of this title governs perfection,
3 the effect of perfection or nonperfection, and the priority of a
4 security interest in an uncertificated security.

5 (3) The local law of the securities intermediary's jurisdiction
6 as specified in subsection (e) of Section 8-110 of this title
7 governs perfection, the effect of perfection or nonperfection, and
8 the priority of a security interest in a security entitlement or
9 securities account.

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

14 (5) Paragraphs (2), (3), and (4) of this subsection apply even
15 if the transaction does not bear any relation to the jurisdiction.

16 (b) The following rules determine a commodity intermediary's
17 jurisdiction for purposes of this part:

18 (1) If an agreement between the commodity intermediary and
19 commodity customer governing the commodity account expressly
20 provides that a particular jurisdiction is the commodity
21 intermediary's jurisdiction for purposes of this part, this article,
22 or this title, that jurisdiction is the commodity intermediary's
23 jurisdiction.

1 (2) If paragraph (1) of this subsection does not apply and an
2 agreement between the commodity intermediary and commodity customer
3 governing the commodity account expressly provides that the
4 agreement is governed by the law of a particular jurisdiction, that
5 jurisdiction is the commodity intermediary's jurisdiction.

6 (3) If neither paragraph (1) nor paragraph (2) of this
7 subsection applies and an agreement between the commodity
8 intermediary and commodity customer governing the commodity account
9 expressly provides that the commodity account is maintained at an
10 office in a particular jurisdiction, that jurisdiction is the
11 commodity intermediary's jurisdiction.

12 (4) If none of the preceding paragraphs of this section
13 applies, the commodity intermediary's jurisdiction is the
14 jurisdiction in which the office identified in an account statement
15 as the office serving the commodity customer's account is located.

16 (5) If none of the preceding paragraphs of this section
17 applies, the commodity intermediary's jurisdiction is the
18 jurisdiction in which the chief executive office of the commodity
19 intermediary is located.

20 (c) The local law of the jurisdiction in which the debtor is
21 located governs:

22 (1) perfection of a security interest in investment property by
23 filing;

24

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

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

5 SECTION 56. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 1-9-306A of Title 12A, unless
7 there is created a duplication in numbering, reads as follows:

8 LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
9 CHATTEL PAPER

10 (a) Except as provided in subsection (d) of this section, if
11 chattel paper is evidenced only by an authoritative electronic copy
12 of the chattel paper or is evidenced by an authoritative electronic
13 copy and an authoritative tangible copy, the local law of the
14 chattel paper's jurisdiction governs perfection, the effect of
15 perfection or nonperfection, and the priority of a security interest
16 in the chattel paper, even if the transaction does not bear any
17 relation to the chattel paper's jurisdiction.

18 (b) The following rules determine the chattel paper's
19 jurisdiction under this section:

20 (1) If the authoritative electronic copy of the record
21 evidencing chattel paper, or a record attached to or logically
22 associated with the electronic copy and readily available for
23 review, expressly provides that a particular jurisdiction is the
24 chattel paper's jurisdiction for purposes of this part, this

1 article, or the Uniform Commercial Code, that jurisdiction is the
2 chattel paper's jurisdiction.

3 (2) If paragraph (1) of this subsection does not apply and the
4 rules of the system in which the authoritative electronic copy is
5 recorded are readily available for review and expressly provide that
6 a particular jurisdiction is the chattel paper's jurisdiction for
7 purposes of this part, this article, or the Uniform Commercial Code,
8 that jurisdiction is the chattel paper's jurisdiction.

9 (3) If paragraphs (1) and (2) of this subsection do not apply
10 and the authoritative electronic copy, or a record attached to or
11 logically associated with the electronic copy and readily available
12 for review, expressly provides that the chattel paper is governed by
13 the law of a particular jurisdiction, that jurisdiction is the
14 chattel paper's jurisdiction.

15 (4) If paragraphs (1), (2), and (3) of this subsection do not
16 apply and the rules of the system in which the authoritative
17 electronic copy is recorded are readily available for review and
18 expressly provide that the chattel paper or the system is governed
19 by the law of a particular jurisdiction, that jurisdiction is the
20 chattel paper's jurisdiction.

21 (5) If paragraphs (1) through (4) of this subsection do not
22 apply, the chattel paper's jurisdiction is the jurisdiction in which
23 the debtor is located.

24

1 (c) If an authoritative tangible copy of a record evidences
2 chattel paper and the chattel paper is not evidenced by an
3 authoritative electronic copy, while the authoritative tangible copy
4 of the record evidencing chattel paper is located in a jurisdiction,
5 the local law of that jurisdiction governs:

6 (1) perfection of a security interest in the chattel paper by
7 possession under Section 9-314A of this title; and

8 (2) the effect of perfection or nonperfection and the priority
9 of a security interest in the chattel paper.

10 (d) The local law of the jurisdiction in which the debtor is
11 located governs perfection of a security interest in chattel paper
12 by filing.

13 SECTION 57. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 1-9-306B of Title 12A, unless
15 there is created a duplication in numbering, reads as follows:

16 LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
17 CONTROLLABLE ACCOUNTS, CONTROLLABLE ELECTRONIC RECORDS, AND
18 CONTROLLABLE PAYMENT INTANGIBLES

19 (a) Except as provided in subsection (b) of this section, the
20 local law of the controllable electronic record's jurisdiction
21 specified in subsections (c) and (d) of Section 12-107 of this title
22 governs perfection, the effect of perfection or nonperfection, and
23 the priority of a security interest in a controllable electronic
24 record and a security interest in a controllable account or

1 | controllably payment intangible evidenced by the controllably
2 | electronic record.

3 | (b) The local law of the jurisdiction in which the debtor is
4 | located governs:

5 | (1) perfection of a security interest in a controllably
6 | account, controllably electronic record, or controllably payment
7 | intangible by filing; and

8 | (2) automatic perfection of a security interest in a
9 | controllably payment intangible created by a sale of the
10 | controllably payment intangible.

11 | SECTION 58. AMENDATORY 12A O.S. 2021, Section 1-9-310,
12 | is amended to read as follows:

13 | Section 1-9-310.

14 | WHEN FILING REQUIRED TO PERFECT SECURITY INTEREST OR
15 | AGRICULTURAL LIEN; SECURITY INTERESTS AND AGRICULTURAL
16 | LIENS TO WHICH FILING PROVISIONS DO NOT APPLY

17 | (a) Except as otherwise provided in subsection (b) of this
18 | section and Section 1-9-312 of this title, a financing statement
19 | must be filed to perfect all security interests and agricultural
20 | liens.

21 | (b) The filing of a financing statement is not necessary to
22 | perfect a security interest:

23 | (1) that is perfected under subsection (d), (e), (f), or (g) of
24 | Section 1-9-308 of this title;

1 (2) that is perfected under Section 1-9-309 of this title when
2 it attaches;

3 (3) in property subject to a statute, regulation, or treaty
4 described in subsection (a) of Section 1-9-311 of this title;

5 (4) in goods in possession of a bailee which is perfected under
6 paragraph (1) or (2) of subsection (d) of Section 1-9-312 of this
7 title;

8 (5) in certificated securities, documents, goods, or
9 instruments which is perfected without filing, control, or
10 possession under subsection (e), (f), or (g) of Section 1-9-312 of
11 this title;

12 (6) in collateral in the secured party's possession under
13 Section 1-9-313 of this title;

14 (7) in a certificated security which is perfected by delivery
15 of the security certificate to the secured party under Section 1-9-
16 313 of this title;

17 (8) in controllable accounts, controllable electronic records,
18 controllable payment intangibles, deposit accounts, electronic
19 ~~chattel paper~~ documents, investment property, or letter-of-credit
20 rights which is perfected by control under Section 1-9-314 of this
21 title;

22 (9) in chattel paper which is perfected by possession and
23 control under Section 1-9-314A of this title;
24

1 (10) in proceeds which is perfected under Section 1-9-315 of
2 this title; or

3 ~~(10)~~ (11) that is perfected under Section 1-9-316 of this
4 title.

5 (c) If a secured party assigns a perfected security interest or
6 agricultural lien, a filing under this article is not required to
7 continue the perfected status of the security interest against
8 creditors of and transferees from the original debtor.

9 SECTION 59. AMENDATORY 12A O.S. 2021, Section 1-9-312,
10 is amended to read as follows:

11 Section 1-9-312.

12 PERFECTION OF SECURITY INTERESTS IN CHATTEL PAPER, CONTROLLABLE
13 ACCOUNTS, CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE PAYMENT

14 INTANGIBLES, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS COVERED BY
15 DOCUMENTS, INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT
16 RIGHTS, AND MONEY; PERFECTION BY PERMISSIVE FILING; TEMPORARY
17 PERFECTION WITHOUT FILING OR TRANSFER OF POSSESSION

18 (a) A security interest in chattel paper, ~~negotiable documents~~
19 controllable accounts, controllable electronic records, controllable
20 payment intangibles, instruments, ~~or~~ investment property, or
21 negotiable documents may be perfected by filing.

22 (b) Except as otherwise provided in subsections (c) and (d) of
23 Section 1-9-315 of this title for proceeds:

24

1 (1) a security interest in a deposit account may be perfected
2 only by control under Section 1-9-314 of this title;

3 (2) and except as otherwise provided in subsection (d) of
4 Section 1-9-308 of this title, a security interest in a letter-of-
5 credit right may be perfected only by control under Section 1-9-314
6 of this title; and

7 (3) a security interest in money may be perfected only by the
8 secured party's taking possession under Section 1-9-313 of this
9 title.

10 (c) While goods are in the possession of a bailee that has
11 issued a negotiable document covering the goods:

12 (1) a security interest in the goods may be perfected by
13 perfecting a security interest in the document; and

14 (2) a security interest perfected in the document has priority
15 over any security interest that becomes perfected in the goods by
16 another method during that time.

17 (d) While goods are in the possession of a bailee that has
18 issued a nonnegotiable document covering the goods, a security
19 interest in the goods may be perfected by:

20 (1) issuance of a document in the name of the secured party;

21 (2) the bailee's receipt of notification of the secured party's
22 interest; or

23 (3) filing as to the goods.
24

1 (e) A security interest in certificated securities, negotiable
2 documents, or instruments is perfected without filing or the taking
3 of possession or control for a period of twenty (20) days from the
4 time it attaches to the extent that it arises for new value given
5 under ~~an authenticated~~ a signed security agreement.

6 (f) A perfected security interest in a negotiable document or
7 goods in possession of a bailee, other than one that has issued a
8 negotiable document for the goods, remains perfected for twenty (20)
9 days without filing if the secured party makes available to the
10 debtor the goods or documents representing the goods for the purpose
11 of:

12 (1) ultimate sale or exchange; or

13 (2) loading, unloading, storing, shipping, transshipping,
14 manufacturing, processing, or otherwise dealing with them in a
15 manner preliminary to their sale or exchange.

16 (g) A perfected security interest in a certificated security or
17 instrument remains perfected for twenty (20) days without filing if
18 the secured party delivers the security certificate or instrument to
19 the debtor for the purpose of:

20 (1) ultimate sale or exchange; or

21 (2) presentation, collection, enforcement, renewal, or
22 registration of transfer.

23

24

1 (h) After the twenty-day period specified in subsection (e),
2 (f), or (g) of this section expires, perfection depends upon
3 compliance with this article.

4 SECTION 60. AMENDATORY 12A O.S. 2021, Section 1-9-313,
5 is amended to read as follows:

6 Section 1-9-313.

7 WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY

8 PERFECTS SECURITY INTEREST WITHOUT FILING

9 (a) Except as otherwise provided in subsection (b) of this
10 section, a secured party may perfect a security interest in ~~tangible~~
11 ~~negotiable documents,~~ goods, instruments, negotiable tangible
12 documents, or money, ~~or tangible chattel paper~~ by taking possession
13 of the collateral. A secured party may perfect a security interest
14 in certificated securities by taking delivery of the certificated
15 securities under Section 8-301 of this title.

16 (b) With respect to goods covered by a certificate of title
17 issued by this state, a secured party may perfect a security
18 interest in the goods by taking possession of the goods only in the
19 circumstances described in subsection (d) of Section 1-9-316 of this
20 title.

21 (c) With respect to collateral other than certificated
22 securities and goods covered by a document, a secured party takes
23 possession of collateral in the possession of a person other than
24

1 the debtor, the secured party, or a lessee of the collateral from
2 the debtor in the ordinary course of the debtor's business, when:

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

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

9 (d) If perfection of a security interest depends upon
10 possession of the collateral by a secured party, perfection occurs
11 ~~ne~~ not earlier than the time the secured party takes possession and
12 continues only while the secured party retains possession.

13 (e) A security interest in a certificated security in
14 registered form is perfected by delivery when delivery of the
15 certificated security occurs under Section 8-301 of this title and
16 remains perfected by delivery until the debtor obtains possession of
17 the security certificate.

18 (f) A person in possession of collateral is not required to
19 acknowledge that it holds possession for a secured party's benefit.

20 (g) If a person acknowledges that it holds possession for the
21 secured party's benefit:

22 (1) the acknowledgment is effective under subsection (c) of
23 this section or subsection (a) of Section 8-301 of this title, even
24 if the acknowledgment violates the rights of a debtor; and

1 (2) unless the person otherwise agrees or law other than this
2 article otherwise provides, the person does not owe any duty to the
3 secured party and is not required to confirm the acknowledgment to
4 another person.

5 (h) A secured party having possession of collateral does not
6 relinquish possession by delivering the collateral to a person other
7 than the debtor or a lessee of the collateral from the debtor in the
8 ordinary course of the debtor's business if the person was
9 instructed before the delivery or is instructed contemporaneously
10 with the delivery:

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

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

14 (i) A secured party does not relinquish possession, even if a
15 delivery under subsection (h) of this section violates the rights of
16 a debtor. A person to which collateral is delivered under
17 subsection (h) of this section does not owe any duty to the secured
18 party and is not required to confirm the delivery to another person
19 unless the person otherwise agrees or law other than this article
20 otherwise provides.

21 SECTION 61. AMENDATORY 12A O.S. 2021, Section 1-9-314,
22 is amended to read as follows:

23 Section 1-9-314.

24 PERFECTIION BY CONTROL

1 (a) A security interest in ~~investment property, deposit~~
2 ~~accounts, letter of credit rights, electronic chattel paper, or~~
3 ~~electronic documents~~ controllable accounts, controllable electronic
4 records, controllable payment intangibles, deposit accounts,
5 electronic documents, investment property, or letter-of-credit
6 rights may be perfected by control of the collateral under Section
7 7-106, 1-9-104, ~~1-9-105,~~ 1-9-106, ~~or~~ 1-9-107, or 1-9-107A of this
8 title.

