Anthony E. Loubet proposes the following substitute bill:

Uniform Commercial Code Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Anthony E. Loubet

Senate Sponsor:

LONG TITLE

General Description:

This bill enacts provisions within Title 70A, Uniform Commercial Code.

Highlighted Provisions:

This bill:

- defines terms;
- amends the scope of Title 70A, Chapter 2, Uniform Commercial Code - Sales, and Title 70A, Chapter 2a, Uniform Commercial Code - Leases;
- replaces certain references to "writing" with "record" in Title 70A, Uniform Commercial Code;
- amends provisions relating to a funds transfer;
- amends provisions relating to hybrid transactions;
- enacts provisions relating to the control of a controllable electronic record;
- provides for the discharge of an account debtor's obligation on a controllable account or controllable payment intangible;
- establishes the governing law for a controllable electronic record;
- provides where a branch of a bank is considered to be located for a choice of law provision;
- amends provisions relating to control of an electronic document of title;
- provides what does not qualify as a financial asset;
- amends provisions relating to a purchaser's control of a security entitlement;
- amends provisions relating to the control of a deposit account;
- amends provisions relating to the control of an electronic copy of a record evidencing chattel paper;
- provides the circumstances under which a secured party has control of a controllable electronic record;

- provides a limitation on when a security interest does not attach;
- amends the duties of a secured party with control of collateral;
- enacts provisions governing perfection and priority of security interests in chattel paper, controllable accounts, controllable electronic records, and controllable payment intangibles;
- amends provisions relating to perfection by control;
- enacts provisions governing perfection by possession and control of chattel paper;
- amends the contents of a notification of disposition of collateral;
- enacts transitional provisions for the Uniform Commercial Code Amendments (2022); and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

15-8-4, as last amended by Laws of Utah 2014, Chapter 189

32B-14-102, as enacted by Laws of Utah 2010, Chapter 276

46-4-403, as last amended by Laws of Utah 2007, Chapter 272

70A-1a-201, as last amended by Laws of Utah 2024, Chapter 129

70A-1a-204, as enacted by Laws of Utah 2007, Chapter 272

70A-1a-301, as enacted by Laws of Utah 2007, Chapter 272

70A-1a-306, as enacted by Laws of Utah 2007, Chapter 272

70A-2-102, as enacted by Laws of Utah 1965, Chapter 154

70A-2-106, as enacted by Laws of Utah 1965, Chapter 154

70A-2-201, as enacted by Laws of Utah 1965, Chapter 154

70A-2-202, as last amended by Laws of Utah 2007, Chapter 272

70A-2-203, as enacted by Laws of Utah 1965, Chapter 154

70A-2-205, as enacted by Laws of Utah 1965, Chapter 154

70A-2-209, as enacted by Laws of Utah 1965, Chapter 154

70A-2a-102, as enacted by Laws of Utah 1990, Chapter 197

70A-2a-103, as last amended by Laws of Utah 2013, Chapter 225

70A-2a-107, as enacted by Laws of Utah 1990, Chapter 197

70A-2a-201, as enacted by Laws of Utah 1990, Chapter 197

63 **70A-2a-202**, as enacted by Laws of Utah 1990, Chapter 197
64 **70A-2a-203**, as enacted by Laws of Utah 1990, Chapter 197
65 **70A-2a-205**, as enacted by Laws of Utah 1990, Chapter 197
66 **70A-2a-208**, as enacted by Laws of Utah 1990, Chapter 197
67 **70A-3-104**, as last amended by Laws of Utah 1998, Chapter 60
68 **70A-3-105**, as repealed and reenacted by Laws of Utah 1993, Chapter 237
69 **70A-3-401**, as repealed and reenacted by Laws of Utah 1993, Chapter 237
70 **70A-3-604**, as repealed and reenacted by Laws of Utah 1993, Chapter 237
71 **70A-4a-103**, as last amended by Laws of Utah 1993, Chapter 237
72 **70A-4a-201**, as enacted by Laws of Utah 1990, Chapter 294
73 **70A-4a-202**, as enacted by Laws of Utah 1990, Chapter 294
74 **70A-4a-203**, as enacted by Laws of Utah 1990, Chapter 294
75 **70A-4a-207**, as last amended by Laws of Utah 2015, Chapter 258
76 **70A-4a-208**, as last amended by Laws of Utah 1993, Chapter 237
77 **70A-4a-210**, as last amended by Laws of Utah 1993, Chapter 237
78 **70A-4a-211**, as last amended by Laws of Utah 1993, Chapter 237
79 **70A-4a-305**, as last amended by Laws of Utah 1993, Chapter 237
80 **70A-5-104**, as repealed and reenacted by Laws of Utah 1997, Chapter 241
81 **70A-5-116**, as repealed and reenacted by Laws of Utah 1997, Chapter 241
82 **70A-7a-102**, as last amended by Laws of Utah 2007, Chapter 272
83 **70A-7a-106**, as enacted by Laws of Utah 2006, Chapter 42
84 **70A-8-101**, as last amended by Laws of Utah 2012, Chapter 386
85 **70A-8-102**, as last amended by Laws of Utah 2006, Chapter 42
86 **70A-8-105**, as last amended by Laws of Utah 2000, Chapter 252
87 **70A-8-109**, as last amended by Laws of Utah 2000, Chapter 252
88 **70A-8-303**, as last amended by Laws of Utah 2016, Chapter 22
89 **70A-9a-102**, as last amended by Laws of Utah 2013, Chapter 225
90 **70A-9a-102.1**, as last amended by Laws of Utah 2007, Chapter 272
91 **70A-9a-104**, as enacted by Laws of Utah 2000, Chapter 252
92 **70A-9a-203**, as last amended by Laws of Utah 2006, Chapter 42
93 **70A-9a-204**, as enacted by Laws of Utah 2000, Chapter 252
94 **70A-9a-207**, as last amended by Laws of Utah 2006, Chapter 42
95 **70A-9a-208**, as last amended by Laws of Utah 2006, Chapter 42
96 **70A-9a-209**, as enacted by Laws of Utah 2000, Chapter 252

97 **70A-9a-210**, as enacted by Laws of Utah 2000, Chapter 252
98 **70A-9a-301**, as last amended by Laws of Utah 2006, Chapter 42
99 **70A-9a-304**, as enacted by Laws of Utah 2000, Chapter 252
100 **70A-9a-305**, as enacted by Laws of Utah 2000, Chapter 252
101 **70A-9a-310**, as last amended by Laws of Utah 2006, Chapter 42
102 **70A-9a-312**, as last amended by Laws of Utah 2006, Chapter 42
103 **70A-9a-313**, as last amended by Laws of Utah 2006, Chapter 42
104 **70A-9a-314**, as last amended by Laws of Utah 2006, Chapter 42
105 **70A-9a-316**, as last amended by Laws of Utah 2013, Chapter 225
106 **70A-9a-317**, as last amended by Laws of Utah 2013, Chapter 225
107 **70A-9a-323**, as enacted by Laws of Utah 2000, Chapter 252
108 **70A-9a-324**, as enacted by Laws of Utah 2000, Chapter 252
109 **70A-9a-330**, as enacted by Laws of Utah 2000, Chapter 252
110 **70A-9a-331**, as last amended by Laws of Utah 2006, Chapter 42
111 **70A-9a-332**, as enacted by Laws of Utah 2000, Chapter 252
112 **70A-9a-334**, as last amended by Laws of Utah 2001, Chapter 132
113 **70A-9a-341**, as enacted by Laws of Utah 2000, Chapter 252
114 **70A-9a-404**, as enacted by Laws of Utah 2000, Chapter 252
115 **70A-9a-406**, as last amended by Laws of Utah 2013, Chapter 225
116 **70A-9a-408**, as last amended by Laws of Utah 2013, Chapter 225
117 **70A-9a-509**, as enacted by Laws of Utah 2000, Chapter 252
118 **70A-9a-513**, as last amended by Laws of Utah 2024, Chapter 121
119 **70A-9a-601**, as last amended by Laws of Utah 2006, Chapter 42
120 **70A-9a-605**, as enacted by Laws of Utah 2000, Chapter 252
121 **70A-9a-608**, as enacted by Laws of Utah 2000, Chapter 252
122 **70A-9a-611**, as enacted by Laws of Utah 2000, Chapter 252
123 **70A-9a-613**, as enacted by Laws of Utah 2000, Chapter 252
124 **70A-9a-614**, as enacted by Laws of Utah 2000, Chapter 252
125 **70A-9a-615**, as enacted by Laws of Utah 2000, Chapter 252
126 **70A-9a-616**, as enacted by Laws of Utah 2000, Chapter 252
127 **70A-9a-619**, as enacted by Laws of Utah 2000, Chapter 252
128 **70A-9a-620**, as enacted by Laws of Utah 2000, Chapter 252
129 **70A-9a-621**, as enacted by Laws of Utah 2000, Chapter 252
130 **70A-9a-624**, as enacted by Laws of Utah 2000, Chapter 252