9 (b) A security interest in ~~deposit accounts, electronic chattel~~
10 ~~paper, letter of credit rights, or electronic documents~~ controllable
11 accounts, controllable electronic records, controllable payment
12 intangibles, deposit accounts, electronic documents, or letter-of-
13 credit rights is perfected by control under Section 1-9-104, ~~1-9-~~
14 ~~105,~~ ~~or~~ 1-9-107, or 1-9-107A of this title when not earlier than the
15 time the secured party obtains control and remains perfected by
16 control only while the secured party retains control.

17 (c) A security interest in investment property is perfected by
18 control under Section 1-9-106 of this title ~~from~~ not earlier than
19 the time the secured party obtains control and remains perfected by
20 control until:

21 (1) the secured party does not have control; and

22 (2) one of the following occurs:

23

24

- 1 (A) if the collateral is a certificated security, the
- 2 debtor has or acquires possession of the security
- 3 certificate;
- 4 (B) if the collateral is an uncertificated security, the
- 5 issuer has registered or registers the debtor as the
- 6 registered owner; or
- 7 (C) if the collateral is a security entitlement, the
- 8 debtor is or becomes the entitlement holder.

9 SECTION 62. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 1-9-314A of Title 12A, unless
11 there is created a duplication in numbering, reads as follows:

12 PERFECTION BY POSSESSION AND CONTROL OF CHATTEL PAPER

- 13 (a) A secured party may perfect a security interest in chattel
- 14 paper by taking possession of each authoritative tangible copy of
- 15 the record evidencing the chattel paper and obtaining control of
- 16 each authoritative electronic copy of the electronic record
- 17 evidencing the chattel paper.
- 18 (b) A security interest is perfected under subsection (a) of
- 19 this section not earlier than the time the secured party takes
- 20 possession and obtains control and remains perfected under
- 21 subsection (a) of this section only while the secured party retains
- 22 possession and control.

23
24

1 (c) Subsections (c) and (f) through (i) of Section 1-9-313 of
2 this title apply to perfection by possession of an authoritative
3 tangible copy of a record evidencing chattel paper.

4 SECTION 63. AMENDATORY 12A O.S. 2021, Section 1-9-316,
5 is amended to read as follows:

6 Section 1-9-316.

7 EFFECT OF CHANGE IN GOVERNING LAW

8 (a) A security interest perfected pursuant to the law of the
9 jurisdiction designated in paragraph (1) of Section 1-9-301 ~~or~~,
10 subsection (c) of Section 1-9-305, subsection (d) of Section 1-9-
11 306A, or subsection (b) of Section 1-9-306B of this title remains
12 perfected until the earliest of:

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

15 (2) the expiration of four (4) months after a change of the
16 debtor's location to another jurisdiction; or

17 (3) the expiration of one (1) year after a transfer of
18 collateral to a person that thereby becomes a debtor and is located
19 in another jurisdiction.

20 (b) If a security interest described in subsection (a) of this
21 section becomes perfected under the law of the other jurisdiction
22 before the earliest time or event described in that subsection, it
23 remains perfected thereafter. If the security interest does not
24 become perfected under the law of the other jurisdiction before the

1 earliest time or event, it becomes unperfected and is deemed never
2 to have been perfected as against a purchaser of the collateral for
3 value.

4 (c) A possessory security interest in collateral, other than
5 goods covered by a certificate of title and as-extracted collateral
6 consisting of goods, remains continuously perfected if:

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

9 (2) thereafter the collateral is brought into another
10 jurisdiction; and

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

13 (d) Except as otherwise provided in subsection (e) of this
14 section, a security interest in goods covered by a certificate of
15 title which is perfected by any method under the law of another
16 jurisdiction when the goods become covered by a certificate of title
17 from this state remains perfected until the security interest would
18 have become unperfected under the law of the other jurisdiction had
19 the goods not become so covered.

20 (e) A security interest described in subsection (d) of this
21 section becomes unperfected as against a purchaser of the goods for
22 value and is deemed never to have been perfected as against a
23 purchaser of the goods for value if the applicable requirements for
24

1 perfection under subsection (b) of Section 1-9-311 or Section 1-9-
2 313 of this title are not satisfied before the earlier of:

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

6 (2) the expiration of four (4) months after the goods had
7 become so covered.

8 (f) A security interest in chattel paper, controllable
9 accounts, controllable electronic records, controllable payment
10 intangibles, deposit accounts, letter-of-credit rights, or
11 investment property which is perfected under the law of the chattel
12 paper's jurisdiction, the controllable electronic records'
13 jurisdiction, the bank's jurisdiction, the issuer's jurisdiction, a
14 nominated person's jurisdiction, the securities intermediary's
15 jurisdiction, or the commodity intermediary's jurisdiction, as
16 applicable, remains perfected until the earlier of:

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

19 (2) the expiration of four (4) months after a change of the
20 applicable jurisdiction to another jurisdiction.

21 (g) If a security interest described in subsection (f) of this
22 section becomes perfected under the law of the other jurisdiction
23 before the earlier of the time or the end of the period described in
24 that subsection, it remains perfected thereafter. If the security

1 interest does not become perfected under the law of the other
2 jurisdiction before the earlier of that time or the end of that
3 period, it becomes unperfected and is deemed never to have been
4 perfected as against a purchaser of the collateral for value.

5 (h) The following rules apply to collateral to which a security
6 interest attaches within four (4) months after the debtor changes
7 its location to another jurisdiction:

8 (1) a financing statement filed before the change pursuant to
9 the law of the jurisdiction designated in subsection (1) of Section
10 1-9-301 of this title or subsection (c) of 1-9-305 of this title is
11 effective to perfect a security interest in the collateral if the
12 financing statement would have been effective to perfect a security
13 interest in the collateral if the debtor had not changed its
14 location.

15 (2) if a security interest that is perfected by a financing
16 statement that is effective under paragraph (1) of this subsection
17 becomes perfected under the law of the other jurisdiction before the
18 earlier of the time the financing statement would have become
19 ineffective under the law of the jurisdiction designated in
20 subsection (1) of Section 1-9-301 of this title or subsection (c) of
21 Section 1-9-305 of this title or the expiration of the four-month
22 period, it remains perfected thereafter. If the security interest
23 does not become perfected under the law of the other jurisdiction
24 before the earlier time or event, it becomes unperfected and is

1 deemed never to have been perfected as against a purchaser of the
2 collateral for value.

3 (i) If a financing statement naming an original debtor is filed
4 pursuant to the law of the jurisdiction designated in subsection (1)
5 of Section 1-9-301 of this title or subsection (c) of Section 1-9-
6 305 of this title and the new debtor is located in another
7 jurisdiction, the following rules apply:

8 (1) the financing statement is effective to perfect a security
9 interest in collateral in which the new debtor has or acquires
10 rights before or within four (4) months after the new debtor becomes
11 bound under subsection (d) of Section 1-9-203 of this title, if the
12 financing statement would have been effective to perfect a security
13 interest in the collateral if the collateral had been acquired by
14 the original debtor.

15 (2) a security interest that is perfected by the financing
16 statement and which becomes perfected under the law of the other
17 jurisdiction before the earlier of the expiration of the four-month
18 period or the time the financing statement would have become
19 ineffective under the law of the jurisdiction designated in
20 subsection (1) of Section 1-9-301 of this title or subsection (c) of
21 Section 1-9-305 of this title remains perfected thereafter. A
22 security interest that is perfected by the financing statement but
23 which does not become perfected under the law of the other
24 jurisdiction before the earlier time or event becomes unperfected

1 and is deemed never to have been perfected as against a purchaser of
2 the collateral for value.

3 SECTION 64. AMENDATORY 12A O.S. 2021, Section 1-9-317,
4 is amended to read as follows:

5 Section 1-9-317.

6 INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE

7 OF SECURITY INTEREST OR AGRICULTURAL LIEN

8 (a) A security interest or agricultural lien is subordinate to
9 the rights of:

10 (1) a person entitled to priority under Section 1-9-322 of this
11 title; and

12 (2) except as otherwise provided in subsection (e) of this
13 section, a person that becomes a lien creditor before the earlier of
14 the time:

15 (A) the security interest or agricultural lien is
16 perfected; or

17 (B) one of the conditions specified in paragraph (3) of
18 subsection (b) of Section 1-9-203 of this title is met
19 and a financing statement covering the collateral is
20 filed.

21 (b) Except as otherwise provided in subsection (e) of this
22 section, a buyer, other than a secured party, of ~~tangible chattel~~
23 ~~paper, tangible documents,~~ goods, instruments, tangible documents,
24 or a certificated security takes free of a security interest or

1 agricultural lien if the buyer gives value and receives delivery of
2 the collateral without knowledge of the security interest or
3 agricultural lien and before it is perfected.

4 (c) Except as otherwise provided in subsection (e) of this
5 section, a lessee of goods takes free of a security interest or
6 agricultural lien if the lessee gives value and receives delivery of
7 the collateral without knowledge of the security interest or
8 agricultural lien and before it is perfected.

9 (d) A Subject to subsections (f) through (i) of this section, a
10 licensee of a general intangible or a buyer, other than a secured
11 party, of collateral other than ~~tangible chattel paper, tangible~~
12 ~~documents,~~ goods, instruments, tangible documents, or a certificated
13 security takes free of a security interest if the licensee or buyer
14 gives value without knowledge of the security interest and before it
15 is perfected.

16 (e) Except as otherwise provided in Sections 1-9-320 and 1-9-
17 321 of this title, if a person files a financing statement with
18 respect to a purchase-money security interest before or within
19 twenty (20) days after the debtor receives delivery of the
20 collateral, the security interest takes priority over the rights of
21 a buyer, lessee, or lien creditor which arise between the time the
22 security interest attaches and the time of filing.

23

24

1 (f) A buyer, other than a secured party, of chattel paper takes
2 free of a security interest if, without knowledge of the security
3 interest and before it is perfected, the buyer gives value and:

4 (1) receives delivery of each authoritative tangible copy of
5 the record evidencing the chattel paper; and

6 (2) if each authoritative electronic copy of the record
7 evidencing the chattel paper can be subjected to control under
8 Section 1-9-105 of this title, obtains control of each authoritative
9 electronic copy.

10 (g) A buyer of an electronic document takes free of a security
11 interest if, without knowledge of the security interest and before
12 it is perfected, the buyer gives value and, if each authoritative
13 electronic copy of the document can be subjected to control under
14 Section 7-106 of this title, obtains control of each authoritative
15 electronic copy.

16 (h) A buyer of a controllable electronic record takes free of a
17 security interest if, without knowledge of the security interest and
18 before it is perfected, the buyer gives value and obtains control of
19 the controllable electronic record.

20 (i) A buyer, other than a secured party, of a controllable
21 account or a controllable payment intangible takes free of a
22 security interest if, without knowledge of the security interest and
23 before it is perfected, the buyer gives value and obtains control of
24 the controllable account or controllable payment intangible.

1 SECTION 65. AMENDATORY 12A O.S. 2021, Section 1-9-323,
2 is amended to read as follows:

3 Section 1-9-323.

4 FUTURE ADVANCES

5 (a) Except as otherwise provided in subsection (c) of this
6 section, for purposes of determining the priority of a perfected
7 security interest under paragraph (1) of subsection (a) of Section
8 1-9-322 of this title, perfection of the security interest dates
9 from the time an advance is made to the extent that the security
10 interest secures an advance that:

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

12 (A) under Section 1-9-309 of this title when it attaches;

13 or

14 (B) temporarily under subsection (e), (f), or (g) of

15 Section 1-9-312 of this title; and

16 (2) is not made pursuant to a commitment entered into before or
17 while the security interest is perfected by a method other than
18 under Section 1-9-309 or subsection (e), (f), or (g) of Section 1-9-
19 312 of this title.

20 (b) Except as otherwise provided in subsection (c) of this
21 section, a security interest is subordinate to the rights of a
22 person that becomes a lien creditor to the extent that the security
23 interest secures an advance made more than forty-five (45) days
24 after the person becomes a lien creditor unless the advance is made:

1 (1) without knowledge of the lien; or

2 (2) pursuant to a commitment entered into without knowledge of
3 the lien.

4 (c) Subsections (a) and (b) of this section do not apply to a
5 security interest held by a secured party that is a buyer of
6 accounts, chattel paper, payment intangibles, or promissory notes or
7 a consignor.

8 (d) Except as otherwise provided in subsection (e) of this
9 section, a buyer of goods ~~other than a buyer in ordinary course of~~
10 ~~business~~ takes free of a security interest to the extent that it
11 secures advances made after the earlier of:

12 (1) the time the secured party acquires knowledge of the
13 buyer's purchase; or

14 (2) forty-five (45) days after the purchase.

15 (e) Subsection (d) of this section does not apply if the
16 advance is made pursuant to a commitment entered into without
17 knowledge of the buyer's purchase and before the expiration of the
18 forty-five-day period.

19 (f) Except as otherwise provided in subsection (g) of this
20 section, a lessee of goods, ~~other than a lessee in ordinary course~~
21 ~~of business,~~ takes the leasehold interest free of a security
22 interest to the extent that it secures advances made after the
23 earlier of:

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

3 (2) Forty-five (45) days after the lease contract becomes
4 enforceable.

5 (g) Subsection (f) of this section does not apply if the
6 advance is made pursuant to a commitment entered into without
7 knowledge of the lease and before the expiration of the forty-five-
8 day period.

9 SECTION 66. AMENDATORY 12A O.S. 2021, Section 1-9-324,
10 is amended to read as follows:

11 Section 1-9-324.

12 PRIORITY OF PURCHASE-MONEY SECURITY INTERESTS

13 (a) Except as otherwise provided in subsection (g) of this
14 section, a perfected purchase-money security interest in goods other
15 than inventory or livestock has priority over a conflicting security
16 interest in the same goods, and, except as otherwise provided in
17 Section 1-9-327 of this title, a perfected security interest in its
18 identifiable proceeds also has priority, if the purchase-money
19 security interest is perfected when the debtor receives possession
20 of the collateral or within twenty (20) days thereafter.

21 (b) Subject to subsection (c) of this section and except as
22 otherwise provided in subsection (g) of this section, a perfected
23 purchase-money security interest in inventory has priority over a
24 conflicting security interest in the same inventory, has priority

1 over a conflicting security interest in chattel paper or an
2 instrument constituting proceeds of the inventory and in proceeds of
3 the chattel paper, if so provided in Section 1-9-330 of this title,
4 and, except as otherwise provided in Section 1-9-327 of this title,
5 also has priority in identifiable cash proceeds of the inventory to
6 the extent the identifiable cash proceeds are received on or before
7 the delivery of the inventory to a buyer, if:

8 (1) the purchase-money security interest is perfected when the
9 debtor receives possession of the inventory;

10 (2) the purchase-money secured party sends ~~an authenticated a~~
11 signed notification to the holder of the conflicting security
12 interest;

13 (3) the holder of the conflicting security interest receives
14 the notification within five (5) years before the debtor receives
15 possession of the inventory; and

16 (4) the notification states that the person sending the
17 notification has or expects to acquire a purchase-money security
18 interest in inventory of the debtor and describes the inventory.