131 **70A-9a-628**, as enacted by Laws of Utah 2000, Chapter 252
132 **70C-2-204**, as last amended by Laws of Utah 2007, Chapter 272
133 ENACTS:
134 **70A-9a-105.1**, Utah Code Annotated 1953
135 **70A-9a-107.1**, Utah Code Annotated 1953
136 **70A-9a-107.2**, Utah Code Annotated 1953
137 **70A-9a-306.1**, Utah Code Annotated 1953
138 **70A-9a-306.2**, Utah Code Annotated 1953
139 **70A-9a-314.1**, Utah Code Annotated 1953
140 **70A-9a-326.1**, Utah Code Annotated 1953
141 **70A-12-101**, Utah Code Annotated 1953
142 **70A-12-102**, Utah Code Annotated 1953
143 **70A-12-103**, Utah Code Annotated 1953
144 **70A-12-104**, Utah Code Annotated 1953
145 **70A-12-105**, Utah Code Annotated 1953
146 **70A-12-106**, Utah Code Annotated 1953
147 **70A-12-107**, Utah Code Annotated 1953
148 **70A-12a-101**, Utah Code Annotated 1953
149 **70A-12a-102**, Utah Code Annotated 1953
150 **70A-12a-201**, Utah Code Annotated 1953
151 **70A-12a-301**, Utah Code Annotated 1953
152 **70A-12a-302**, Utah Code Annotated 1953
153 **70A-12a-303**, Utah Code Annotated 1953
154 **70A-12a-304**, Utah Code Annotated 1953
155 **70A-12a-305**, Utah Code Annotated 1953
156 **70A-12a-306**, Utah Code Annotated 1953
157 **70A-13-101**, Utah Code Annotated 1953
158 **70A-14-101**, Utah Code Annotated 1953
159 **70A-15-101**, Utah Code Annotated 1953
160 **70A-16-101**, Utah Code Annotated 1953
161 **70A-17-101**, Utah Code Annotated 1953
162 **70A-18-101**, Utah Code Annotated 1953
163 **70A-19-101**, Utah Code Annotated 1953
164 REPEALS AND REENACTS:

165 **70A-9a-105**, as last amended by Laws of Utah 2013, Chapter 225
166 RENUMBERS AND AMENDS:
167 **70A-20-101**, (Renumbered from 70A-10-103, as enacted by Laws of Utah 1965,
168 Chapter 154)
169 **70A-20-102**, (Renumbered from 70A-10-104, as last amended by Laws of Utah 2007,
170 Chapter 272)
171 REPEALS:
172 **70A-10-101**, as enacted by Laws of Utah 1965, Chapter 154
173 **70A-10-102**, as last amended by Laws of Utah 2007, Chapter 306
174
175 *Be it enacted by the Legislature of the state of Utah:*
176 Section 1. Section **15-8-4** is amended to read:
177 **15-8-4 . Inapplicability of other laws -- Exempted transactions.**
178 (1) Rental purchase agreements that comply with this chapter are not governed by the laws
179 relating to:
180 (a) a security interest as that term is defined in [~~Subsection 70A-1a-201(2)(ii)~~] Section
181 70A-1a-201; or
182 (b) Title 70C, Utah Consumer Credit Code, except that Sections 70C-7-102 through
183 70C-7-104 and 70C-2-205 shall apply to lessors as defined in this chapter to the same
184 extent as they apply to creditors under Title 70C, Utah Consumer Credit Code.
185 (2) The chapter does not apply to the following:
186 (a) rental purchase agreements primarily for business, commercial, or agricultural
187 purposes, or those made with governmental agencies or instrumentalities or with
188 organizations;
189 (b) a lease of a safe deposit box;
190 (c) a lease or bailment of personal property which is incidental to the lease of real
191 property and which provides that the consumer has no option to purchase the leased
192 property; or
193 (d) a lease of a motor vehicle, as defined in Section 41-1a-102.
194 Section 2. Section **32B-14-102** is amended to read:
195 **32B-14-102 . Definitions.**
196 As used in this chapter:
197 (1) "Affected party" means a supplier or wholesaler who is a party to a distributorship
198 agreement that a terminating party seeks to terminate or not renew.

199 (2)(a) "Distributorship agreement" means a written agreement between a supplier and a
200 wholesaler pursuant to which the wholesaler has the right to purchase, resell, and
201 distribute in a designated geographical area any brand of beer manufactured,
202 imported, or distributed by the supplier.
203 (b) For purposes of this chapter, a separate agreement between a supplier and a
204 wholesaler is considered to be part of a distributorship agreement if it relates to:
205 (i) the relationship between the supplier and the wholesaler; or
206 (ii) the duties of either the supplier or the wholesaler under a distributorship
207 agreement.
208 (3) "Good cause" means the material failure by a supplier or a wholesaler to comply with an
209 essential, reasonable, and lawful requirement imposed by a distributorship agreement if
210 the failure occurs after the supplier or wholesaler acting in good faith provides notice of
211 deficiency and an opportunity to correct in accordance with Part 2, Termination.
212 (4) "Good faith" [~~is as~~] means the same as that terms is defined in [~~Subsection~~
213 ~~70A-1a-201(2)(t)~~] Section 70A-1a-201.
214 (5) "Retailer" means a beer retailer.
215 (6) "Sales territory" means the geographic area of distribution and sale responsibility
216 designated by a distributorship agreement.
217 (7) "Supplier," notwithstanding Section 32B-1-102, means a brewer or other person who
218 sells beer to a wholesaler for resale in this state.
219 (8) "Terminating party" means a supplier or wholesaler who:
220 (a) is a party to a distributorship agreement; and
221 (b) seeks to terminate or not renew the distributorship agreement.
222 Section 3. Section **46-4-403** is amended to read:
223 **46-4-403 . Transferable records.**
224 (1) As used in this section, "transferable record" means an electronic record that:
225 (a) would be a note under Title 70A, Chapter 3, Uniform Commercial Code - Negotiable
226 Instruments, or a document under Title 70A, Chapter 7a, Uniform Commercial Code
227 - Documents of Title, if the electronic record were in writing; and
228 (b) the issuer of the electronic record expressly has agreed is a transferable record.
229 (2) A person has control of a transferable record if a system employed for evidencing the
230 transfer of interests in the transferable record reliably establishes that person as the
231 person to which the transferable record was issued or transferred.
232 (3) A system satisfies Subsection (2), and a person is deemed to have control of a

transferable record, if the transferable record is created, stored, and assigned in such a manner that:

(a) a single authoritative copy of the transferable record exists that is unique, identifiable, and, except as otherwise provided in Subsections (3)(d), (e), and (f), unalterable;

(b) the authoritative copy identifies the person asserting control as:

(i) the person to which the transferable record was issued; or

(ii) if the authoritative copy indicates that the transferable record has been transferred, the person to which the transferable record was most recently transferred;

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

(d) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

(e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(f) any revision of the authoritative copy is readily identifiable as authorized or unauthorized.

(4)(a) Except as otherwise agreed, a person having control of a transferable record is the holder, as that term is defined in [~~Subsection 70A-1a-201(2)(u)~~] Section 70A-1a-201, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under Title 70A, Uniform Commercial Code, including, if the applicable statutory requirements under Subsection 70A-3-302(1), Section 70A-7a-501, or Section 70A-9a-308 are satisfied, the rights and defenses of a holder in due course, a holder to which a negotiable document of title has been duly negotiated, or a purchaser, respectively.

(b) Delivery, possession, and indorsement are not required to obtain or exercise any of the rights under Subsection (4)(a).

(5) Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under Title 70A, Uniform Commercial Code.

(6)(a) If requested by a person against which enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that the person is in control of the transferable record.

(b) Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

Section 4. Section **70A-1a-201** is amended to read:

70A-1a-201 . General definitions.

(1) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other chapters of this title that apply to particular chapters or parts thereof, have the meanings stated.

(2) Subject to definitions contained in other chapters of this title that apply to particular chapters or parts thereof:

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

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

(c) "Agreement," as distinguished from "contract," means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in Section 70A-1a-303.

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

(e) "Bearer" means a person in possession of a negotiable instrument, document of title, or certificated security that is payable to bearer or indorsed in blank.

(f) "Bill of lading" means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods.

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

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

(i) "Buyer in ordinary course of business" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business

may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Chapter 2, Uniform Commercial Code - Sales, may be a buyer in ordinary course of business. "Buyer in ordinary course of business" does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(j) "Central bank digital currency" means a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is:

(i) made directly available to a consumer by such entities; or

(ii) processed or validated directly by such entities.

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

[~~(i) a heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and~~]

[~~(ii) language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.~~]

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

(m) "Contract," as distinguished from "agreement," means the total legal obligation that results from the parties' agreement as determined by this title as supplemented by any other applicable laws.

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

(o) "Defendant" includes a person in the position of defendant in a counterclaim,

cross-claim, or third-party claim.

(p) "Delivery," with respect to an instrument, document of title, or an authoritative tangible copy of a record evidencing chattel paper, means voluntary transfer of possession.

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

(r) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

[~~(r)~~] (s) "Fault" means a default, breach, or wrongful act or omission.

[~~(s)~~] (t) "Fungible goods" means:

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

(ii) goods that by agreement are treated as equivalent.

[~~(t)~~] (u) "Genuine" means free of forgery or counterfeiting.

[~~(u)~~] (v) "Good faith" means honesty in fact in the conduct or transaction concerned.

[~~(v)~~] (w) "Holder" means:

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

(ii) the person in possession of a document of title if the goods are deliverable either to bearer or to the order of the person in possession.

[~~(w)~~] (x) "Insolvency proceeding" includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

[~~(x)~~] (y) "Insolvent" means:

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

(ii) being unable to pay debts as they become due; or

(iii) being insolvent within the meaning of federal bankruptcy law.

[~~(y)~~] (z)(i) "Money" means a medium of exchange that is currently authorized or adopted by a domestic or foreign government.

(ii) "Money" includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

(iii) "Money" does not include:

(A) [-]a central bank digital currency[~~.~~] ; or

(B) an electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government.

[~~(z)~~] (aa) "Organization" means a person other than an individual.

[~~(aa)~~] (bb) "Party," as distinguished from "third party," means a person that has engaged in a transaction or made an agreement subject to this title.

[~~(bb)~~] (cc)(i) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, instrumentality, [~~public corporation,~~]or any other legal or commercial entity.

(ii) "Person" includes a protected series, however denominated, of an entity if the protected series is established under law other than this title that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.

[~~(cc)~~] (dd) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

[~~(dd)~~] (ee) "Purchase" means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

[~~(ee)~~] (ff) "Purchaser" means a person that takes by purchase.

[~~(ff)~~] (gg) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

[~~(gg)~~] (hh) "Remedy" means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

[~~(hh)~~] (ii) "Representative" means a person empowered to act for another, including an

agent, an officer of a corporation or association, and a trustee, executor, or administrator of an estate.

[~~(ii)~~] (jj) "Right" includes remedy.

[~~(jj)~~] (kk)(i) "Security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation.

(ii) [–]"Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Chapter 9a, Uniform Commercial Code - Secured Transactions.

(iii) [–]"Security interest" does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under Section 70A-2-401, but a buyer may also acquire a "security interest" by complying with Chapter 9a, Uniform Commercial Code - Secured Transactions. Except as otherwise provided in Section 70A-2-505, the right of a seller or lessor of goods under Chapter 2, Uniform Commercial Code - Sales, or Chapter 2a, Uniform Commercial Code - Leases, to retain or acquire possession of the goods is not a "security interest," but a seller or lessor may also acquire a "security interest" by complying with Chapter 9a, Uniform Commercial Code - Secured Transactions.

(iv) [–]The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under Section 70A-2-401 is limited in effect to a reservation of a "security interest."

(v) [-]Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to Section 70A-1a-203.

[~~(kk)~~] (ll) "Send" in connection with a [~~writing,~~]record[~~,~~] or [~~notice~~] notification, means:

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

(ii) [~~in any other way to cause to be received any record or notice within the time it would have arrived if properly sent.~~] to cause the record or notification to be received within the time the record or notification would have been received if properly sent under Subsection (2)(ll)(i).

[~~(ll)~~] (mm)(i) [~~"Signed" includes using any symbol executed or adopted with present~~

437 ~~intention to adopt or accept a writing.~~] "Sign" means, with present intent to
438 authenticate or adopt a record:
439 (A) execute or adopt a tangible symbol; or
440 (B) attach to or logically associate with the record an electronic symbol, sound, or
441 process.
442 (ii) "Signed," "signing," and "signature" have corresponding meanings.
443 [~~(mm)~~] (nn) "State" means a state of the United States, the District of Columbia, Puerto
444 Rico, the United States Virgin Islands, or any territory or insular possession subject
445 to the jurisdiction of the United States.
446 [~~(nn)~~] (oo) "Surety" includes a guarantor or other secondary obligor.
447 [~~(oo)~~] (pp) "Term" means a portion of an agreement that relates to a particular matter.
448 [~~(pp)~~] (qq) "Unauthorized signature" means a signature made without actual, implied, or
449 apparent authority. The term includes a forgery.
450 [~~(qq)~~] (rr) "Warehouse receipt" means a receipt issued by a person engaged in the
451 business of storing goods for hire.
452 [~~(rr)~~] (ss) "Writing" includes printing, typewriting, or any other intentional reduction to
453 tangible form. "Written" has a corresponding meaning.
454 Section 5. Section **70A-1a-204** is amended to read:
455 **70A-1a-204 . Value.**
456 Except as otherwise provided in Chapter 3, Uniform Commercial Code - Negotiable
457 Instruments, Chapter 4, Uniform Commercial Code - Bank Deposits and Collections, [~~and~~]
458 Chapter 5, Uniform Commercial Code - Letters of Credit, and Chapter 12, Uniform
459 Commercial Code - Controllable Electronic Records, a person gives value for rights if the
460 person acquires them:
461 (1) in return for a binding commitment to extend credit or for the extension of immediately
462 available credit, whether or not drawn upon and whether or not a charge-back is
463 provided for in the event of difficulties in collection;
464 (2) as security for, or in total or partial satisfaction of, a preexisting claim;
465 (3) by accepting delivery under a preexisting contract for purchase; or
466 (4) in return for any consideration sufficient to support a simple contract.
467 Section 6. Section **70A-1a-301** is amended to read:
468 **70A-1a-301 . Territorial applicability -- Parties' power to choose applicable law.**
469 (1) Except as provided in this section, when a transaction bears a reasonable relation to this
470 state and also to another state or nation, the parties may agree that the law either of this

471 state or of such other state or nation shall govern their rights and duties. Failing such
472 agreement, this title applies to transactions bearing an appropriate relation to this state.
473 (2) Where one of the following provisions of this title specifies the applicable law, that
474 provision governs and a contrary agreement is effective only to the extent permitted by
475 the law, including the conflict of laws rules, so specified:
476 (a) rights of creditors against sold goods under Section 70A-2-402;
477 (b) applicability of the chapter on leases under Sections 70A-2a-105 and 70A-2a-106;
478 (c) applicability of the chapter on bank deposits and collections under Section 70A-4-102;
479 (d) applicability of the chapter on funds transfers under Section 70A-4a-507;
480 (e) applicability of the chapter on letters of credit under Section 70A-5-116;
481 (f) applicability of the chapter on investment securities under Section 70A-8-109;[~~ or~~]
482 (g) law governing perfection, the effect of perfection or nonperfection, and the priority
483 of security interests and agricultural liens under Sections 70A-9a-301 through
484 70A-9a-307[~~.~~] ; or
485 (h) Section 70A-12-107.
486 Section 7. Section **70A-1a-306** is amended to read:
487 **70A-1a-306 . Waiver or renunciation of claim or right after breach.**
488 A claim or right arising out of an alleged breach may be discharged in whole or in part
489 without consideration by agreement of the aggrieved party in [~~an authenticated~~] a signed record.
490 Section 8. Section **70A-2-102** is amended to read:
491 **70A-2-102 . Scope -- Certain security and other transactions excluded from this**
492 **chapter.**
493 [~~Unless the context otherwise requires, this chapter applies to transactions in goods; it~~
494 ~~does not apply to any transaction which although in the form of an unconditional contract to~~
495 ~~sell or present sale is intended to operate only as a security transaction nor does this chapter~~
496 ~~impair or repeal any statute regulating sales to consumers, farmers or other specified classes of~~
497 ~~buyers.~~]
498 (1) Unless the context otherwise requires, and except as provided in Subsection (3), this
499 chapter applies to transactions in goods and, in the case of a hybrid transaction, this
500 chapter applies to the extent provided in Subsection (2).
501 (2) In a hybrid transaction:
502 (a) if the sale-of-goods aspects do not predominate, only the provisions of this chapter
503 which relate primarily to the sale-of-goods aspects of the transaction apply, and the
504 provisions that relate primarily to the transaction as a whole do not apply; or