19 (c) Paragraphs (2) through (4) of subsection (b) of this
20 section apply only if the holder of the conflicting security
21 interest had filed a financing statement covering the same types of
22 inventory:

23 (1) if the purchase-money security interest is perfected by
24 filing, before the date of the filing; or

1 (2) if the purchase-money security interest is temporarily
2 perfected without filing or possession under subsection (f) of
3 Section 1-9-312 of this title, before the beginning of the twenty-
4 day period thereunder.

5 (d) Subject to subsection (e) of this section and except as
6 otherwise provided in subsection (g) of this section, a perfected
7 purchase-money security interest in livestock that are farm products
8 has priority over a conflicting security interest in the same
9 livestock, and, except as otherwise provided in Section 1-9-327 of
10 this title, a perfected security interest in their identifiable
11 proceeds and identifiable products in their unmanufactured states
12 also has priority, if:

13 (1) the purchase-money security interest is perfected when the
14 debtor receives possession of the livestock;

15 (2) the purchase-money secured party sends ~~an authenticated~~ a
16 signed notification to the holder of the conflicting security
17 interest;

18 (3) the holder of the conflicting security interest receives
19 the notification within six (6) months before the debtor receives
20 possession of the livestock; and

21 (4) the notification states that the person sending the
22 notification has or expects to acquire a purchase-money security
23 interest in livestock of the debtor and describes the livestock.

24

1 (e) Paragraphs (2) through (4) of subsection (d) of this
2 section applies only if the holder of the conflicting security
3 interest had filed a financing statement covering the same types of
4 livestock:

5 (1) if the purchase-money security interest is perfected by
6 filing, before the date of the filing; or

7 (2) if the purchase-money security interest is temporarily
8 perfected without filing or possession under subsection (f) of
9 Section 1-9-312 of this title, before the beginning of the twenty-
10 day period thereunder.

11 (f) Except as otherwise provided in subsection (g) of this
12 section, a perfected purchase-money security interest in software
13 has priority over a conflicting security interest in the same
14 collateral, and, except as otherwise provided in Section 1-9-327 of
15 this title, a perfected security interest in its identifiable
16 proceeds also has priority, to the extent that the purchase-money
17 security interest in the goods in which the software was acquired
18 for use has priority in the goods and proceeds of the goods under
19 this section.

20 (g) If more than one security interest qualifies for priority
21 in the same collateral under subsection (a), (b), (d), or (f) of
22 this section:

23 (1) a security interest securing an obligation incurred as all
24 or part of the price of the collateral has priority over a security

1 interest securing an obligation incurred for value given to enable
2 the debtor to acquire rights in or the use of collateral; and

3 (2) in all other cases, subsection (a) of Section 1-9-322 of
4 this title applies to the qualifying security interests.

5 SECTION 67. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 1-9-326A of Title 12A, unless
7 there is created a duplication in numbering, reads as follows:

8 PRIORITY OF SECURITY INTEREST IN CONTROLLABLE ACCOUNT, CONTROLLABLE
9 ELECTRONIC RECORD, AND CONTROLLABLE PAYMENT INTANGIBLE

10 A security interest in a controllable account, controllable
11 electronic record, or controllable payment intangible held by a
12 secured party having control of the account, electronic record, or
13 payment intangible has priority over a conflicting security interest
14 held by a secured party that does not have control.

15 SECTION 68. AMENDATORY 12A O.S. 2021, Section 1-9-330,
16 is amended to read as follows:

17 Section 1-9-330.

18 PRIORITY OF PURCHASER OF CHATTEL PAPER OR INSTRUMENT

19 (a) A purchaser of chattel paper has priority over a security
20 interest in the chattel paper which is claimed merely as proceeds of
21 inventory subject to a security interest if:

22 (1) in good faith and in the ordinary course of the purchaser's
23 business, the purchaser gives new value ~~and~~, takes possession of
24 each authoritative tangible copy of the record evidencing the

1 chattel paper ~~or~~, and obtains control of under Section 1-9-105 of
2 this title of each authoritative electronic copy of the record
3 evidencing the chattel paper under Section 1-9-105 of this title;
4 and

5 (2) the authoritative copies of the record evidencing the
6 chattel paper ~~does~~ do not indicate that ~~it~~ the chattel paper has
7 been assigned to an identified assignee other than the purchaser.

8 (b) A purchaser of chattel paper has priority over a security
9 interest in the chattel paper which is claimed other than merely as
10 proceeds of inventory subject to a security interest if the
11 purchaser gives new value and, takes possession of each
12 authoritative tangible copy of the record evidencing the chattel
13 paper or, and obtains control of under Section 1-9-105 of this title
14 of each authoritative electronic copy of the record evidencing the
15 chattel paper under Section 1-9-105 of this title in good faith, in
16 the ordinary course of the purchaser's business, and without
17 knowledge that the purchase violates the rights of the secured
18 party.

19 (c) Except as otherwise provided in Section 1-9-327 of this
20 title, a purchaser having priority in chattel paper under subsection
21 (a) or (b) of this section also has priority in proceeds of the
22 chattel paper to the extent that:

23 (1) Section 1-9-322 of this title provides for priority in the
24 proceeds; or

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

4 (d) Except as otherwise provided in subsection (a) of Section
5 1-9-331 of this title, a purchaser of an instrument has priority
6 over a security interest in the instrument perfected by a method
7 other than possession if the purchaser gives value and takes
8 possession of the instrument in good faith and without knowledge
9 that the purchase violates the rights of the secured party.

10 (e) For purposes of subsections (a) and (b) of this section,
11 the holder of a purchase-money security interest in inventory gives
12 new value for chattel paper constituting proceeds of the inventory.

13 (f) For purposes of subsections (b) and (d) of this section, if
14 the authoritative copies of the record evidencing chattel paper or
15 an instrument ~~indicates~~ indicate that ~~it~~ the chattel paper or
16 instrument has been assigned to an identified secured party other
17 than the purchaser, a purchaser of the chattel paper or instrument
18 has knowledge that the purchase violates the rights of the secured
19 party.

20 SECTION 69. AMENDATORY 12A O.S. 2021, Section 1-9-331,
21 is amended to read as follows:

22 Section 1-9-331.

23 PRIORITY OF RIGHTS OF PURCHASERS OF ~~INSTRUMENTS~~ CONTROLLABLE
24 ACCOUNTS, CONTROLLABLE ELECTRONIC RECORDS, CONTROLLABLE PAYMENT

1 INTANGIBLES, DOCUMENTS, INSTRUMENTS, AND SECURITIES UNDER OTHER
2 ARTICLES; PRIORITY OF INTERESTS IN FINANCIAL ASSETS AND SECURITY
3 ENTITLEMENTS AND PROTECTION AGAINST ASSERTION OF CLAIM UNDER ~~ARTICLE~~

4 ARTICLES 8 AND 12

5 (a) This article does not limit the rights of a holder in due
6 course of a negotiable instrument, a holder to which a negotiable
7 document of title has been duly negotiated, ~~or~~ a protected purchaser
8 of a security, or a qualifying purchaser of a controllable account,
9 controllable electronic record, or controllable payment intangible.

10 These holders or purchasers take priority over an earlier security
11 interest, even if perfected, to the extent provided in Articles 3,
12 7, ~~and~~ 8, and 12 of this title.

13 (b) This article does not limit the rights of or impose
14 liability on a person to the extent that the person is protected
15 against the assertion of a claim under Article 8 or 12 of this
16 title.

17 (c) Filing under this article does not constitute notice of a
18 claim or defense to the holders, or purchasers, or persons described
19 in subsections (a) and (b) of this section.

20 SECTION 70. AMENDATORY 12A O.S. 2021, Section 1-9-332,
21 is amended to read as follows:

22 Section 1-9-332.

23 TRANSFER OF MONEY; TRANSFER OF FUNDS FROM DEPOSIT ACCOUNT

1 (a) A transferee of money takes the money free of a security
2 interest ~~unless~~ if the transferee ~~acts~~ receives possession of the
3 money without acting in collusion with the debtor in violating the
4 rights of the secured party.

5 (b) A transferee of funds from a deposit account takes the
6 funds free of a security interest in the deposit account ~~unless~~ if
7 the transferee ~~acts~~ receives the funds without acting in collusion
8 with the debtor in violating the rights of the secured party.

9 SECTION 71. AMENDATORY 12A O.S. 2021, Section 1-9-334,
10 is amended to read as follows:

11 Section 1-9-334.

12 PRIORITY OF SECURITY INTERESTS IN FIXTURES AND CROPS

13 (a) A security interest under this article may be created in
14 goods that are fixtures or may continue in goods that become
15 fixtures. A security interest does not exist under this article in
16 ordinary building materials incorporated into an improvement on
17 land.

18 (b) This article does not prevent creation of an encumbrance
19 upon fixtures under real property law.

20 (c) In cases not governed by subsections (d) through (h) of
21 this section, a security interest in fixtures is subordinate to a
22 conflicting interest of an encumbrancer or owner of the related real
23 property other than the debtor.

24

1 (d) Except as otherwise provided in subsection (h) of this
2 section, a perfected security interest in fixtures has priority over
3 a conflicting interest of an encumbrancer or owner of the real
4 property if the debtor has an interest of record in or is in
5 possession of the real property and:

6 (1) the security interest is a purchase-money security
7 interest;

8 (2) the interest of the encumbrancer or owner arises before the
9 goods become fixtures; and

10 (3) the security interest is perfected by a fixture filing
11 before the goods become fixtures or within twenty (20) days
12 thereafter.

13 (e) A perfected security interest in fixtures has priority over
14 a conflicting interest of an encumbrancer or owner of the real
15 property if:

16 (1) the debtor has an interest of record in the real property
17 or is in possession of the real property and the security interest:

18 (A) is perfected by a fixture filing before the interest
19 of the encumbrancer or owner is of record; and

20 (B) has priority over any conflicting interest of a
21 predecessor in title of the encumbrancer or owner;

22 (2) before the goods become fixtures, the security interest is
23 perfected by any method permitted by this article and the fixtures
24 are readily removable:

- 1 (A) factory or office machines;
- 2 (B) equipment that is not primarily used or leased for use
- 3 in the operation of the real property; or
- 4 (C) replacements of domestic appliances that are consumer
- 5 goods;

6 (3) the conflicting interest is a lien on the real property
7 obtained by legal or equitable proceedings after the security
8 interest was perfected by any method permitted by this article; or

9 (4) the security interest is:

10 (A) created in a manufactured home in a manufactured-home
11 transaction; and

12 (B) perfected pursuant to a statute described in paragraph
13 (2) of subsection (a) of Section 1-9-311 of this
14 title.

15 (f) A security interest in fixtures, whether or not perfected,
16 has priority over a conflicting interest of an encumbrancer or owner
17 of the real property if:

18 (1) the encumbrancer or owner has, in ~~an authenticated~~ a signed
19 record, consented to the security interest or disclaimed an interest
20 in the goods as fixtures; or

21 (2) the debtor has a right to remove the goods as against the
22 encumbrancer or owner.

23 (g) The priority of the security interest under paragraph (2)
24 of subsection (f) of this section continues for a reasonable time if

1 the debtor's right to remove the goods as against the encumbrancer
2 or owner terminates.

3 (h) A mortgage is a construction mortgage to the extent that it
4 secures an obligation incurred for the construction of an
5 improvement on land, including the acquisition cost of the land, if
6 a recorded record of the mortgage so indicates. Except as otherwise
7 provided in subsections (e) and (f) of this section, a security
8 interest in fixtures is subordinate to a construction mortgage if a
9 record of the mortgage is recorded before the goods become fixtures
10 and the goods become fixtures before the completion of the
11 construction. A mortgage has this priority to the same extent as a
12 construction mortgage to the extent that it is given to refinance a
13 construction mortgage.

14 (i) A perfected security interest in crops growing on real
15 property has priority over a conflicting interest of an encumbrancer
16 or owner of the real property if the debtor has an interest of
17 record in or is in possession of the real property.

18 (j) Subsection (i) of this section prevails over any
19 inconsistent provisions of other statutes of this state.

20 SECTION 72. AMENDATORY 12A O.S. 2021, Section 1-9-341,
21 is amended to read as follows:

22 Section 1-9-341.

23 BANK'S RIGHTS AND DUTIES WITH RESPECT TO DEPOSIT ACCOUNT
24

1 Except as otherwise provided in subsection (c) of Section 1-9-
2 340 of this title, and unless the bank otherwise agrees in ~~an~~
3 ~~authenticated~~ a signed record, a bank's rights and duties with
4 respect to a deposit account maintained with the bank are not
5 terminated, suspended, or modified by:

6 (1) the creation, attachment, or perfection of a security
7 interest in the deposit account;

8 (2) the bank's knowledge of the security interest; or

9 (3) the bank's receipt of instructions from the secured party.

10 SECTION 73. AMENDATORY 12A O.S. 2021, Section 1-9-404,
11 is amended to read as follows:

12 Section 1-9-404.

13 RIGHTS ACQUIRED BY ASSIGNEE;

14 CLAIMS AND DEFENSES AGAINST ASSIGNEE

15 (a) Unless an account debtor has made an enforceable agreement
16 not to assert defenses or claims, and subject to subsections (b)
17 through (e) of this section, the rights of an assignee are subject
18 to:

19 (1) all terms of the agreement between the account debtor and
20 assignor and any defense or claim in recoupment arising from the
21 transaction that gave rise to the contract; and

22 (2) any other defense or claim of the account debtor against
23 the assignor which accrues before the account debtor receives a
24

1 notification of the assignment ~~authenticated~~ signed by the assignor
2 or the assignee.

3 (b) Subject to subsection (c) of this section and except as
4 otherwise provided in subsection (d) of this section, the claim of
5 an account debtor against an assignor may be asserted against an
6 assignee under subsection (a) of this section only to reduce the
7 amount the account debtor owes.

8 (c) This section is subject to law other than this article
9 which establishes a different rule for an account debtor who is an
10 individual and who incurred the obligation primarily for personal,
11 family, or household purposes.

12 (d) In a consumer transaction, if a record evidences the
13 account debtor's obligation, law other than this article requires
14 that the record include a statement to the effect that the account
15 debtor's recovery against an assignee with respect to claims and
16 defenses against the assignor may not exceed amounts paid by the
17 account debtor under the record, and the record does not include
18 such a statement, the extent to which a claim of an account debtor
19 against the assignor may be asserted against an assignee is
20 determined as if the record included such a statement.

21 (e) This section does not apply to an assignment of a health-
22 care-insurance receivable.

23 SECTION 74. AMENDATORY 12A O.S. 2021, Section 1-9-406,
24 is amended to read as follows:

1 Section 1-9-406.

2 DISCHARGE OF ACCOUNT DEBTOR; NOTIFICATION OF ASSIGNMENT;
3 IDENTIFICATION AND PROOF OF ASSIGNMENT; RESTRICTIONS ON
4 ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT
5 INTANGIBLES, AND PROMISSORY NOTES INEFFECTIVE

6 (a) Subject to subsections (b) through ~~(i)~~ (k) of this section,
7 an account debtor on an account, chattel paper, or a payment
8 intangible may discharge its obligation by paying the assignor
9 until, but not after, the account debtor receives a notification,
10 ~~authenticated~~ signed by the assignor or the assignee, that the
11 amount due or to become due has been assigned and that payment is to
12 be made to the assignee. After receipt of the notification, the
13 account debtor may discharge its obligation by paying the assignee
14 and may not discharge the obligation by paying the assignor.

15 (b) Subject to ~~subsection~~ subsections (h) and (k) of this
16 section, notification is ineffective under subsection (a) of this
17 section:

18 (1) if it does not reasonably identify the rights assigned;

19 (2) to the extent that an agreement between an account debtor
20 and a seller of a payment intangible limits the account debtor's
21 duty to pay a person other than the seller and the limitation is
22 effective under law other than this article; or

1 (3) at the option of an account debtor, if the notification
2 notifies the account debtor to make less than the full amount of any
3 installment or other periodic payment to the assignee, even if:

4 (A) only a portion of the account, chattel paper, or
5 general intangible has been assigned to that assignee;

6 (B) a portion has been assigned to another assignee; or

7 (C) the account debtor knows that the assignment to that
8 assignee is limited.

9 (c) Subject to ~~subsection~~ subsections (h) and (k) of this
10 section, if requested by the account debtor, an assignee shall
11 seasonably furnish reasonable proof that the assignment has been
12 made. Unless the assignee complies, the account debtor may
13 discharge its obligation by paying the assignor, even if the account
14 debtor has received a notification under subsection (a) of this
15 section.

16 (d) (1) In this subsection, "promissory note" includes a
17 negotiable instrument that evidences chattel paper. Except as
18 otherwise provided in paragraph (2) of this subsection and
19 ~~subsection~~ subsections (e) and (j) of this section and Sections 2A-
20 303 and 1-9-407 of this title, and subject to subsection (h) of this
21 section, a term in an agreement between an account debtor and an
22 assignor or in a promissory note is ineffective to the extent that
23 it:
24

1 (A) prohibits, restricts, or requires the consent of the
2 account debtor or person obligated on the promissory
3 note to the assignment or transfer of, or the
4 creation, attachment, perfection, or enforcement of a
5 security interest in, the account, chattel paper,
6 payment intangible, or promissory note; or

7 (B) provides that the assignment or transfer or the
8 creation, attachment, perfection, or enforcement of
9 the security interest may give rise to a default,
10 breach, right of recoupment, claim, defense,
11 termination, right of termination, or remedy under the
12 account, chattel paper, payment intangible, or
13 promissory note.

14 (2) This subsection does not apply to the assignment or
15 transfer of or creation of a security interest in the following:

16 (A) a claim or right to receive compensation for injuries
17 or sickness as described in 26 U.S.C., Section 104

18 (a) (1) or (2), as amended from time to time;

19 (B) a claim or right to receive benefits under a special
20 needs trust as described in 42 U.S.C., Section
21 1396p(d) (4), as amended from time to time; or

22 (C) a structured settlement payment right as defined in
23 paragraph 16 of Section 3239 of Title 12 of the
24 Oklahoma Statutes to the extent of any conflict

1 between the Uniform Commercial Code and the Structured
2 Settlement Protection Act of 2001.

3 (e) Subsection (d) of this section does not apply to the sale
4 of a payment intangible or promissory note, other than a sale
5 pursuant to a disposition under Section 1-9-610 of this title or an
6 acceptance of collateral under Section 1-9-620 of this title.

7 (f) Except as otherwise provided in subsection (j) of this
8 section and Sections 2A-303 and 1-9-407 of this title and subject to
9 subsections (h) and (i) of this section, a rule of law, statute, or
10 regulation, that prohibits, restricts, or requires the consent of a
11 government, governmental body or official, or account debtor to the
12 assignment or transfer of, or creation of a security interest in, an
13 account or chattel paper is ineffective to the extent that the rule
14 of law, statute, or regulation:

15 (1) prohibits, restricts, or requires the consent of the
16 government, governmental body or official, or account debtor to the
17 assignment or transfer of, or the creation, attachment, perfection,
18 or enforcement of a security interest in, the account or chattel
19 paper; or

20 (2) provides that the assignment or transfer or the creation,
21 attachment, perfection, or enforcement of the security interest may
22 give rise to a default, breach, right of recoupment, claim, defense,
23 termination, right of termination, or remedy under the account or
24 chattel paper.

1 (g) Subject to ~~subsection~~ subsections (h) and (k) of this
2 section, an account debtor may not waive or vary its option under
3 paragraph (3) of subsection (b) of this section.

4 (h) This section is subject to law other than this article
5 which establishes a different rule for an account debtor who is an
6 individual and who incurred the obligation primarily for personal,
7 family, or household purposes.

8 (i) This section does not apply to an assignment of a health-
9 care-insurance receivable.

10 (j) Subsections (d) and (f) of this section do not apply to a
11 security interest in an ownership interest in a general partnership,
12 limited partnership, or limited liability company.

13 (k) Subsections (a), (b), (c), and (g) of this section do not
14 apply to a controllable account or controllable payment intangible.

15 SECTION 75. AMENDATORY 12A O.S. 2021, Section 1-9-408,
16 is amended to read as follows:

17 Section 1-9-408.

18 RESTRICTIONS ON ASSIGNMENT OF PROMISSORY
19 NOTES, HEALTH-CARE-INSURANCE RECEIVABLES, AND
20 CERTAIN GENERAL INTANGIBLES INEFFECTIVE

21 (a) Except as otherwise provided in ~~subsection~~ subsections (b)
22 and (f) of this section, a term in a promissory note or in an
23 agreement between an account debtor and a debtor which relates to a
24 health-care-insurance receivable or a general intangible, including

1 a contract, permit, license, or franchise, and which term prohibits,
2 restricts, or requires the consent of the person obligated on the
3 promissory note or the account debtor to, the assignment or transfer
4 of, or creation, attachment, or perfection of a security interest
5 in, the promissory note, health-care-insurance receivable, or
6 general intangible, is ineffective to the extent that the term:

7 (1) would impair the creation, attachment, or perfection of a
8 security interest; or

9 (2) provides that the assignment or transfer or the creation,
10 attachment, or perfection of the security interest may give rise to
11 a default, breach, right of recoupment, claim, defense, termination,
12 right of termination, or remedy under the promissory note, health-
13 care-insurance receivable, or general intangible.

14 (b) Subsection (a) of this section applies to a security
15 interest in a payment intangible or promissory note only if the
16 security interest arises out of a sale of the payment intangible or
17 promissory note, other than a sale pursuant to a disposition under
18 Section 1-9-610 of this title or an acceptance of collateral under
19 Section 1-9-620 of this title.

20 (c) ~~A~~ Except as otherwise provided in subsection (f) of this
21 section, a rule of law, statute, or regulation, that prohibits,
22 restricts, or requires the consent of a government, governmental
23 body or official, person obligated on a promissory note, or account
24 debtor to the assignment or transfer of, or creation of a security

1 interest in, a promissory note, health-care-insurance receivable, or
2 general intangible, including a contract, permit, license, or
3 franchise between an account debtor and a debtor, is ineffective to
4 the extent that the rule of law, statute, or regulation:

5 (1) would impair the creation, attachment, or perfection of a
6 security interest; or

7 (2) provides that the assignment or transfer or the creation,
8 attachment, or perfection of the security interest may give rise to
9 a default, breach, right of recoupment, claim, defense, termination,
10 right of termination, or remedy under the promissory note, health-
11 care-insurance receivable, or general intangible.

12 (d) To the extent that a term in a promissory note or in an
13 agreement between an account debtor and a debtor which relates to a
14 health-care-insurance receivable or general intangible or a rule of
15 law, statute, or regulation described in subsection (c) of this
16 section would be effective under law other than this article but is
17 ineffective under subsection (a) or (c) of this section, the
18 creation, attachment, or perfection of a security interest in the
19 promissory note, health-care-insurance receivable, or general
20 intangible:

21 (1) is not enforceable against the person obligated on the
22 promissory note or the account debtor;

23 (2) does not impose a duty or obligation on the person
24 obligated on the promissory note or the account debtor;

1 (3) does not require the person obligated on the promissory
2 note or the account debtor to recognize the security interest, pay
3 or render performance to the secured party, or accept payment or
4 performance from the secured party;

5 (4) does not entitle the secured party to use or assign the
6 debtor's rights under the promissory note, health-care-insurance
7 receivable, or general intangible, including any related information
8 or materials furnished to the debtor in the transaction giving rise
9 to the promissory note, health-care-insurance receivable, or general
10 intangible;

11 (5) does not entitle the secured party to use, assign, possess,
12 or have access to any trade secrets or confidential information of
13 the person obligated on the promissory note or the account debtor;
14 and

15 (6) does not entitle the secured party to enforce the security
16 interest in the promissory note, health-care-insurance receivable,
17 or general intangible.

18 (e) Subsections (a) and (c) of this section do not apply to the
19 assignment or transfer of or creation of a security interest in:

20 (1) a claim or right to receive compensation for injuries or
21 sickness as described in 26 U.S.C., Section 104(a)(1) or (2), as
22 amended from time to time;

23

24

1 (2) a claim or right to receive benefits under a special needs
2 trust as described in 42 U.S.C., Section 1396p(d)(4), as amended
3 from time to time; or

4 (3) a structured settlement payment right as defined in
5 paragraph 16 of Section 3239 of Title 12 of the Oklahoma Statutes to
6 the extent of any conflict between the Uniform Commercial Code and
7 the Structured Settlement Protection Act of 2001.

8 (f) This section does not apply to a security interest in an
9 ownership interest in a general partnership, limited partnership, or
10 limited liability company.

11 (g) As used in this section, "promissory note" includes a
12 negotiable instrument that evidences chattel paper.

13 SECTION 76. AMENDATORY 12A O.S. 2021, Section 1-9-509,
14 is amended to read as follows:

15 Section 1-9-509.

16 PERSONS ENTITLED TO FILE A RECORD

17 (a) A person may file an initial financing statement, amendment
18 that adds collateral covered by a financing statement, or amendment
19 that adds a debtor to a financing statement only if:

20 (1) the debtor authorizes the filing in ~~an authenticated~~ a
21 signed record; or

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

1 (b) By ~~authenticating~~ signing or becoming bound as a debtor by
2 a security agreement, a debtor or new debtor authorizes the filing
3 of an initial financing statement, and an amendment, covering:

4 (1) the collateral described in the security agreement; and

5 (2) property that becomes collateral under paragraph (2) of
6 subsection (a) of Section 1-9-315 of this title, whether or not the
7 security agreement expressly covers proceeds.

8 (c) By acquiring collateral in which a security interest or
9 agricultural lien continues under paragraph (1) of subsection (a) of
10 Section 1-9-315 of this title, a debtor authorizes the filing of an
11 initial financing statement, and an amendment, covering the
12 collateral and property that becomes collateral under paragraph (2)
13 of subsection (a) of Section 1-9-315 of this title.

14 (d) A person may file an amendment other than an amendment that
15 adds collateral covered by a financing statement or an amendment
16 that adds a debtor to a financing statement only if:

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

18 (2) the amendment is a termination statement for a financing
19 statement for which the secured party of record has failed to file
20 or send a termination statement as required by subsection (a) or (c)
21 of Section 1-9-513 of this title, the debtor authorizes the filing,
22 and the termination statement indicates that the debtor authorized
23 it to be filed.

24

1 (e) If there is more than one secured party of record for a
2 financing statement, each secured party of record may authorize the
3 filing of an amendment under subsection (d) of this section.

4 SECTION 77. AMENDATORY 12A O.S. 2021, Section 1-9-513,
5 is amended to read as follows:

6 Section 1-9-513.

7 TERMINATION STATEMENT

8 (a) A secured party shall cause the secured party of record for
9 a financing statement to file a termination statement for the
10 financing statement if the financing statement covers consumer goods
11 and:

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

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

17 (b) To comply with subsection (a) of this section, a secured
18 party shall cause the secured party of record to file the
19 termination statement:

20 (1) within one (1) month after there is no obligation secured
21 by the collateral covered by the financing statement and no
22 commitment to make an advance, incur an obligation, or otherwise
23 give value; or

1 (2) if earlier, within twenty (20) days after the secured party
2 receives ~~an authenticated~~ a signed demand from a debtor.

3 (c) In cases not governed by subsection (a) of this section,
4 within twenty (20) days after a secured party receives ~~an~~
5 ~~authenticated~~ a signed demand from a debtor, the secured party shall
6 cause the secured party of record for a financing statement to send
7 to the debtor a termination statement for the financing statement or
8 file the termination statement in the filing office if:

9 (1) except in the case of a financing statement covering
10 accounts or chattel paper that has been sold or goods that are the
11 subject of a consignment, there is no obligation secured by the
12 collateral covered by the financing statement and no commitment to
13 make an advance, incur an obligation, or otherwise give value;

14 (2) the financing statement covers accounts or chattel paper
15 that has been sold but as to which the account debtor or other
16 person obligated has discharged its obligation;

17 (3) the financing statement covers goods that were the subject
18 of a consignment to the debtor but are not in the debtor's
19 possession; or

20 (4) the debtor did not authorize the filing of the initial
21 financing statement.

22 (d) Except as otherwise provided in Section 1-9-510 of this
23 title, upon the filing of a termination statement with the filing
24 office, the financing statement to which the termination statement

1 relates ceases to be effective. Except as otherwise provided in
2 Section 1-9-510 of this title, for purposes of subsection (g) of
3 Section 1-9-519, subsection (a) of Section 1-9-522, and subsection
4 (c) of Section 1-9-523 of this title, the filing with the filing
5 office of a termination statement relating to a financing statement
6 that indicates that the debtor is a transmitting utility also causes
7 the effectiveness of the financing statement to lapse.