505 (b) if the sale-of-goods aspects predominate, this chapter applies to the transaction but
506 does not preclude application in appropriate circumstances of other law to aspects of
507 the transaction which do not relate to the sale of goods.
508 (3) This chapter does not:
509 (a) apply to a transaction that, even though in the form of an unconditional contract to
510 sell or present sale, operates only to create a security interest; or
511 (b) impair or repeal a statute regulating sales to consumers, farmers, or other specified
512 classes of buyers.
513 Section 9. Section **70A-2-106** is amended to read:
514 **70A-2-106 . Definitions -- "Contract" -- "Agreement" -- "Contract for sale" --**
515 **"Sale" -- "Present sale" -- "Conforming" to contract -- "Termination" -- "Cancellation"**
516 **-- "Hybrid transaction."**
517 (1) In this chapter unless the context otherwise requires "contract" and "agreement" are
518 limited to those relating to the present or future sale of goods. "Contract for sale"
519 includes both a present sale of goods and a contract to sell goods at a future time. A
520 "sale" consists in the passing of title from the seller to the buyer for a price (Section
521 70A-2-401). A "present sale" means a sale which is accomplished by the making of the
522 contract.
523 (2) Goods or conduct including any part of a performance are "conforming" or conform to
524 the contract when [~~they~~] the goods or conduct are in accordance with the obligations
525 under the contract.
526 (3) "Termination" occurs when either party pursuant to a power created by agreement or
527 law puts an end to the contract otherwise than for its breach. On "termination" all
528 obligations which are still executory on both sides are discharged but any right based on
529 prior breach or performance survives.
530 (4) "Cancellation" occurs when either party puts an end to the contract for breach by the
531 other and its effect is the same as that of "termination" except that the canceling party
532 also retains any remedy for breach of the whole contract or any unperformed balance.
533 (5) "Hybrid transaction" means a single transaction involving a sale of goods and:
534 (a) the provision of services;
535 (b) a lease of other goods; or
536 (c) a sale, lease, or license of property other than goods.
537 Section 10. Section **70A-2-201** is amended to read:
538 **70A-2-201 . Formal requirements -- Statute of frauds.**

(1) Except as otherwise provided in this section a contract for the sale of goods for the price of $500 or more is not enforceable by way of action or defense unless there is [~~some writing~~] a record sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by [~~his~~] the party's authorized agent or broker. A [~~writing~~] record is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not enforceable under this [~~paragraph~~] Subsection (1) beyond the quantity of goods shown in [~~such writing~~] the record.

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

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

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

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

(c) with respect to goods for which payment has been made and accepted or which have been received and accepted (Section 70A-2-606).

Section 11. Section **70A-2-202** is amended to read:

70A-2-202 . Final expression -- Parol or extrinsic evidence.

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

(1) by course of performance, course of dealing, or usage of trade (Section 70A-1a-303) or by course of performance (Section 70A-2-208); and

(2) by evidence of consistent additional terms unless the court finds the [~~writing~~] record to

have been intended also as a complete and exclusive statement of the terms of the agreement.

Section 12. Section **70A-2-203** is amended to read:

70A-2-203 . Seals inoperative.

The affixing of a seal to a [~~writing~~] record evidencing a contract for sale or an offer to buy or sell goods does not constitute the [~~writing~~] record a sealed instrument and the law with respect to sealed instruments does not apply to such a contract or offer.

Section 13. Section **70A-2-205** is amended to read:

70A-2-205 . Firm offers.

An offer by a merchant to buy or sell goods in a signed [~~writing~~] record which by its terms gives assurance that it will be held open is not revocable, for lack of consideration, during the time stated or if no time is stated for a reasonable time, but in no event may such period of irrevocability exceed three months; but any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

Section 14. Section **70A-2-209** is amended to read:

70A-2-209 . Modification, rescission, and waiver.

(1) An agreement modifying a contract within this chapter needs no consideration to be binding.

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

(3) The requirements of the statute of frauds section of this chapter (Section 70A-2-201) must be satisfied if the contract as modified is within its provisions.

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

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

Section 15. Section **70A-2a-102** is amended to read:

70A-2a-102 . Scope.

(1) This chapter applies to any transaction, regardless of form, that creates a lease and, in the case of a hybrid lease, it applies to the extent provided in Subsection (2).

607 (2) In a hybrid lease:
608 (a) if the lease-of-goods aspects do not predominate:
609 (i) only the provisions of this chapter which relate primarily to the lease-of-goods
610 aspects of the transaction apply, and the provisions that relate primarily to the
611 transaction as a whole do not apply;
612 (ii) Section 70A-2a-209 applies if the lease is a finance lease; and
613 (iii) Section 70A-2a-407 applies to the promises of the lessee in a finance lease to the
614 extent the promises are consideration for the right to possession and use of the
615 leased goods; and
616 (b) if the lease-of-goods aspects predominate, this chapter applies to the transaction, but
617 does not preclude application in appropriate circumstances of other law to aspects of
618 the lease which do not relate to the lease of goods.
619 Section 16. Section **70A-2a-103** is amended to read:
620 **70A-2a-103 . Definitions -- Index of definitions.**
621 (1) In this chapter, unless the context otherwise requires:
622 (a) "Buyer in ordinary course of business" means a person, who in good faith and
623 without knowledge that the sale to him is in violation of the ownership rights or
624 security interest or leasehold interest of a third party in the goods, buys in ordinary
625 course from a person in the business of selling goods of that kind, but does not
626 include a pawnbroker. "Buying" may be for cash or by exchange of other property or
627 on secured or unsecured credit and includes acquiring goods or documents of title
628 under a preexisting contract for sale, but does not include a transfer in bulk, or as
629 security for, or in total or partial satisfaction of a money debt.
630 (b) "Cancellation" occurs when either party puts an end to the lease contract for default
631 by the other party.
632 (c) "Commercial unit" means a unit of goods which by commercial usage is a single
633 whole for purposes of lease, and the division of which materially impairs its character
634 or value on the market or in use. A commercial unit may be a single article, such as a
635 machine, or a set of articles, such as a suite of furniture or a line of machinery, or a
636 quantity, such as a gross or carload, or any other unit treated in use or in the relevant
637 market as a single whole.
638 (d) "Conforming goods or performance under a lease contract" means goods or
639 performance that are in accordance with the obligations under the lease contract.
640 (e) "Consumer lease" means a lease that a lessor, regularly engaged in the business of

641 leasing or selling, makes to a lessee, who is an individual and who takes under the
642 lease primarily for a personal, family, or household purpose.
643 (f) "Fault" means wrongful act, omission, breach, or default.
644 (g) "Finance lease" means a lease in which:
645 (i) the lessor does not select, manufacture, or supply the goods;
646 (ii) the lessor acquires the goods or the right to possession and use of the goods in
647 connection with the lease; and
648 (iii) one of the following occurs:
649 (A) the lessee receives a copy of the contract by which the lessor acquired the
650 goods or the right to possession and use of the goods before signing the lease
651 contract;
652 (B) the lessee's approval of the contract by which the lessor acquired the goods or
653 the right to possession and use of the goods is a condition to effectiveness of
654 the lease contract;
655 (C) the lessee, before signing the lease contract, receives an accurate and complete
656 statement designating the promises and warranties, and any disclaimers of
657 warranties, limitations, or modifications of remedies, or liquidated damages,
658 including those of a third party, such as the manufacturer of the goods,
659 provided to the lessor by the person supplying the goods in connection with or
660 as part of the contract by which the lessor acquired the goods or the right to
661 possession and use of the goods; or
662 (D) if the lease is not a consumer lease, the lessor, before the lessee signs the lease
663 contract, informs the lessee in writing:
664 (I) of the identity of the person supplying the goods to the lessor, unless the
665 lessee has selected that person and directed the lessor to acquire the goods
666 or the right to possession and use of the goods from that person;
667 (II) that the lessee is entitled under this chapter to the promises and warranties,
668 including those of any third party, provided to the lessor by the person
669 supplying the goods in connection with or as part of the contract by which
670 the lessor acquired the goods or the right to possession and use of the goods;
671 and
672 (III) that the lessee may communicate with the person supplying the goods to
673 the lessor and receive an accurate and complete statement of those promises
674 and warranties, including any disclaimers and limitations of them or of

remedies.

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures. The term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

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

(i) the provision of services;

(ii) a sale of other goods; or

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

[~~(i)~~] (j) "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause stating "each delivery is a separate lease" or its equivalent.

[~~(j)~~] (k) "Lease" means a transfer of the right to possession and use of goods for a term, in return for consideration. Unless the context clearly indicates otherwise, the term includes a sublease. But a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease.

[~~(k)~~] (l) "Lease agreement" with respect to the lease, means the bargain of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this chapter. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

[~~(l)~~] (m) "Lease contract" means the total legal obligation that results from the lease agreement as affected by this chapter and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

[~~(m)~~] (n) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

[~~(n)~~] (o) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

[~~(o)~~] (p) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to him is in violation of the ownership rights, security interest, or leasehold interest of a third party in the goods, leases in ordinary course from a person in the business of selling or leasing goods of that kind, but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other

property, or on secured or unsecured credit, and includes acquiring goods or documents of title under a preexisting lease contract. "Leasing" does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

[~~(p)~~] (q) "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

[~~(q)~~] (r) "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

[~~(r)~~] (s) "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

[~~(s)~~] (t) "Lot" means a parcel or single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

[~~(t)~~] (u) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

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

[~~(v)~~] (w) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

[~~(w)~~] (x) "Sublease" means a lease of goods, the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

[~~(x)~~] (y) "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease.