8 SECTION 78. AMENDATORY 12A O.S. 2021, Section 1-9-601,
9 is amended to read as follows:

10 Section 1-9-601.

11 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;
12 CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER,
13 PAYMENT INTANGIBLES, OR PROMISSORY NOTES

14 (a) After default, a secured party has the rights provided in
15 this part and, except as otherwise provided in Section 1-9-602 of
16 this title, those provided by agreement of the parties. A secured
17 party:

18 (1) may reduce a claim to judgment, foreclose, or otherwise
19 enforce the claim, security interest, or agricultural lien by any
20 available judicial procedure, but Section 686 of Title 12 of the
21 Oklahoma Statutes, shall not apply to the enforcement of a claim,
22 security interest, or agricultural lien under this article except as
23 provided in Section 1-9-604 of this title where the procedure is in
24

1 accordance with the rights of the parties with respect to real
2 property; and

3 (2) if the collateral is documents, may proceed either as to
4 the documents or as to the goods they cover.

5 (b) A secured party in possession of collateral or control of
6 collateral under Section 7-106, 1-9-104, 1-9-105, 1-9-106, ~~or~~ 1-9-
7 107, or 1-9-107A of this title has the rights and duties provided in
8 Section 1-9-207 of this title.

9 (c) The rights under subsections (a) and (b) of this section
10 are cumulative and may be exercised simultaneously.

11 (d) Except as otherwise provided in subsection (g) of this
12 section and Section 1-9-605 of this title, after default, a debtor
13 and an obligor have the rights provided in this part and by
14 agreement of the parties.

15 (e) If a secured party has reduced its claim to judgment, the
16 lien of any levy that may be made upon the collateral by virtue of
17 an execution based upon the judgment relates back to the earliest
18 of:

19 (1) the date of perfection of the security interest or
20 agricultural lien in the collateral;

21 (2) the date of filing a financing statement covering the
22 collateral; or

23 (3) any date specified in a statute under which the
24 agricultural lien was created.

1 (f) A sale pursuant to an execution is a foreclosure of the
2 security interest or agricultural lien by judicial procedure within
3 the meaning of this section. A secured party may purchase at the
4 sale and thereafter hold the collateral free of any other
5 requirements of this article.

6 (g) Except as otherwise provided in subsection (c) of Section
7 1-9-607 of this title, this part imposes no duties upon a secured
8 party that is a consignor or is a buyer of accounts, chattel paper,
9 payment intangibles, or promissory notes.

10 SECTION 79. AMENDATORY 12A O.S. 2021, Section 1-9-605,
11 is amended to read as follows:

12 Section 1-9-605.

13 UNKNOWN DEBTOR OR SECONDARY OBLIGOR

14 A (a) Except as provided in subsection (b) of this section, a
15 secured party does not owe a duty based on its status as secured
16 party:

17 (1) to a person that is a debtor or obligor, unless the secured
18 party knows:

- 19 (A) that the person is a debtor or obligor;
- 20 (B) the identity of the person; and
- 21 (C) how to communicate with the person; or

22 (2) to a secured party or lienholder that has filed a financing
23 statement against a person, unless the secured party knows:

- 24 (A) that the person is a debtor; and

1 (B) the identity of the person.

2 (b) A secured party owes a duty based on its status as a
3 secured party to a person if, at the time the secured party obtains
4 control of collateral that is a controllable account, controllable
5 electronic record, or controllable payment intangible or at the time
6 the security interest attaches to the collateral, whichever is
7 later:

8 (1) the person is a debtor or obligor; and

9 (2) the secured party knows that the information in
10 subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of
11 this section relating to the person is not provided by the
12 collateral, a record attached to or logically associated with the
13 collateral, or the system in which the collateral is recorded.

14 SECTION 80. AMENDATORY 12A O.S. 2021, Section 1-9-608,
15 is amended to read as follows:

16 Section 1-9-608.

17 APPLICATION OF PROCEEDS OF COLLECTION OR ENFORCEMENT;

18 LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS

19 (a) If a security interest or agricultural lien secures payment
20 or performance of an obligation, the following rules apply:

21 (1) A secured party shall apply or pay over for application the
22 cash proceeds of collection or enforcement under this section in the
23 following order to:

24

- 1 (A) the reasonable expenses of collection and enforcement
2 and, to the extent provided for by agreement and not
3 prohibited by law, reasonable ~~attorney's~~ attorney fees
4 and legal expenses incurred by the secured party;
- 5 (B) the satisfaction of obligations secured by the
6 security interest or agricultural lien under which the
7 collection or enforcement is made; and
- 8 (C) the satisfaction of obligations secured by any
9 subordinate security interest in or other lien on the
10 collateral subject to the security interest or
11 agricultural lien under which the collection or
12 enforcement is made if the secured party receives ~~an~~
13 ~~authenticated~~ a signed demand for proceeds before
14 distribution of the proceeds is completed.

15 (2) If requested by a secured party, a holder of a subordinate
16 security interest or other lien shall furnish reasonable proof of
17 the interest or lien within a reasonable time. Unless the holder
18 complies, the secured party need not comply with the holder's demand
19 under subparagraph (C) of paragraph (1) of this subsection.

20 (3) A secured party need not apply or pay over for application
21 noncash proceeds of collection and enforcement under this section
22 unless the failure to do so would be commercially unreasonable. A
23 secured party that applies or pays over for application noncash
24 proceeds shall do so in a commercially reasonable manner.

1 (4) A secured party shall account to and pay a debtor for any
2 surplus, and the obligor is liable for any deficiency.

3 (b) If the underlying transaction is a sale of accounts,
4 chattel paper, payment intangibles, or promissory notes, the debtor
5 is not entitled to any surplus, and the obligor is not liable for
6 any deficiency.

7 SECTION 81. AMENDATORY 12A O.S. 2021, Section 1-9-611,
8 is amended to read as follows:

9 Section 1-9-611.

10 NOTIFICATION BEFORE DISPOSITION OF COLLATERAL

11 (a) In this section, "notification date" means the earlier of
12 the date on which:

13 (1) a secured party sends to the debtor and any secondary
14 obligor ~~an authenticated~~ a signed notification of disposition; or

15 (2) the debtor and any secondary obligor waive the right to
16 notification.

17 (b) Except as otherwise provided in subsection (d) of this
18 section, a secured party that disposes of collateral under Section
19 1-9-610 of this title shall send to the persons specified in
20 subsection (c) of this section a reasonable ~~authenticated~~ signed
21 notification of disposition.

22 (c) To comply with subsection (b) of this section, the secured
23 party shall send ~~an authenticated~~ a signed notification of
24 disposition to:

1 (1) the debtor;

2 (2) any secondary obligor; and

3 (3) if the collateral is other than consumer goods:

4 (A) any other person from which the secured party has
5 received, before the notification date, ~~an~~
6 ~~authenticated~~ a signed notification of a claim of an
7 interest in the collateral;

8 (B) any other secured party or lienholder that, ten (10)
9 days before the notification date, held a security
10 interest in or other lien on the collateral perfected
11 by the filing of a financing statement that:

12 (i) identified the collateral;

13 (ii) was indexed under the debtor's name as of that
14 date; and

15 (iii) was filed in the office in which to file a
16 financing statement against the debtor covering
17 the collateral as of that date; and

18 (C) any other secured party that, ten (10) days before the
19 notification date, held a security interest in the
20 collateral perfected by compliance with a statute,
21 regulation, or treaty described in subsection (a) of
22 Section 1-9-311 of this title.

23

24

1 (d) Subsection (b) of this section does not apply if the
2 collateral is perishable or threatens to decline speedily in value
3 or is of a type customarily sold on a recognized market.

4 (e) A secured party complies with the requirement for
5 notification prescribed by subparagraph (B) of paragraph (3) of
6 subsection (c) of this section if:

7 (1) not later than twenty (20) days or earlier than thirty (30)
8 days before the notification date, the secured party requests, in a
9 commercially reasonable manner, information concerning financing
10 statements indexed under the debtor's name in the office indicated
11 in subparagraph (B) of paragraph (3) of subsection (c) of this
12 section; and

13 (2) before the notification date, the secured party:

14 (A) did not receive a response to the request for
15 information; or

16 (B) received a response to the request for information and
17 sent ~~an authenticated~~ a signed notification of
18 disposition to each secured party or other lienholder
19 named in that response whose financing statement
20 covered the collateral.

21 SECTION 82. AMENDATORY 12A O.S. 2021, Section 1-9-613,
22 is amended to read as follows:

23 Section 1-9-613.

24 CONTENTS AND FORM OF NOTIFICATION

1 BEFORE DISPOSITION OF COLLATERAL: GENERAL

2 (a) Except in a consumer-goods transaction, the following rules
3 apply:

4 (1) The contents of a notification of disposition are
5 sufficient if the notification:

6 (A) describes the debtor and the secured party;

7 (B) describes the collateral that is the subject of the
8 intended disposition;

9 (C) states the method of intended disposition;

10 (D) states that the debtor is entitled to an accounting of
11 the unpaid indebtedness and states the charge, if any,
12 for an accounting; and

13 (E) states the time and place of a public disposition or
14 the time after which any other disposition is to be
15 made.

16 (2) Whether the contents of a notification that lacks any of
17 the information specified in paragraph (1) of this section are
18 nevertheless sufficient is a question of fact.

19 (3) The contents of a notification providing substantially the
20 information specified in paragraph (1) of this section are
21 sufficient, even if the notification includes:

22 (A) information not specified by that paragraph; or

23 (B) minor errors that are not seriously misleading.

24 (4) A particular phrasing of the notification is not required.

1 (5) The following form of notification and the form appearing
2 in paragraph (3) of subsection (a) of Section 1-9-614 of this title,
3 when completed in accordance with the instructions in subsection (b)
4 of this section and subsection (b) of Section 1-9-614 of this title,
5 each provides sufficient information:

6 ~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~

7 ~~To: [Name of debtor, obligor, or other person to which the~~
8 ~~notification is sent]~~

9 _____
10 _____

11 ~~From: [Name, address, and telephone number of secured party]~~

12 _____
13 _____

14 ~~Name of Debtor(s):~~

15 ~~[Include only if debtor(s) are not an addressee]~~

16 _____

17 ~~[For a public disposition:]~~

18 ~~We will sell [or lease or license, as applicable] the [describe~~
19 ~~collateral] _____ [to the highest qualified bidder] in~~
20 ~~public as follows:~~

21 ~~Day and Date: _____~~

22 ~~Time: _____~~

23 ~~Place: _____~~

24 ~~[For a private disposition:]~~

1 ~~We will sell [or lease or license, as applicable] the [describe~~
2 ~~collateral] _____ privately sometime after [day and~~
3 ~~date] _____.~~

4 ~~You are entitled to an accounting of the unpaid indebtedness~~
5 ~~secured by the property that we intend to sell [or lease or license,~~
6 ~~as applicable] [for a charge of \$ _____]. You may request~~
7 ~~an accounting by calling us at [telephone number] _____.~~

8 ~~[End of Form]~~

9 NOTIFICATION OF DISPOSITION OF COLLATERAL

10 To: (Name of debtor, obligor, or other person to which the
11 notification is sent)

12 From: (Name, address, and telephone number of secured party)

13 {1} Name of any debtor that is not an addressee: (Name of each
14 debtor)

15 {2} We will sell (describe collateral) (to the highest qualified
16 bidder) at public sale. A sale could include a lease or license.

17 The sale will be held as follows:

18 (Date)

19 (Time)

20 (Place)

21 {3} We will sell (describe collateral) at private sale sometime
22 after (date). A sale could include a lease or license.

23

24

1 {4} You are entitled to an accounting of the unpaid indebtedness
2 secured by the property that we intend to sell or, as applicable,
3 lease or license.

4 {5} If you request an accounting, you must pay a charge of \$
5 (amount).

6 {6} You may request an accounting by calling us at (telephone
7 number).

8 [End of Form]

9 (b) The following instructions apply to the form of
10 notification in paragraph (5) of subsection (a) of this section:

11 (1) The instructions in this paragraph refer to the numbers in
12 braces before items in the form of notification in paragraph (5) of
13 subsection (a) of this section. Do not include the numbers or
14 braces in the notification. The numbers and braces are used only
15 for the purpose of these instructions.

16 (2) Include and complete item {1} only if there is a debtor
17 that is not an addressee of the notification and list the name or
18 names.

19 (3) Include and complete either item {2}, if the notification
20 relates to a public disposition of the collateral, or item {3}, if
21 the notification relates to a private disposition of the collateral.
22 If item {2} is included, include the words "to the highest qualified
23 bidder" only if applicable.

24 (4) Include and complete items {4} and {6}.

1 (5) Include and complete item {5} only if the sender will
2 charge the recipient for an accounting.

3 SECTION 83. AMENDATORY 12A O.S. 2021, Section 1-9-614,
4 is amended to read as follows:

5 Section 1-9-614.

6 CONTENTS AND FORM OF NOTIFICATION BEFORE

7 DISPOSITION OF COLLATERAL: CONSUMER-GOODS TRANSACTION

8 (a) In a consumer-goods transaction, the following rules apply:

9 (1) A notification of disposition must provide the following
10 information:

11 (A) the information specified in paragraph (1) of
12 subsection (a) of Section 1-9-613 of this title;

13 (B) a description of any liability for a deficiency of the
14 person to which the notification is sent;

15 (C) a telephone number from which the amount that must be
16 paid to the secured party to redeem the collateral
17 under Section 1-9-623 of this title is available; and

18 (D) a telephone number or mailing address from which
19 additional information concerning the disposition and
20 the obligation secured is available.

21 (2) A particular phrasing of the notification is not required.