[~~(y)~~] (z) "Supply contract" means a contract under which a lessor buys or leases goods to be leased.

[~~(z)~~] (aa) "Termination" occurs when either party, pursuant to a power created by agreement or law, puts an end to the lease contract otherwise than for default.

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

(a) "Accessions," Section 70A-2a-310.

(b) "Construction mortgage," Section 70A-2a-309.

(c) "Encumbrance," Section 70A-2a-309.

743 (d) "Fixtures," Section 70A-2a-309.
744 (e) "Fixture filing," Section 70A-2a-309.
745 (f) "Purchase money lease," Section 70A-2a-309.
746 (3) The following definitions in other chapters apply to this chapter:
747 (a) "Account," [~~Subsection 70A-9a-102(2)~~] Section 70A-9a-102.
748 (b) "Between merchants," Section 70A-2-104.
749 (c) "Buyer," Section 70A-2-103.
750 (d) "Chattel paper," [~~Subsection 70A-9a-102(11)~~] Section 70A-9a-102.
751 (e) "Consumer goods," [~~Subsection 70A-9a-102(23)~~] Section 70A-9a-102.
752 (f) "Document," [~~Subsection 70A-9a-102(30)~~] Section 70A-9a-102.
753 (g) "Entrusting," Section 70A-2-403.
754 (h) "General intangible," [~~Subsection 70A-9a-102(42)~~] Section 70A-9a-102.
755 (i) "Good faith," Section 70A-2-103.
756 (j) "Instrument," [~~Subsection 70A-9a-102(47)~~] Section 70A-9a-102.
757 (k) "Merchant," Section 70A-2-104.
758 (l) "Mortgage," [~~Subsection 70A-9a-102(55)~~] Section 70A-9a-102.
759 (m) "Pursuant to commitment," [~~Subsection 70A-9a-102(69)~~] Section 70A-9a-102.
760 (n) "Receipt," Section 70A-2-103.
761 (o) "Sale," Section 70A-2-106.
762 (p) "Sale on approval," Section 70A-2-326.
763 (q) "Sale or return," Section 70A-2-326.
764 (r) "Seller," Section 70A-2-103.
765 (4) In addition, Title 70A, Chapter 1a, Uniform Commercial Code - General Provisions,
766 contains general definitions and principles of construction and interpretation applicable
767 throughout this chapter.
768 Section 17. Section **70A-2a-107** is amended to read:
769 **70A-2a-107 . Waiver or renunciation of claim or right after default.**
770 Any claim or right arising out of an alleged default or breach of warranty may be
771 discharged in whole or in part without consideration by a [~~written~~]waiver or renunciation in a
772 signed [~~and~~] record delivered by the aggrieved party.
773 Section 18. Section **70A-2a-201** is amended to read:
774 **70A-2a-201 . Statute of frauds.**
775 (1) A lease contract is not enforceable by way of action or defense unless:
776 (a) in a lease contract that is not a consumer lease, the total payments to be made under

the lease contract, excluding payments for options to renew or buy, are less than $1,000; or

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

(2) Any description of leased goods or of the lease term is sufficient and satisfies Subsection (1)(b), whether or not it is specific, if it reasonably identifies what is described.

(3) A [~~writing~~] record is not insufficient because it omits or incorrectly states a term agreed upon, but the lease contract is not enforceable under Subsection (1)(b) beyond the lease term and the quantity of goods shown in the [~~writing~~] record.

(4) A lease contract that does not satisfy the requirements of Subsection (1), but which is valid in other respects, is enforceable:

(a) if the goods are to be specially manufactured or obtained for the lessee and are not suitable for lease or sale to others in the ordinary course of the lessor's business, and the lessor, before notice of repudiation is received and under circumstances that reasonably indicate that the goods are for the lessee, has made either a substantial beginning of their manufacture or commitments for their procurement;

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

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

(5) The lease term under a lease contract referred to in Subsection (4) is enforceable:

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

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

(c) if there is a reasonable lease term.

Section 19. Section **70A-2a-202** is amended to read:

70A-2a-202 . Final expression -- Parol or extrinsic evidence.

Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a [~~writing~~] record intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement, but may be

811 explained or supplemented:
812 (1) by course of dealing or usage of trade or by course of performance; and
813 (2) by evidence of consistent additional terms unless the court finds the [~~writing~~] record to
814 have been intended also as a complete and exclusive statement of the terms of the
815 agreement.
816 Section 20. Section **70A-2a-203** is amended to read:
817 **70A-2a-203 . Seals inoperative.**
818 The affixing of a seal to a [~~writing~~] record evidencing a lease contract or an offer to enter
819 into a lease contract does not render the [~~writing~~] record a sealed instrument and the law with
820 respect to sealed instruments does not apply to the lease contract or offer.
821 Section 21. Section **70A-2a-205** is amended to read:
822 **70A-2a-205 . Firm offers.**
823 An offer by a merchant to lease goods to or from another person in a signed [~~writing~~]
824 record that by its terms gives assurance it will be held open is not revocable for lack of
825 consideration during the time stated or, if no time is stated, for a reasonable time, but in no
826 event may the period of irrevocability exceed three months. Any such term of assurance on a
827 form supplied by the offeree must be separately signed by the offeror.
828 Section 22. Section **70A-2a-208** is amended to read:
829 **70A-2a-208 . Modification, rescission, and waiver.**
830 (1) An agreement modifying a lease contract needs no consideration to be binding.
831 (2) A signed lease agreement that excludes modification or rescission except by a signed [
832 ~~writing~~] record may not be otherwise modified or rescinded.
833 (3) Although an attempt at modification or rescission does not satisfy the requirements of
834 Subsection (2), it may operate as a waiver.
835 (4) A party who has made a waiver affecting an executory portion of a lease contract may
836 retract the waiver by reasonable notification received by the other party that strict
837 performance will be required of any term waived, unless the retraction would be unjust
838 in view of a material change of position in reliance on the waiver.
839 Section 23. Section **70A-3-104** is amended to read:
840 **70A-3-104 . Negotiable instrument.**
841 (1) Except as provided in Subsections (3) and (4), "negotiable instrument" means an
842 unconditional promise or order to pay a fixed amount of money, with or without interest
843 or other charges described in the promise or order, if it:
844 (a) is payable to bearer or to order at the time it is issued or first comes into possession

845 of a holder;
846 (b) is payable on demand or at a definite time; and
847 (c) does not state any other undertaking or instruction by the person promising or
848 ordering payment to do any act in addition to the payment of money, but the promise
849 or order may contain:
850 (i) an undertaking or power to give, maintain, or protect collateral to secure payment;
851 (ii) an authorization or power to the holder to confess judgment or realize on or
852 dispose of collateral;[~~ or~~]
853 (iii) a waiver of the benefit of any law intended for the advantage or protection of an
854 obligor[~~.~~] ;
855 (iv) a term that specifies the law that governs the promise or order; or
856 (v) an undertaking to resolve in a specified forum a dispute concerning the promise
857 or order.
858 (2) "Instrument" means a negotiable instrument.
859 (3) An order that meets all of the requirements of Subsection (1), except Subsection (1)(a),
860 and otherwise falls within the definition of "check" in Subsection (6) is a negotiable
861 instrument and a check.
862 (4) A promise or order other than a check is not an instrument if, at the time it is issued or
863 first comes into possession of a holder, it contains a conspicuous statement, however
864 expressed, to the effect that the promise or order is not negotiable or is not an instrument
865 governed by this chapter.
866 (5) An instrument is a "note" if it is a promise and is a "draft" if it is an order. If an
867 instrument falls within the definition of both "note" and "draft," a person entitled to
868 enforce the instrument may treat it as either.
869 (6)(a) "Check" means:
870 (i) a draft, other than a documentary draft, payable on demand and drawn on a bank;
871 (ii) a cashier's check or teller's check; or
872 (iii) a demand draft.
873 (b) An instrument may be a check even though it is described on its face by another
874 term, such as "money order."
875 (7) "Cashier's check" means a draft with respect to which the drawer and drawee are the
876 same bank or branches of the same bank.
877 (8) "Teller's check" means a draft drawn by a bank either on another bank, or payable at or
878 through a bank.

879 (9) "Traveler's check" means an instrument that:
880 (a) is payable on demand;
881 (b) is drawn on or payable at or through a bank;
882 (c) is designated by the term "traveler's check" or by a substantially similar term; and
883 (d) requires, as a condition to payment, a countersignature by a person whose specimen
884 signature appears on the instrument.
885 (10) "Certificate of deposit" means an instrument containing an acknowledgment by a bank
886 that a sum of money has been received by the bank and a promise by the bank to repay
887 the sum of money. A certificate of deposit is a note of the bank.
888 (11)(a) "Demand draft" means a writing not signed by a customer that is created by a
889 third party under the purported authority of the customer for the purpose of charging
890 the customer's account with a bank.
891 (b) A demand draft:
892 (i) shall contain the customer's account number;
893 (ii) may contain any or all of the following:
894 (A) the customer's printed or typewritten name;
895 (B) a notation that the customer authorized the draft; or
896 (C) the statement "No Signature Required" or words to that effect; and
897 (iii) may not include a check purportedly drawn by and bearing the signature of a
898 fiduciary, as defined in Section 70A-3-307.
899 Section 24. Section **70A-3-105** is amended to read:
900 **70A-3-105 . Issue of instrument.**
901 (1) "Issue" means:
902 (a) [-]the first delivery of an instrument by the maker or drawer, whether to a holder or
903 nonholder, for the purpose of giving rights on the instrument to any person[.] ; or
904 (b) if agreed by the payee, the first transmission by the drawer to the payee of an image
905 of an item and information derived from the item that enables the depositary bank to
906 collect the item by transferring or presenting under federal law an electronic check.
907 (2) An unissued instrument, or an unissued incomplete instrument that is completed, is
908 binding on the maker or drawer, but nonissuance is a defense. An instrument that is
909 conditionally issued or is issued for a special purpose is binding on the maker or drawer,
910 but failure of the condition or special purpose to be fulfilled is a defense.
911 (3) "Issuer" applies to issued and unissued instruments and means a maker or drawer of an
912 instrument.

913 Section 25. Section **70A-3-401** is amended to read:
914 **70A-3-401 . Signature necessary for liability on instrument.**
915 [~~(1)~~] A person is not liable on an instrument unless:
916 [~~(a)~~] (1) the person signed the instrument; or
917 [~~(b)~~] (2) the person is represented by an agent or representative who signed the instrument
918 and the signature is binding on the represented person under Section 70A-3-402.
919 [~~(2) A signature may be made:~~]
920 [~~(a) manually or by means of a device or machine; and~~]
921 [~~(b) by the use of any name, including a trade or assumed name, or by a word, mark, or~~
922 ~~symbol executed or adopted by a person with present intention to authenticate a~~
923 ~~writing.~~]
924 Section 26. Section **70A-3-604** is amended to read:
925 **70A-3-604 . Discharge by cancellation or renunciation.**
926 (1)(a) A person entitled to enforce an instrument, with or without consideration, may
927 discharge the obligation of a party to pay the instrument by:
928 (i) [-]an intentional voluntary act, such as surrender of the instrument to the party,
929 destruction, mutilation, or cancellation of the instrument, cancellation or striking
930 out of the party's signature, or the addition of words to the instrument indicating
931 discharge[~~,~~] ; or
932 (ii) [-]by agreeing not to sue or otherwise renouncing rights against the party by a
933 signed [~~writing~~] record.
934 (b) The obligation of a party to pay a check is not discharged solely by destruction of the
935 check in connection with a process in which information is extracted from the check
936 and an image of the check is made and, subsequently, the information and image are
937 transmitted for payment.
938 (2) Cancellation or striking out of an indorsement pursuant to Subsection (1) does not affect
939 the status and rights of a party derived from the indorsement.
940 Section 27. Section **70A-4a-103** is amended to read:
941 **70A-4a-103 . Payment order -- Definitions.**
942 (1) "Beneficiary" means the person to be paid by the beneficiary's bank.
943 (2) "Beneficiary's bank" means the bank identified in a payment order in which an account
944 of the beneficiary is to be credited pursuant to the order or which otherwise is to make
945 payment to the beneficiary if the order does not provide for payment to an account.
946 (3) "Payment order" means an instruction of a sender to a receiving bank, transmitted orally[~~,~~

947 ~~electronically, or in writing,~~] or in a record to pay, or to cause another bank to pay, a
948 fixed or determinable amount of money to a beneficiary if:
949 (a) the instruction does not state a condition to payment to the beneficiary other than
950 time of payment;
951 (b) the receiving bank is to be reimbursed by debiting an account of, or otherwise
952 receiving payment from, the sender; and
953 (c) the instruction is transmitted by the sender directly to the receiving bank or to an
954 agent, funds transfer system, or communication system for transmittal to the
955 receiving bank.
956 (4) "Receiving bank" means the bank to which the sender's instruction is addressed.
957 (5) "Sender" means the person giving the instruction to the receiving bank.
958 (6) If an instruction complying with Subsection (3) is to make more than one payment to a
959 beneficiary, the instruction is a separate payment order with respect to each of the
960 payments.
961 (7) A payment order is issued when it is sent to the receiving bank.
962 Section 28. Section **70A-4a-201** is amended to read:
963 **70A-4a-201 . Security procedure.**
964 (1) "Security procedure" means a procedure established by agreement of a customer and a
965 receiving bank for the purpose of:
966 (a) verifying that a payment order or communication amending or canceling a payment
967 order is that of the customer; or
968 (b) detecting error in the transmission or the content of the payment order or
969 communication.
970 (2) A security procedure may impose an obligation on the receiving bank or the customer
971 and may require the use of algorithms or other codes, identifying words[~~ or~~] , numbers,
972 symbols, sounds, biometrics, encryption, callback procedures, or similar security
973 devices. Comparison of a signature on a payment order or communication with an
974 authorized specimen signature of the customer or requiring payment order to be sent
975 from a known email address, IP address, or telephone number is not by itself a security
976 procedure.
977 Section 29. Section **70A-4a-202** is amended to read:
978 **70A-4a-202 . Authorized and verified payment orders.**
979 (1) A payment order received by the receiving bank is the authorized order of the person
980 identified as sender if that person authorized the order or is otherwise bound by it under

981 the law of agency.
982 (2)(a) If a bank and its customer have agreed that the authenticity of payment orders
983 issued to the bank in the name of the customer as sender will be verified pursuant to a
984 security procedure, a payment order received by the receiving bank is effective as the
985 order of the customer, whether or not authorized, if:
986 (i) the security procedure is a commercially reasonable method of providing security
987 against unauthorized payment orders; and
988 (ii) the bank proves that it accepted the payment order in good faith and in
989 compliance with the bank's obligations under the security procedure and any [
990 ~~written~~]agreement or instruction of the customer, evidenced by a record,
991 restricting acceptance of payment orders issued in the name of the customer.
992 (b) The bank is not required to follow an instruction that violates [~~a written~~] an
993 agreement with the customer, evidenced by a record, or notice of which is not
994 received at a time and in a manner affording the bank a reasonable opportunity to act
995 on it before the payment order is accepted.
996 (3) Commercial reasonableness of a security procedure is a question of law to be
997 determined by considering the wishes of the customer expressed to the bank, the
998 circumstances of the customer known to the bank, including the size, type, and
999 frequency of payment orders normally issued by the customer to the bank, alternative
1000 security procedures offered to the customer, and security procedures in general use by
1001 customers and receiving banks similarly situated. A security procedure is considered to
1002 be commercially reasonable if:
1003 (a) the security procedure was chosen by the customer after the bank offered, and the
1004 customer refused, a security procedure that was commercially reasonable for that
1005 customer; and
1006 (b) the customer expressly agreed in [~~writing~~] a record to be bound by any payment
1007 order, whether or not authorized, issued in its name, and accepted by the bank in
1008 compliance with the bank's obligations under the security procedure chosen by the
1009 customer.
1010 (4) The term "sender" in this chapter includes the customer in whose name a payment order
1011 is issued if the order is the authorized order of the customer under Subsection (1), or it is
1012 effective as the order of the customer under Subsection (2).
1013 (5) This section applies to amendments and cancellations of payment orders to the same
1014 extent it applies to payment orders.