22 (3) The following form of notification, when completed in
23 accordance with the instructions in subsection (b) of this section,
24 provides sufficient information:

1 ~~[Name and address of secured party]~~

2 _____

3 ~~[Date]~~

4 _____

5 ~~NOTICE OF OUR PLAN TO SELL PROPERTY~~

6 ~~[Name and address of any obligor who is also a debtor]~~

7 _____

8 ~~Subject: [Identification of Transaction]~~

9 _____

10 ~~We have your [describe collateral] _____,~~

11 ~~because you broke promises in our agreement.~~

12 ~~[For a public disposition:]~~

13 ~~We will sell [describe collateral] _____ at public~~
14 ~~sale. A sale could include a lease or license. The sale will be~~
15 ~~held as follows:~~

16 ~~Date: _____~~

17 ~~Time: _____~~

18 ~~Place: _____~~

19 ~~You may attend the sale and bring bidders if you want.~~

20 ~~[For a private disposition:]~~

21 ~~We will sell [describe collateral] _____ at~~
22 ~~private sale sometime after [date] _____. A sale could~~
23 ~~include a lease or license.~~

24

1 ~~The money that we get from the sale (after paying our costs)~~
2 ~~will reduce the amount you owe. If we get less money than you owe,~~
3 ~~you [will or will not, as applicable] _____ still~~
4 ~~owe us the difference. If we get more money than you owe, you will~~
5 ~~get the extra money, unless we must pay it to someone else.~~

6 ~~You can get the property back at any time before we sell it by~~
7 ~~paying us the full amount you owe (not just the past due payments),~~
8 ~~including our expenses. To learn the exact amount you must pay,~~
9 ~~call us at [telephone number] _____.~~

10 ~~If you want us to explain to you in writing how we have figured~~
11 ~~the amount that you owe us, you may call us at [telephone number]~~
12 ~~_____ [or write us at [secured party's address]~~
13 ~~_____] and request a written explanation. [We~~
14 ~~will charge you \$ _____ for the explanation if we sent you~~
15 ~~another written explanation of the amount you owe us within the last~~
16 ~~six months.]~~

17 ~~If you need more information about the sale call us at~~
18 ~~[telephone number] _____ [or write us at [secured~~
19 ~~party's address] _____].~~

20 ~~We are sending this notice to the following other people who~~
21 ~~have an interest in [describe collateral] _____ or~~
22 ~~who owe money under your agreement:~~

23 ~~[Names of all other debtors and obligors, if any]~~

24 ~~_____~~

1 ~~{End of Form}~~

2 (Name and address of secured party)

3 (Date)

4 NOTICE OF OUR PLAN TO SELL PROPERTY

5 (Name and address of any obligor who is also a debtor)

6 Subject: (Identify transaction)

7 We have your (describe collateral), because you broke promises
8 in our agreement.

9 {1} We will sell (describe collateral) at public sale. A sale
10 could include a lease or license. The sale will be held as follows:

11 (Date)

12 (Time)

13 (Place)

14 You may attend the sale and bring bidders if you want.

15 {2} We will sell (describe collateral) at private sale sometime
16 after (date). A sale could include a lease or license.

17 {3} The money that we get from the sale, after paying our costs,
18 will reduce the amount you owe. If we get less money than you owe,
19 you (will or will not, as applicable) still owe us the difference.
20 If we get more money than you owe, you will get the extra money,
21 unless we must pay it to someone else.

22 {4} You can get the property back at any time before we sell it
23 by paying us the full amount you owe, not just the past due

24

1 payments, including our expenses. To learn the exact amount you
2 must pay, call us at (telephone number).

3 {5} If you want us to explain to you in (writing) (writing or in
4 (description of electronic record)) (description of electronic
5 record) how we have figured the amount that you owe us, {6} Call us
6 at (telephone number) (or) (write us at (secured party's address))
7 (or contact us by (description of electronic communication method))
8 {7} and request (a written explanation) (a written explanation or an
9 explanation in (description of electronic record)) (an explanation
10 in (description of electronic record)).

11 {8} We will charge you \$ (amount) for the explanation if we sent
12 you another written explanation of the amount you owe us within the
13 last six months.

14 {9} If you need more information about the sale (call us at
15 (telephone number)) (or) (write us at (secured party's address)) (or
16 contact us by (description of electronic communication method)).

17 {10} We are sending this notice to the following other people
18 who have an interest in (describe collateral) or who owe money under
19 your agreement:

20 (Names of all other debtors and obligors, if any)

21 [End of Form]

22 (4) A notification in the form of paragraph (3) of this ~~section~~
23 subsection is sufficient, even if additional information appears at
24 the end of the form.

1 (5) A notification in the form of paragraph (3) of this ~~section~~
2 subsection is sufficient, even if it includes errors in information
3 not required by paragraph (1) of this ~~section~~ subsection, unless the
4 error is misleading with respect to rights arising under this
5 article.

6 (6) If a notification under this section is not in the form of
7 paragraph (3) of this ~~section~~ subsection, law other than this
8 article determines the effect of including information not required
9 by paragraph (1) of this ~~section~~ subsection.

10 (b) The following instructions apply to the form of
11 notification in paragraph (3) of subsection (a) of this section:

12 (1) The instructions in this subsection refer to the numbers in
13 braces before items in the form of notification in paragraph (3) of
14 subsection (a) of this section. Do not include the numbers or
15 braces in the notification. The numbers and braces are used only
16 for the purpose of these instructions.

17 (2) Include and complete either item {1}, if the notification
18 relates to a public disposition of the collateral, or item {2}, if
19 the notification relates to a private disposition of the collateral.

20 (3) Include and complete items {3}, {4}, {5}, {6}, and {7}.

21 (4) In item {5}, include and complete any one of the three
22 alternative methods for the explanation – writing, writing or
23 electronic record, or electronic record.

24

1 (5) In item {6}, include the telephone number. In addition,
2 the sender may include and complete either or both of the two
3 additional alternative methods of communication - writing or
4 electronic communication - for the recipient of the notification to
5 communicate with the sender. Neither of the two additional methods
6 of communication is required to be included.

7 (6) In item {7}, include and complete the method or methods for
8 the explanation - writing, writing or electronic record, or
9 electronic record - included in item {5}.

10 (7) Include and complete item {8} only if a written explanation
11 is included in item {5} as a method for communicating the
12 explanation and the sender will charge the recipient for another
13 written explanation.

14 (8) In item {9}, include either the telephone number or the
15 address or both the telephone number and the address. In addition,
16 the sender may include and complete the additional method of
17 communication - electronic communication - for the recipient of the
18 notification to communicate with the sender. The additional method
19 of electronic communication is not required to be included.

20 (9) If item {10} does not apply, insert "None" after
21 "agreement:".

22 SECTION 84. AMENDATORY 12A O.S. 2021, Section 1-9-615,
23 is amended to read as follows:

24 Section 1-9-615.

1 APPLICATION OF PROCEEDS OF DISPOSITION;

2 LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS

3 (a) A secured party shall apply or pay over for application the
4 cash proceeds of disposition pursuant to Section 1-9-610 of this
5 title in the following order to:

6 (1) the reasonable expenses of retaking, holding, preparing for
7 disposition, processing, and disposing, and, to the extent provided
8 for by agreement and not prohibited by law, reasonable ~~attorney's~~
9 attorney fees and legal expenses incurred by the secured party;

10 (2) the satisfaction of obligations secured by the security
11 interest or agricultural lien under which the disposition is made;

12 (3) the satisfaction of obligations secured by any subordinate
13 security interest in or other subordinate lien on the collateral if:

14 (A) the secured party receives from the holder of the
15 subordinate security interest or other lien ~~an~~
16 ~~authenticated~~ a signed demand for proceeds before
17 distribution of the proceeds is completed; and

18 (B) in a case in which a consignor has an interest in the
19 collateral, the subordinate security interest or other
20 lien is senior to the interest of the consignor; and

21 (4) a secured party that is a consignor of the collateral if
22 the secured party receives from the consignor ~~an authenticated~~ a
23 signed demand for proceeds before distribution of the proceeds is
24 completed.

1 (b) If requested by a secured party, a holder of a subordinate
2 security interest or other lien shall furnish reasonable proof of
3 the interest or lien within a reasonable time. Unless the holder
4 does so, the secured party need not comply with the holder's demand
5 under paragraph (3) of subsection (a) of this section.

6 (c) A secured party need not apply or pay over for application
7 noncash proceeds of disposition pursuant to Section 1-9-610 of this
8 title unless the failure to do so would be commercially
9 unreasonable. A secured party that applies or pays over for
10 application noncash proceeds shall do so in a commercially
11 reasonable manner.

12 (d) If the security interest under which a disposition is made
13 secures payment or performance of an obligation, after making the
14 payments and applications required by subsection (a) of this section
15 and permitted by subsection (c) of this section:

16 (1) unless paragraph (4) of subsection (a) of this section
17 requires the secured party to apply or pay over cash proceeds to a
18 consignor, the secured party shall account to and pay a debtor for
19 any surplus; and

20 (2) the obligor is liable for any deficiency.

21 (e) If the underlying transaction is a sale of accounts,
22 tangible chattel paper, payment intangibles, or promissory notes:

23 (1) the debtor is not entitled to any surplus; and

24 (2) the obligor is not liable for any deficiency.

1 (f) The surplus or deficiency following a disposition is
2 calculated based on the amount of proceeds that would have been
3 realized in a disposition complying with this part to a transferee
4 other than the secured party, a person related to the secured party,
5 or a secondary obligor if:

6 (1) the transferee in the disposition is the secured party, a
7 person related to the secured party, or a secondary obligor; and

8 (2) the amount of proceeds of the disposition is significantly
9 below the range of proceeds that a complying disposition to a person
10 other than the secured party, a person related to the secured party,
11 or a secondary obligor would have brought.

12 (g) A secured party that receives cash proceeds of a
13 disposition in good faith and without knowledge that the receipt
14 violates the rights of the holder of a security interest or other
15 lien that is not subordinate to the security interest or
16 agricultural lien under which the disposition is made:

17 (1) takes the cash proceeds free of the security interest or
18 other lien;

19 (2) is not obligated to apply the proceeds of the disposition
20 to the satisfaction of obligations secured by the security interest
21 or other lien; and

22 (3) is not obligated to account to or pay the holder of the
23 security interest or other lien for any surplus.

24

1 SECTION 85. AMENDATORY 12A O.S. 2021, Section 1-9-616,
2 is amended to read as follows:

3 Section 1-9-616.

4 EXPLANATION OF CALCULATION OF SURPLUS OR DEFICIENCY

5 (a) In this section:

6 (1) "Explanation" means a ~~writing~~ record that:

7 (A) states the amount of the surplus or deficiency;

8 (B) provides an explanation in accordance with subsection

9 (c) of this section of how the secured party

10 calculated the surplus or deficiency;

11 (C) states, if applicable, that future debits, credits,
12 charges, including additional credit service charges

13 or interest, rebates, and expenses may affect the
14 amount of the surplus or deficiency; and

15 (D) provides a telephone number or mailing address from
16 which additional information concerning the
17 transaction is available.

18 (2) "Request" means a record:

19 (A) ~~authenticated~~ signed by a debtor or consumer obligor;

20 (B) requesting that the recipient provide an explanation;
21 and

22 (C) sent after disposition of the collateral under Section
23 1-9-610 of this title.

24

1 (b) In a consumer-goods transaction in which the debtor is
2 entitled to a surplus or a consumer obligor is liable for a
3 deficiency under Section 1-9-615 of this title, the secured party
4 shall:

5 (1) send an explanation to the debtor or consumer obligor, as
6 applicable, after the disposition and:

7 (A) before or when the secured party accounts to the
8 debtor and pays any surplus or first makes ~~written~~
9 demand in a record on the consumer obligor after the
10 disposition for payment of the deficiency; and

11 (B) within fourteen (14) days after receipt of a request;
12 or

13 (2) in the case of a consumer obligor who is liable for a
14 deficiency, within fourteen (14) days after receipt of a request,
15 send to the consumer obligor a record waiving the secured party's
16 right to a deficiency.

17 (c) To comply with subparagraph (B) of paragraph (1) of
18 subsection (a) of this section, ~~a writing~~ an explanation must
19 provide the following information in the following order:

20 (1) the aggregate amount of obligations secured by the security
21 interest under which the disposition was made, and, if the amount
22 reflects a rebate of unearned interest or credit service charge, an
23 indication of that fact, calculated as of a specified date:
24

1 (A) if the secured party takes or receives possession of
2 the collateral after default, not more than thirty-
3 five (35) days before the secured party takes or
4 receives possession; or

5 (B) if the secured party takes or receives possession of
6 the collateral before default or does not take
7 possession of the collateral, not more than thirty-
8 five (35) days before the disposition;

9 (2) the amount of proceeds of the disposition;

10 (3) the aggregate amount of the obligations after deducting the
11 amount of proceeds;

12 (4) the amount, in the aggregate or by type, and types of
13 expenses, including expenses of retaking, holding, preparing for
14 disposition, processing, and disposing of the collateral, and
15 ~~attorney's~~ attorney fees secured by the collateral which are known
16 to the secured party and relate to the current disposition;

17 (5) the amount, in the aggregate or by type, and types of
18 credits, including rebates of interest or credit service charges, to
19 which the obligor is known to be entitled and which are not
20 reflected in the amount in paragraph (1) of this subsection; and

21 (6) the amount of the surplus or deficiency.

22 (d) A particular phrasing of the explanation is not required.

23 An explanation complying substantially with the requirements of
24

1 subsection (a) of this section is sufficient, even if it includes
2 minor errors that are not seriously misleading.

3 (e) A debtor or consumer obligor is entitled without charge to
4 one response to a request under this section during any six-month
5 period in which the secured party did not send to the debtor or
6 consumer obligor an explanation pursuant to paragraph (1) of
7 subsection (b) of this section. The secured party may require
8 payment of a charge not exceeding Twenty-five Dollars (\$25.00) for
9 each additional response.

10 SECTION 86. AMENDATORY 12A O.S. 2021, Section 1-9-619,
11 is amended to read as follows:

12 Section 1-9-619.

13 TRANSFER OF RECORD OR LEGAL TITLE

14 (a) In this section, "transfer statement" means a record
15 ~~authenticated~~ signed by a secured party stating:

16 (1) that the debtor has defaulted in connection with an
17 obligation secured by specified collateral;

18 (2) that the secured party has exercised its post-default
19 remedies with respect to the collateral;

20 (3) that, by reason of the exercise, a transferee has acquired
21 the rights of the debtor in the collateral; and

22 (4) the name and mailing address of the secured party, debtor,
23 and transferee.

24

1 (b) A transfer statement entitles the transferee to the
2 transfer of record of all rights of the debtor in the collateral
3 specified in the statement in any official filing, recording,
4 registration, or certificate-of-title system covering the
5 collateral. If a transfer statement is presented with the
6 applicable fee and request form to the official or office
7 responsible for maintaining the system, the official or office
8 shall:

9 (1) accept the transfer statement;

10 (2) promptly amend its records to reflect the transfer; and

11 (3) if applicable, issue a new appropriate certificate of title
12 in the name of the transferee.

13 (c) A transfer of the record or legal title to collateral to a
14 secured party under subsection (b) of this section or otherwise is
15 not of itself a disposition of collateral under this article and
16 does not of itself relieve the secured party of its duties under
17 this article.