1015 (6) Except as provided in this section and in Subsection 70A-4a-203(2), rights and
1016 obligations arising under this section or Section 70A-4a-203 may not be varied by
1017 agreement.
1018 Section 30. Section **70A-4a-203** is amended to read:
1019 **70A-4a-203 . Unenforceability of certain verified payment orders.**
1020 (1) This section applies to an accepted payment order that, pursuant to Subsection
1021 70A-4a-202(1), is not an authorized order of a customer identified as sender, but which
1022 is effective as the order of the customer pursuant to Subsection 70A-4a-202(2).
1023 (2) By express [~~written~~]agreement evidenced by a record, the receiving bank may limit the
1024 extent to which it is entitled to enforce or retain payment of the payment order.
1025 (3)(a) The receiving bank is not entitled to enforce or retain payment of the payment
1026 order if the customer proves that the order was not caused, directly or indirectly, by:
1027 (i) a person entrusted at any time with duties to act for the customer with respect to
1028 payment orders or the security procedure; or
1029 (ii) a person who obtained access to transmitting facilities of the customer or who
1030 obtained, from a source controlled by the customer and without authority of the
1031 receiving bank, information facilitating breach of the security procedure,
1032 regardless of how the information was obtained or whether the customer was at
1033 fault.
1034 (b) Information includes any access device, computer software or the like.
1035 (4) This section applies to amendments of payment orders to the same extent it applies to
1036 payment orders.
1037 Section 31. Section **70A-4a-207** is amended to read:
1038 **70A-4a-207 . Misdescription of beneficiary.**
1039 (1) Subject to Subsection (2), if, in a payment order received by the beneficiary's bank, the
1040 name, bank account number, or other identification of the beneficiary refers to a
1041 nonexistent or unidentifiable person or account, no person has rights as a beneficiary of
1042 the order and acceptance of the order cannot occur.
1043 (2) If a payment order received by the beneficiary's bank identifies the beneficiary both by
1044 name and by an identifying or bank account number and the name and number identify
1045 different persons then the following rules apply:
1046 (a) Except as otherwise provided in Subsection (3), the beneficiary's bank may treat the
1047 person identified by number as the beneficiary of the order if the bank does not know
1048 that the name and number refer to different persons, it may rely on the number as the

1049 proper identification of the beneficiary of the order. The beneficiary's bank need not
1050 determine whether the name and number refer to the same person.
1051 (b) If the beneficiary's bank pays the person identified by name or knows that the name
1052 and number identify different persons, no person has rights as beneficiary except the
1053 person paid by the beneficiary's bank if that person was entitled to receive payment
1054 from the originator of the funds transfer. If no person has rights as beneficiary,
1055 acceptance of the order cannot occur.
1056 (3) If the conditions listed in Subsections (3)(a), (b), and (c) are present, the rules listed in
1057 Subsections (4) and (5) apply:
1058 (a) a payment order described in Subsection (2) is accepted;
1059 (b) the originator's payment order described the beneficiary inconsistently by name and
1060 number; and
1061 (c) the beneficiary's bank pays the person identified by number as permitted by
1062 Subsection (2)(a).
1063 (4) If the originator is a bank, the originator is obliged to pay its order.
1064 (5) If the originator is not a bank and proves that the person identified by number was not
1065 entitled to receive payment from the originator, the originator is not obliged to pay its
1066 order unless the originator's bank proves that the originator, before acceptance of the
1067 originator's order, had notice that payment of a payment order issued by the originator
1068 might be made by the beneficiary's bank on the basis of an identifying or bank account
1069 number even if it identifies a person different from the named beneficiary. Proof of
1070 notice may be made by any admissible evidence. The originator's bank satisfies the
1071 burden of proof it if proves that the originator, before the payment order was accepted,
1072 signed a [~~writing~~] record stating the information to which the notice relates.
1073 (6) In a case governed by Subsection (2)(a), if the beneficiary's bank rightfully pays the
1074 person identified by number and that person was not entitled to receive payment from
1075 the originator, the amount paid may be recovered from that person to the extent allowed
1076 by the law governing mistake and rescission as follows:
1077 (a) If the originator is obliged to pay its payment order as stated in Subsection (3), the
1078 originator has the right to recover.
1079 (b) If the originator is not a bank and is not obliged to pay its payment order, the
1080 originator's bank has the right to recover.
1081 Section 32. Section **70A-4a-208** is amended to read:
1082 **70A-4a-208 . Misdescription of intermediary bank or beneficiary's bank.**

1083 (1) This subsection applies to a payment order identifying an intermediary bank or
1084 beneficiary's bank by an identifying number.
1085 (a) The receiving bank may rely on the number as the proper identification of the
1086 intermediary or beneficiary's bank and need not determine whether the number
1087 identifies a bank.
1088 (b) The sender is obliged to compensate the receiving bank for any loss and expenses
1089 incurred by the receiving bank as a result of its reliance on the number in executing
1090 or attempting to execute the order.
1091 (2) This subsection applies to a payment order identifying an intermediary bank or
1092 beneficiary's bank both by name and an identifying number if the name and number
1093 identify different persons.
1094 (a) If the sender is a bank, the receiving bank may rely on the number as the proper
1095 identification of the intermediary or beneficiary's bank if the receiving bank, when it
1096 executes the sender's order, does not know that the name and number identify
1097 different persons. The receiving bank need not determine whether the name and
1098 number refer to the same person or whether the number refers to a bank. The sender
1099 is obliged to compensate the receiving bank for any loss and expenses incurred by the
1100 receiving bank as a result of its reliance on the number in executing or attempting to
1101 execute the order.
1102 (b) If the sender is not a bank and the receiving bank proves that the sender, before the
1103 payment order was accepted, had notice that the receiving bank might rely on the
1104 number as the proper identification of the intermediary or beneficiary's bank even if it
1105 identifies a person different from the bank identified by name, the rights and
1106 obligations of the sender and the receiving bank are governed by Subsection (2)(a),
1107 as though the sender were a bank. Proof of notice may be made by any admissible
1108 evidence. The receiving bank satisfies the burden of proof if it proves that the
1109 sender, before the payment order was accepted, signed a [~~writing~~] record stating the
1110 information to which the notice relates.
1111 (c) Regardless of whether the sender is a bank, the receiving bank may rely on the name
1112 as the proper identification of the intermediary or beneficiary's bank if the receiving
1113 bank, at the time it executes the sender's order, does not know that the name and
1114 number identify different persons. The receiving bank need not determine whether
1115 the name and number refer to the same person.
1116 (d) If the receiving bank knows that the name and number identify different persons,

reliance on either the name or the number in executing the sender's payment order is a breach of the obligation stated in Subsection 70A-4a-302(1)(a).

Section 33. Section **70A-4a-210** is amended to read:

70A-4a-210 . Rejection of payment order.

(1) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally[~~, electronically,~~] or in [~~writing~~] a record. A notice of rejection need not use any particular words and is sufficient if it indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable in the circumstances. If notice of rejection is given by a means that is not commercially reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order:

(a) any means complying with the agreement is commercially reasonable; and

(b) any means not complying is not commercially reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

(2) This subsection applies if a receiving bank other than the beneficiary's bank fails to execute a payment order despite the existence on the execution date of a withdrawable credit balance in an authorized account of the sender sufficient to cover the order. If the sender does not receive notice of rejection of the order on the execution date and the authorized account of the sender does not bear interest, the bank is obliged to pay interest to the sender on the amount of the order for the number of days elapsing after the execution date to the earlier of the day the order is canceled pursuant to Section 70A-4a-211 or the day the sender receives notice or learns that the order was not executed, counting the final day of the period as an elapsed day. If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest is reduced accordingly.

(3) If a receiving bank suspends payments, all unaccepted payment orders issued to the bank are deemed rejected at the time the bank suspends payments.

(4) Acceptance of a payment order precludes a later rejection of the order. Rejection of a payment order precludes a later acceptance of the order.

Section 34. Section **70A-4a-211** is amended to read:

70A-4a-211 . Cancellation and amendment of payment order.

(1) A communication of the sender of a payment order canceling or amending the order may be transmitted to the receiving bank orally[~~, electronically,~~] or in [~~writing~~] a record.

1151 If a security procedure is in effect between the sender and the receiving bank, the
1152 communication is not effective to cancel or amend the order unless the communication
1153 is verified pursuant to the security procedure or the bank agrees to the cancellation or
1154 amendment.
1155 (2) Subject to Subsection (1), a communication by the sender canceling or amending a
1156 payment order is effective to cancel or amend the order if notice of the communication
1157 is received at a time and in a manner affording the receiving bank a reasonable
1158 opportunity to act on the communication before the bank accepts the payment order.
1159 (3) After a payment order has been accepted, cancellation or amendment of the order is not
1160 effective unless the receiving bank agrees or a funds transfer system rule allows
1161 cancellation or amendment without agreement of the bank:
1162 (a) With respect to a payment order accepted by a receiving bank other than the
1163 beneficiary's bank, cancellation or amendment is not effective unless a conforming
1164 cancellation or amendment of the payment order issued by the receiving bank is also
1165 made.
1166 (b) With respect to a payment order accepted by the beneficiary's bank, cancellation or
1167 amendment is not effective unless the order was issued in execution of an
1168 unauthorized payment order, or because of a mistake by a sender in the funds transfer
1169 which resulted in the issuance of a payment order:
1170 (i) that is a duplicate of a payment order previously issued by the sender;
1171 (ii) that orders payment to a beneficiary not entitled to receive payment from the
1172 originator; or
1173 (iii) that orders payment in an amount greater than the amount the beneficiary was
1174 entitled to receive from the originator. If the payment order is canceled or
1175 amended, the beneficiary's bank is entitled to recover from the beneficiary any
1176 amount paid to the beneficiary to the extent allowed by the law governing mistake
1177 and restitution.
1178 (4) An unaccepted payment order is canceled by operation of law at the close of the fifth
1179 funds transfer business day of the receiving bank after the execution date or payment
1180 date of the order.
1181 (5) A canceled payment order cannot be accepted. If an accepted payment order is
1182 canceled, the acceptance is nullified and no person has any right or obligation based on
1183 the acceptance. Amendment of a payment order is deemed to be cancellation of the
1184 original order at the time of amendment and issue of a new payment order in the