18 SECTION 87. AMENDATORY 12A O.S. 2021, Section 1-9-620,
19 is amended to read as follows:

20 Section 1-9-620.

21 ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL SATISFACTION
22 OF OBLIGATION; COMPULSORY DISPOSITION OF COLLATERAL

23

24

1 (a) Except as otherwise provided in subsection (g) of this
2 section, a secured party may accept collateral in full or partial
3 satisfaction of the obligation it secures only if:

4 (1) the debtor consents to the acceptance under subsection (c)
5 of this section;

6 (2) the secured party does not receive, within the time set
7 forth in subsection (d) of this section, a notification of objection
8 to the proposal ~~authenticated~~ signed by:

9 (A) a person to which the secured party was required to
10 send a proposal under Section 1-9-621 of this title;

11 or

12 (B) any other person, other than the debtor, holding an
13 interest in the collateral subordinate to the security
14 interest that is the subject of the proposal;

15 (3) if the collateral is consumer goods, the collateral is not
16 in the possession of the debtor when the debtor consents to the
17 acceptance; and

18 (4) subsection (e) of this section does not require the secured
19 party to dispose of the collateral or the debtor waives the
20 requirement pursuant to Section 1-9-624 of this title.

21 (b) A purported or apparent acceptance of collateral under this
22 section is ineffective unless:

23 (1) the secured party consents to the acceptance in ~~an~~
24 ~~authenticated~~ a signed record or sends a proposal to the debtor; and

1 (2) the conditions of subsection (a) of this section are met.

2 (c) For purposes of this section:

3 (1) a debtor consents to an acceptance of collateral in partial
4 satisfaction of the obligation it secures only if the debtor agrees
5 to the terms of the acceptance in a record ~~authenticated~~ signed
6 after default; and

7 (2) a debtor consents to an acceptance of collateral in full
8 satisfaction of the obligation it secures only if the debtor agrees
9 to the terms of the acceptance in a record ~~authenticated~~ signed
10 after default or the secured party:

11 (A) sends to the debtor after default a proposal that is
12 unconditional or subject only to a condition that
13 collateral not in the possession of the secured party
14 be preserved or maintained;

15 (B) in the proposal, proposes to accept collateral in full
16 satisfaction of the obligation it secures; and

17 (C) does not receive a notification of objection
18 ~~authenticated~~ signed by the debtor within twenty (20)
19 days after the proposal is sent.

20 (d) To be effective under paragraph (2) of subsection (a) of
21 this section, a notification of objection must be received by the
22 secured party:
23
24

1 (1) in the case of a person to which the proposal was sent
2 pursuant to Section 1-9-621 of this title, within twenty (20) days
3 after notification was sent to that person; and

4 (2) in other cases:

5 (A) within twenty (20) days after the last notification
6 was sent pursuant to Section 1-9-621 of this title; or

7 (B) if a notification was not sent, before the debtor
8 consents to the acceptance under subsection (c) of
9 this section.

10 (e) A secured party that has taken possession of collateral
11 shall dispose of the collateral pursuant to Section 1-9-610 of this
12 title within the time specified in subsection (f) of this section
13 if:

14 (1) Sixty percent (60%) of the cash price has been paid in the
15 case of a purchase-money security interest in consumer goods; or

16 (2) Sixty percent (60%) of the principal amount of the
17 obligation secured has been paid in the case of a non-purchase-money
18 security interest in consumer goods.

19 (f) To comply with subsection (e) of this section, the secured
20 party shall dispose of the collateral:

21 (1) within ninety (90) days after taking possession; or

22 (2) within any longer period to which the debtor and all
23 secondary obligors have agreed in an agreement to that effect
24 entered into and ~~authenticated~~ signed after default.

1 (g) In a consumer transaction, a secured party may not accept
2 collateral in partial satisfaction of the obligation it secures.

3 SECTION 88. AMENDATORY 12A O.S. 2021, Section 1-9-621,
4 is amended to read as follows:

5 Section 1-9-621.

6 NOTIFICATION OF PROPOSAL TO ACCEPT COLLATERAL

7 (a) A secured party that desires to accept collateral in full
8 or partial satisfaction of the obligation it secures shall send its
9 proposal to:

10 (1) any person from which the secured party has received,
11 before the debtor consented to the acceptance, ~~an authenticated~~ a
12 signed notification of a claim of an interest in the collateral;

13 (2) any other secured party or lienholder that, ten (10) days
14 before the debtor consented to the acceptance, held a security
15 interest in or other lien on the collateral perfected by the filing
16 of a financing statement that:

17 (A) identified the collateral;

18 (B) was indexed under the debtor's name as of that date;
19 and

20 (C) was filed in the office or offices in which a
21 financing statement against the debtor covering the
22 collateral as of that date would have been filed; and

23 (3) any other secured party that, ten (10) days before the
24 debtor consented to the acceptance, held a security interest in the

1 collateral perfected by compliance with a statute, regulation, or
2 treaty described in subsection (a) of Section 1-9-311 of this title.

3 (b) A secured party that desires to accept collateral in
4 partial satisfaction of the obligation it secures shall send its
5 proposal to any secondary obligor in addition to the persons
6 described in subsection (a) of this section.

7 SECTION 89. AMENDATORY 12A O.S. 2021, Section 1-9-624,
8 is amended to read as follows:

9 Section 1-9-624.

10 WAIVER

11 (a) A debtor or secondary obligor may waive the right to
12 notification of disposition of collateral under Section 1-9-611 of
13 this title only by an agreement to that effect entered into and
14 ~~authenticated~~ signed after default.

15 (b) A debtor may waive the right to require disposition of
16 collateral under subsection (e) of Section 1-9-620 of this title
17 only by agreement to that effect entered into and ~~authenticated~~
18 signed after default.

19 (c) Except in a consumer-goods transaction, a debtor or
20 secondary obligor may waive the right to redeem collateral under
21 Section 1-9-623 of this title only by an agreement to that effect
22 entered into and ~~authenticated~~ signed after default.

23 SECTION 90. AMENDATORY 12A O.S. 2021, Section 1-9-628,
24 is amended to read as follows:

1 Section 1-9-628.

2 NONLIABILITY AND LIMITATION ON LIABILITY
3 OF SECURED PARTY; LIABILITY OF SECONDARY OBLIGOR

4 (a) ~~Unless~~ Subject to subsection (f) of this section, unless a
5 secured party knows that a person is a debtor or obligor, knows the
6 identity of the person, and knows how to communicate with the
7 person:

8 (1) the secured party is not liable to the person, or to a
9 secured party or lienholder that has filed a financing statement
10 against the person, for failure to comply with this article; and

11 (2) the secured party's failure to comply with this article
12 does not affect the liability of the person for a deficiency.

13 (b) ~~A~~ Subject to subsection (f) of this section, a secured
14 party is not liable because of its status as secured party:

15 (1) to a person that is a debtor or obligor, unless the secured
16 party knows:

17 (A) that the person is a debtor or obligor;

18 (B) the identity of the person; and

19 (C) how to communicate with the person; or

20 (2) to a secured party or lienholder that has filed a financing
21 statement against a person, unless the secured party knows:

22 (A) that the person is a debtor; and

23 (B) the identity of the person.
24

1 (c) A secured party is not liable to any person, and a person's
2 liability for a deficiency is not affected, because of any act or
3 omission arising out of the secured party's reasonable belief that a
4 transaction is not a consumer-goods transaction or a consumer
5 transaction or that goods are not consumer goods, if the secured
6 party's belief is based on its reasonable reliance on:

7 (1) a debtor's representation concerning the purpose for which
8 collateral was to be used, acquired, or held; or

9 (2) an obligor's representation concerning the purpose for
10 which a secured obligation was incurred.

11 (d) A secured party is not liable to any person under paragraph
12 (2) of subsection (c) of Section 1-9-625 of this title for its
13 failure to comply with Section 1-9-616 of this title.

14 (e) A secured party is not liable under paragraph (2) of
15 subsection (c) of Section 1-9-625 of this title more than once with
16 respect to any one secured obligation.

17 (f) Subsections (a) and (b) of this section do not apply to
18 limit the liability of a secured party to a person if, at the time
19 the secured party obtains control of collateral that is a
20 controllable account, controllable electronic record, or
21 controllable payment intangible or at the time the security interest
22 attaches to the collateral, whichever is later:

23 (1) the person is a debtor or obligor; and
24

1 of exchange that was recorded and transferable in a system that
2 existed and operated for the medium of exchange before the medium of
3 exchange was authorized or adopted by the government.

4 (2) "Qualifying purchaser" means a purchaser of a controllable
5 electronic record or an interest in a controllable electronic record
6 that obtains control of the controllable electronic record for
7 value, in good faith, and without notice of a claim of a property
8 right in the controllable electronic record.

9 (3) "Transferable record" has the meaning provided for that
10 term in:

11 (A) Section 201(a)(1) of the Electronic Signatures in
12 Global and National Commerce Act, 15 U.S.C., Section
13 7021(a)(1); or

14 (B) Subsection (a) of Section 15-116 of Title 12A of the
15 Oklahoma Statutes.

16 (4) "Value" has the same meaning as provided in subsection (a)
17 of Section 3-303 of this title, as if references in that subsection
18 to an "instrument" were references to a controllable account,
19 controllable electronic record, or controllable payment intangible.

20 (b) The definitions in Article 9 of this title of "account
21 debtor", "controllable account", "controllable payment intangible",
22 "chattel paper", "deposit account", and "investment property" apply
23 to this article.

24

1 (c) Article 1 of this title contains general definitions and
2 principles of construction and interpretation applicable throughout
3 this article.

4 SECTION 93. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 12-103 of Title 12A, unless
6 there is created a duplication in numbering, reads as follows:

7 RELATION TO ARTICLE 9 AND CONSUMER LAWS

8 (a) If there is conflict between this article and Article 9 of
9 this title, Article 9 of this title governs.

10 (b) A transaction subject to this article is subject to any
11 applicable rule of law that establishes a different rule for
12 consumers, any other statute or regulation that regulates the rates,
13 charges, agreements, and practices for loans, credit sales, or other
14 extensions of credit, and the Oklahoma Consumer Protection Act.

15 SECTION 94. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 12-104 of Title 12A, unless
17 there is created a duplication in numbering, reads as follows:

18 RIGHTS IN CONTROLLABLE ACCOUNT, CONTROLLABLE ELECTRONIC RECORD, AND
19 CONTROLLABLE PAYMENT INTANGIBLE

20 (a) This section applies to the acquisition and purchase of
21 rights in a controllable account or controllable payment intangible,
22 including the rights and benefits under subsections (c), (d), (e),
23 (g), and (h) of this section of a purchaser and qualifying
24

1 purchaser, in the same manner this section applies to a controllable
2 electronic record.

3 (b) To determine whether a purchaser of a controllable account
4 or a controllable payment intangible is a qualifying purchaser, the
5 purchaser obtains control of the account or payment intangible if it
6 obtains control of the controllable electronic record that evidences
7 the account or payment intangible.

8 (c) Except as provided in this section, law other than this
9 article determines whether a person acquires a right in a
10 controllable electronic record and the right the person acquires.

11 (d) A purchaser of a controllable electronic record acquires
12 all rights in the controllable electronic record that the transferor
13 had or had power to transfer, except that a purchaser of a limited
14 interest in a controllable electronic record acquires rights only to
15 the extent of the interest purchased.

16 (e) A qualifying purchaser acquires its rights in the
17 controllable electronic record free of a claim of a property right
18 in the controllable electronic record.

19 (f) Except as provided in subsections (a) and (e) of this
20 section for a controllable account and a controllable payment
21 intangible or law other than this article, a qualifying purchaser
22 takes a right to payment, right to performance, or other interest in
23 property evidenced by the controllable electronic record subject to
24

1 a claim of a property right in the right to payment, right to
2 performance, or other interest in property.

3 (g) An action may not be asserted against a qualifying
4 purchaser based on both a purchase by the qualifying purchaser of a
5 controllable electronic record and a claim of a property right in
6 another controllable electronic record, whether the action is framed
7 in conversion, replevin, constructive trust, equitable lien, or
8 other theory.

9 (h) Filing of a financing statement under Article 9 of this
10 title is not notice of a claim of a property right in a controllable
11 electronic record.

12 SECTION 95. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 12-105 of Title 12A, unless
14 there is created a duplication in numbering, reads as follows:

15 CONTROL OF CONTROLLABLE ELECTRONIC RECORD

16 (a) A person has control of a controllable electronic record if
17 the electronic record, a record attached to or logically associated
18 with the electronic record, or a system in which the electronic
19 record is recorded:

20 (1) gives the person:

21 (A) power to avail itself of substantially all the benefit
22 from the electronic record; and

23 (B) exclusive power, subject to subsection (b) of this
24 section, to:

1 (i) prevent others from availing themselves of
2 substantially all the benefit from the electronic
3 record; and

4 (ii) transfer control of the electronic record to
5 another person or cause another person to obtain
6 control of another controllable electronic record
7 as a result of the transfer of the electronic
8 record; and

9 (2) enables the person readily to identify itself in any way,
10 including by name, identifying number, cryptographic key, office, or
11 account number, as having the powers specified in paragraph (1) of
12 this subsection.

13 (b) Subject to subsection (c) of this section, a power is
14 exclusive under divisions (i) and (ii) of subparagraph (B) of
15 paragraph (1) of subsection (a) of this section even if:

16 (1) the controllable electronic record, a record attached to or
17 logically associated with the electronic record, or a system in
18 which the electronic record is recorded limits the use of the
19 electronic record or has a protocol programmed to cause a change,
20 including a transfer or loss of control or a modification of
21 benefits afforded by the electronic record; or

22 (2) the power is shared with another person.
23
24

1 (c) A power of a person is not shared with another person under
2 paragraph (2) of subsection (b) of this section and the person's
3 power is not exclusive if:

4 (1) the person can exercise the power only if the power also is
5 exercised by the other person; and

6 (2) the other person:

7 (A) can exercise the power without exercise of the power
8 by the person; or

9 (B) is the transferor to the person of an interest in the
10 controllable electronic record or a controllable
11 account or controllable payment intangible evidenced
12 by the controllable electronic record.

13 (d) If a person has the powers specified in divisions (i) and
14 (ii) of subparagraph (B) of paragraph (1) of subsection (a) of this
15 section, the powers are presumed to be exclusive.

16 (e) A person has control of a controllable electronic record if
17 another person, other than the transferor to the person of an
18 interest in the controllable electronic record or a controllable
19 account or controllable payment intangible evidenced by the
20 controllable electronic record:

21 (1) has control of the electronic record and acknowledges that
22 it has control on behalf of the person; or

1 (2) obtains control of the electronic record after having
2 acknowledged that it will obtain control of the electronic record on
3 behalf of the person.

4 (f) A person that has control under this section is not
5 required to acknowledge that it has control on behalf of another
6 person.

7 (g) If a person acknowledges that it has or will obtain control
8 on behalf of another person, unless the person otherwise agrees or
9 law other than this article or Article 9 of this title otherwise
10 provides, the person does not owe any duty to the other person and
11 is not required to confirm the acknowledgment to any other person.

12 SECTION 96. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 12-106 of Title 12A, unless
14 there is created a duplication in numbering, reads as follows:

15 DISCHARGE OF ACCOUNT DEBTOR ON CONTROLLABLE ACCOUNT OR CONTROLLABLE
16 PAYMENT INTANGIBLE

17 (a) An account debtor on a controllable account or controllable
18 payment intangible may discharge its obligation by paying:

19 (1) the person having control of the controllable electronic
20 record that evidences the controllable account or controllable
21 payment intangible; or

22 (2) except as provided in subsection (b) of this section, a
23 person that formerly had control of the controllable electronic
24 record.

1 (b) Subject to subsection (d) of this section, the account
2 debtor may not discharge its obligation by paying a person that
3 formerly had control of the controllable electronic record if the
4 account debtor receives a notification that:

5 (1) is signed by a person that formerly had control or the
6 person to which control was transferred;

7 (2) reasonably identifies the controllable account or
8 controllable payment intangible;

9 (3) notifies the account debtor that control of the
10 controllable electronic record that evidences the controllable
11 account or controllable payment intangible was transferred;

12 (4) identifies the transferee, in any reasonable way, including
13 by name, identifying number, cryptographic key, office, or account
14 number; and

15 (5) provides a commercially reasonable method by which the
16 account debtor is to pay the transferee.

17 (c) After receipt of a notification that complies with
18 subsection (b) of this section, the account debtor may discharge its
19 obligation by paying in accordance with the notification and may not
20 discharge the obligation by paying a person that formerly had
21 control.

22 (d) Subject to subsection (h) of this section, notification is
23 ineffective under subsection (b) of this section:

24

1 (1) unless, before the notification is sent, the account debtor
2 and the person that, at that time, had control of the controllable
3 electronic record that evidences the controllable account or
4 controllable payment intangible agree in a signed record to a
5 commercially reasonable method by which a person may furnish
6 reasonable proof that control has been transferred;

7 (2) to the extent an agreement between the account debtor and
8 seller of a payment intangible limits the account debtor's duty to
9 pay a person other than the seller and the limitation is effective
10 under law other than this article; or

11 (3) at the option of the account debtor, if the notification
12 notifies the account debtor to:

13 (A) divide a payment;

14 (B) make less than the full amount of an installment or
15 other periodic payment; or

16 (C) pay any part of a payment by more than one method or
17 to more than one person.

18 (e) Subject to subsection (h) of this section, if requested by
19 the account debtor, the person giving the notification under
20 subsection (b) of this section seasonably shall furnish reasonable
21 proof, using the method in the agreement referred to in paragraph
22 (1) of subsection (d) of this section, that control of the
23 controllable electronic record has been transferred. Unless the
24 person complies with the request, the account debtor may discharge

1 its obligation by paying a person that formerly had control, even if
2 the account debtor has received a notification under subsection (b)
3 of this section.

4 (f) A person furnishes reasonable proof under subsection (e) of
5 this section that control has been transferred if the person
6 demonstrates, using the method in the agreement referred to in
7 paragraph 1 of subsection (d) of this section, that the transferee
8 has the power to:

9 (1) avail itself of substantially all the benefit from the
10 controllable electronic record;

11 (2) prevent others from availing themselves of substantially
12 all the benefit from the controllable electronic record; and

13 (3) transfer the powers specified in paragraphs (1) and (2) of
14 this subsection to another person.

15 (g) Subject to subsection (h) of this section, an account
16 debtor may not waive or vary its rights under paragraph (1) of
17 subsection (d) and subsection (e) of this section or its option
18 under paragraph (3) of subsection (d) of this section.

19 (h) This section is subject to law other than this article
20 which establishes a different rule for an account debtor who is an
21 individual and who incurred the obligation primarily for personal,
22 family, or household purposes.

23

24

1 SECTION 97. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 12-107 of Title 12A, unless
3 there is created a duplication in numbering, reads as follows:

4 GOVERNING LAW

5 (a) Except as provided in subsection (b) of this section, the
6 local law of a controllable electronic record's jurisdiction governs
7 a matter covered by this article.

8 (b) For a controllable electronic record that evidences a
9 controllable account or controllable payment intangible, the local
10 law of the controllable electronic record's jurisdiction governs a
11 matter covered by Section 12-106 of this title unless an effective
12 agreement determines that the local law of another jurisdiction
13 governs.

14 (c) The following rules determine a controllable electronic
15 record's jurisdiction under this section:

16 (1) If the controllable electronic record, or a record attached
17 to or logically associated with the controllable electronic record
18 and readily available for review, expressly provides that a
19 particular jurisdiction is the controllable electronic record's
20 jurisdiction for purposes of this article or the Uniform Commercial
21 Code, that jurisdiction is the controllable electronic record's
22 jurisdiction.

23 (2) If paragraph (1) of this subsection does not apply and the
24 rules of the system in which the controllable electronic record is

1 recorded are readily available for review and expressly provide that
2 a particular jurisdiction is the controllable electronic record's
3 jurisdiction for purposes of this article or the Uniform Commercial
4 Code, that jurisdiction is the controllable electronic record's
5 jurisdiction.

6 (3) If paragraphs (1) and (2) of this subsection do not apply
7 and the controllable electronic record, or a record attached to or
8 logically associated with the controllable electronic record and
9 readily available for review, expressly provides that the
10 controllable electronic record is governed by the law of a
11 particular jurisdiction, that jurisdiction is the controllable
12 electronic record's jurisdiction.

13 (4) If paragraphs (1), (2), and (3) of this subsection do not
14 apply and the rules of the system in which the controllable
15 electronic record is recorded are readily available for review and
16 expressly provide that the controllable electronic record or the
17 system is governed by the law of a particular jurisdiction, that
18 jurisdiction is the controllable electronic record's jurisdiction.

19 (5) If paragraphs (1) through (4) of this subsection do not
20 apply, the controllable electronic record's jurisdiction is the
21 District of Columbia.

22 (d) If paragraph (5) of subsection (c) of this section applies
23 and Article 12 is not in effect in the District of Columbia without
24 material modification, the governing law for a matter covered by

1 this article is the law of the District of Columbia as though
2 Article 12 were in effect in the District of Columbia without
3 material modification. In this subsection, "Article 12" means
4 Article 12 of Uniform Commercial Code Amendments (2022).

5 (e) To the extent subsections (a) and (b) of this section
6 provide that the local law of the controllable electronic record's
7 jurisdiction governs a matter covered by this article, that law
8 governs even if the matter or a transaction to which the matter
9 relates does not bear any relation to the controllable electronic
10 record's jurisdiction.

11 (f) The rights acquired under Section 12-104 of this title by a
12 purchaser or qualifying purchaser are governed by the law applicable
13 under this section at the time of purchase.

14 SECTION 98. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Article A, Part 1, Section A-101 of
16 Title 12A, unless there is created a duplication in numbering, reads
17 as follows:

18 SHORT TITLE

19 This article, Sections 99 through 106 of this act, may be cited
20 as Uniform Commercial Code - Transitional Provisions for Uniform
21 Commercial Code Amendments (2022).

22 SECTION 99. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Article A, Part 1, Section A-102 of
24

1 Title 12A, unless there is created a duplication in numbering, reads
2 as follows:

3 DEFINITIONS

4 (a) As used in this article:

5 (1) "Adjustment date" means July 1, 2025, or the date that is
6 one (1) year after the effective date of this act, whichever is
7 later;

8 (2) "Article 12" means Article 12 of the Uniform Commercial
9 Code; and

10 (3) "Article 12 property" means a controllable account,
11 controllable electronic record, or controllable payment intangible.

12 (b) The following definitions in other articles of the Uniform
13 Commercial Code apply to this article:

14 "Controllable account", Section 1-9-102 of this title.

15 "Controllable electronic record", Section 12-102 of this title.

16 "Controllable payment intangible", Section 1-9-102 of this
17 title.

18 "Financing statement", Section 1-9-102 of this title.

19 (c) Article 1 of this title contains general definitions and
20 principles of construction and interpretation applicable throughout
21 this article.

22 SECTION 100. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Article A, Part 2, Section A-201 of
24

1 Title 12A, unless there is created a duplication in numbering, reads
2 as follows:

3 SAVINGS CLAUSE

4 Except as provided in Part 3 of Article A of this title, a
5 transaction validly entered into before the effective date of this
6 act and the rights, duties, and interests flowing from the
7 transaction remain valid thereafter and may be terminated,
8 completed, consummated, or enforced as required or permitted by law
9 other than the Uniform Commercial Code or, if applicable, the
10 Uniform Commercial Code, as though this act had not taken effect.

11 SECTION 101. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Article A, Part 3, Section A-301 of
13 Title 12A, unless there is created a duplication in numbering, reads
14 as follows:

15 SAVINGS CLAUSE

16 (a) Except as provided in this part, Article 9 of this title as
17 amended by this act and Article 12 of this title apply to a
18 transaction, lien, or other interest in property, even if the
19 transaction, lien, or interest was entered into, created, or
20 acquired before the effective date of this act.

21 (b) Except as provided in subsection (c) of this section and
22 Sections A-302 through A-306 of this title:

23 (1) a transaction, lien, or interest in property that was
24 validly entered into, created, or transferred before the effective

1 date of this act and was not governed by the Uniform Commercial
2 Code, but would be subject to Article 9 of this title as amended by
3 this act or Article 12 of this title if it had been entered into,
4 created, or transferred on or after the effective date of this act,
5 including the rights, duties, and interests flowing from the
6 transaction, lien, or interest, remains valid on and after the
7 effective date of this act; and

8 (2) the transaction, lien, or interest may be terminated,
9 completed, consummated, and enforced as required or permitted by
10 this act or by the law that would apply if this act had not taken
11 effect.

12 (c) This act does not affect an action, case, or proceeding
13 commenced before the effective date of this act.

14 SECTION 102. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section A-302 of Title 12A, unless there
16 is created a duplication in numbering, reads as follows:

17 SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE

18 (a) A security interest that is enforceable and perfected
19 immediately before the effective date of this act is a perfected
20 security interest under this act if, on the effective date of this
21 act, the requirements for enforceability and perfection under this
22 act are satisfied without further action.

23 (b) If a security interest is enforceable and perfected
24 immediately before the effective date of this act, but the

1 requirements for enforceability or perfection under this act are not
2 satisfied on the effective date of this act, the security interest:

3 (1) is a perfected security interest until the earlier of the
4 time perfection would have ceased under the law in effect
5 immediately before the effective date of this act or the adjustment
6 date;

7 (2) remains enforceable thereafter only if the security
8 interest satisfies the requirements for enforceability under Section
9 1-9-203 of this title, as amended by this act, before the adjustment
10 date; and

11 (3) remains perfected thereafter only if the requirements for
12 perfection under this act are satisfied before the time specified in
13 paragraph (1) of this subsection.

14 SECTION 103. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section A-303 of Title 12A, unless there
16 is created a duplication in numbering, reads as follows:

17 SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE

18 A security interest that is enforceable immediately before the
19 effective date of this act but is unperfected at that time:

20 (1) Remains an enforceable security interest until the
21 adjustment date;

22 (2) Remains enforceable thereafter if the security interest
23 becomes enforceable under Section 1-9-203 of this title, as amended
24

1 by this act, on the effective date of this act or before the
2 adjustment date; and

3 (3) Becomes perfected:

4 (A) without further action, on the effective date of this
5 act if the requirements for perfection under this act
6 are satisfied before or at that time; or

7 (B) when the requirements for perfection are satisfied if
8 the requirements are satisfied after that time.

9 SECTION 104. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section A-304 of Title 12A, unless there
11 is created a duplication in numbering, reads as follows:

12 EFFECTIVENESS OF ACTIONS TAKEN BEFORE EFFECTIVE DATE

13 (a) If action, other than the filing of a financing statement,
14 is taken before the effective date of this act and the action would
15 have resulted in perfection of the security interest had the
16 security interest become enforceable before the effective date of
17 this act, the action is effective to perfect a security interest
18 that attaches under this act before the adjustment date. An
19 attached security interest becomes unperfected on the adjustment
20 date unless the security interest becomes a perfected security
21 interest under this act before the adjustment date.

22 (b) The filing of a financing statement before the effective
23 date of this act is effective to perfect a security interest on the
24

1 effective date of this act to the extent the filing would satisfy
2 the requirements for perfection under this act.

3 (c) The taking of an action before the effective date of this
4 act is sufficient for the enforceability of a security interest on
5 the effective date of this act if the action would satisfy the
6 requirements for enforceability under this act.

7 SECTION 105. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section A-305 of Title 12A, unless there
9 is created a duplication in numbering, reads as follows:

10 PRIORITY

11 (a) Subject to subsections (b) and (c) of this section, this
12 act determines the priority of conflicting claims to collateral.

13 (b) Subject to subsection (c) of this section, if the
14 priorities of claims to collateral were established before the
15 effective date of this act, Article 9 of this title as in effect
16 before the effective date of this act determines priority.

17 (c) On the adjustment date, to the extent the priorities
18 determined by Article 9 of this title as amended by this act modify
19 the priorities established before the effective date of this act,
20 the priorities of claims to Article 12 of this title and property
21 established before the effective date of this act cease to apply.

22 SECTION 106. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section A-306 of Title 12A, unless there
24 is created a duplication in numbering, reads as follows:

1 PRIORITY OF CLAIMS WHEN PRIORITY RULES OF ARTICLE 9 DO NOT APPLY

2 (a) Subject to subsections (b) and (c) of this section, Article
3 12 of this title determines the priority of conflicting claims to
4 Article 12 property when the priority rules of Article 9 of this
5 title as amended by this act do not apply.

6 (b) Subject to subsection (c) of this section, when the
7 priority rules of Article 9 of this title as amended by this act do
8 not apply and the priorities of claims to Article 12 property were
9 established before the effective date of this act, law other than
10 Article 12 of this title determines priority.

11 (c) When the priority rules of Article 9 of this title as
12 amended by this act do not apply, to the extent the priorities
13 determined by this act modify the priorities established before the
14 effective date of this act, the priorities of claims to Article 12
15 property established before the effective date of this act cease to
16 apply on the adjustment date.

17 SECTION 107. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Article A, Part 4, Section A-401 of
19 Title 12A, unless there is a duplication in numbering, reads as
20 follows:

21 Nothing in this act may be construed to support, endorse,
22 create, or implement a national digital currency.

1 SECTION 108. This act shall become effective November 1, 2024.

2 COMMITTEE REPORT BY: COMMITTEE ON JUDICIARY

3 April 2, 2024 - DO PASS

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24