1185 amended form at the same time.
1186 (6) Unless otherwise provided in an agreement of the parties or in a funds transfer system
1187 rule, if the receiving bank, after accepting a payment order, agrees to cancellation or
1188 amendment of the order by the sender or is bound by a funds transfer system rule
1189 allowing cancellation or amendment without the bank's agreement, the sender, whether
1190 or not cancellation or amendment is effective, is liable to the bank for any loss and
1191 expenses, including reasonable attorneys' fees, incurred by the bank as a result of the
1192 cancellation or amendment or attempted cancellation or amendment.
1193 (7) A payment order is not revoked by death or legal incapacity of the sender unless the
1194 receiving bank knows of the death or of an adjudication of incapacity by a court of
1195 competent jurisdiction and has reasonable opportunity to act before acceptance of the
1196 order.
1197 (8) A funds transfer system rule is not effective to the extent it conflicts with Subsection
1198 (3)(b).
1199 Section 35. Section **70A-4a-305** is amended to read:
1200 **70A-4a-305 . Liability for late or improper execution or failure to execute**
1201 **payment order.**
1202 (1) If a funds transfer is completed but execution of a payment order by the receiving bank
1203 in breach of Section 70A-4a-302 results in delay in payment to the beneficiary, the bank
1204 is obliged to pay interest to either the originator or the beneficiary of the funds transfer
1205 for the period of delay caused by the improper execution. Except as provided in
1206 Subsection (3), additional damages are not recoverable.
1207 (2)(a) If execution of a payment order by a receiving bank in breach of Section
1208 70A-4a-302 results in noncompletion of the funds transfer, failure to use an
1209 intermediary bank designated by the originator, or issuance of a payment order that
1210 does not comply with the terms of the payment order of the originator, the bank is
1211 liable to the originator for its expenses in the funds transfer and for incidental
1212 expenses and interest losses, to the extent not covered by Subsection (1), resulting
1213 from the improper execution.
1214 (b) Except as provided in Subsection (3), additional damages are not recoverable.
1215 (3) In addition to the amounts payable under Subsections (1) and (2), damages, including
1216 consequential damages, are recoverable to the extent provided in an express [~~written~~]
1217 agreement of the receiving bank, evidenced by a record.
1218 (4) If a receiving bank fails to execute a payment order it was obliged by express agreement

1219 to execute, the receiving bank is obliged to compensate the sender for its expenses in the
1220 transaction and for incidental expenses and interest losses resulting from the failure to
1221 execute. Additional damages, including consequential damages, are recoverable to the
1222 extent provided in an express [~~written~~]agreement of the receiving bank, evidenced by a
1223 record, but are not otherwise recoverable.
1224 (5) Reasonable attorneys' fees are recoverable if demand for compensation under
1225 Subsection (1) or (2) is made and refused before an action is brought on the claim. If a
1226 claim is made for breach of the agreement under Subsection (4) and the agreement does
1227 not provide for damages, reasonable attorneys' fees are recoverable if demand for
1228 compensation under Subsection (4) is made and refused before an action is brought on
1229 the claim.
1230 (6) Except as stated in this section, the liability of a receiving bank under Subsections (1)
1231 and (2) may not be varied by agreement.
1232 Section 36. Section **70A-5-104** is amended to read:
1233 **70A-5-104 . Formal requirements.**
1234 A letter of credit, confirmation, advice, transfer, amendment, or cancellation may be
1235 issued in any form that is a signed record[~~ and is authenticated:~~] .
1236 [~~(1) by a signature; or~~]
1237 [~~(2) in accordance with the agreement of the parties or the standard practice referred to in~~
1238 ~~Subsection 70A-5-108(5).~~]
1239 Section 37. Section **70A-5-116** is amended to read:
1240 **70A-5-116 . Choice of law and forum.**
1241 (1) The liability of an issuer, nominated person, or adviser for action or omission is
1242 governed by the law of the jurisdiction chosen by an agreement in the form of a record
1243 signed [~~or otherwise authenticated~~]by the affected parties [~~in the manner provided in~~
1244 ~~Section 70A-5-104~~]or by a provision in the person's letter of credit, confirmation, or
1245 other undertaking. The jurisdiction whose law is chosen need not bear any relation to
1246 the transaction.
1247 (2) Unless Subsection (1) applies, the liability of an issuer, nominated person, or adviser for
1248 action or omission is governed by the law of the jurisdiction in which the person is
1249 located. The person is considered to be located at the address indicated in the person's
1250 undertaking. If more than one address is indicated, the person is considered to be
1251 located at the address from which the person's undertaking was issued.
1252 (3) [–]For the purpose of jurisdiction, choice of law, and recognition of interbranch letters

of credit, but not enforcement of a judgment, all branches of a bank are considered separate juridical entities and a bank is considered to be located at the place where its relevant branch is considered to be located under [~~this~~]Subsection [~~(2)~~] (4).

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

[~~(3)~~] (5)(a) Except as otherwise provided in this Subsection [~~(3)(a)~~] (5)(a), the liability of an issuer, nominated person, or adviser is governed by any rules of custom or practice, such as the Uniform Customs and Practice for Documentary Credits, to which the letter of credit, confirmation, or other undertaking is expressly made subject.

(b) If this chapter would govern the liability of an issuer, nominated person, or adviser under Subsection (1) or (2):

(i) the relevant undertaking incorporates rules of custom or practice; and

(ii) there is conflict between this chapter and those rules as applied to that undertaking, those rules govern except to the extent of any conflict with the nonvariable provisions specified in Subsection 70A-5-103(3).

[~~(4)~~] (6) If there is conflict between this chapter and Title 70A, Chapter 3, Uniform Commercial Code - Negotiable Instruments, Chapter 4, Uniform Commercial Code - Bank Deposits and Collections, Chapter 4a, Uniform Commercial Code - Funds Transfers, or Chapter 9a, Uniform Commercial Code - Secured Transactions, this chapter governs.

[~~(5)~~] (7) The forum for settling disputes arising out of an undertaking within this chapter may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with Subsection (1).

Section 38. Section **70A-7a-102** is amended to read:

70A-7a-102 . Definitions and index of definitions.

(1) In this chapter, unless the context otherwise requires:

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

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

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

(d) "Consignor" means a person named in a bill of lading as the person from which the

goods have been received for shipment.

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

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

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

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

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

[~~(j) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.~~]

[~~(k)~~] (j) "Shipper" means a person that enters into a contract of transportation with a carrier.

[~~(l) "Sign" means, with present intent to authenticate or adopt a record:~~]

[~~(i) to execute or adopt a tangible symbol; or~~]

[~~(ii) to attach to or logically associate with the record an electronic sound, symbol, or process.~~]

[~~(m)~~] (k) "Warehouse" means a person engaged in the business of storing goods for hire.

(2) Definitions in other chapters applying to this chapter and the sections in which they appear are:

(a) "Contract for sale," Section 70A-2-106.

(b) "Lessee in the ordinary course of business," Section 70A-2a-103.

(c) "Receipt" of goods, Section 70A-2-103.

(3) In addition, Chapter 1a, Uniform Commercial Code - General Provisions, contains

general definitions and principles of construction and interpretation applicable throughout this chapter.

Section 39. Section **70A-7a-106** is amended to read:

70A-7a-106 . Control of electronic document of title.

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

(2) A system satisfies Subsection (1), and a person [~~is considered to have~~] has control of an electronic document of title, if the document is created, stored, and [~~assigned~~] transferred in [~~such~~]a manner that:

(a) a single authoritative copy of the document exists which is unique, identifiable, and, except as otherwise provided in Subsections (2)(d), (e), and (f), unalterable;

(b) the authoritative copy identifies the person asserting control as:

(i) the person to which the document was issued; or

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

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

(d) copies or amendments that add or change an identified [~~assignee~~] transferee of the authoritative copy can be made only with the consent of the person asserting control;

(e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

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

(3) A system satisfies Subsection (1) and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

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

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

(c) gives the person exclusive power, subject to Subsection (4), to:

(i) prevent others from adding or changing the person to which each authoritative

1355 electronic copy has been issued or transferred; and
1356 (ii) transfer control of each authoritative electronic copy.
1357 (4) Subject to Subsection (5), a power is exclusive under Subsections (3)(c)(i) and (ii) even
1358 if:
1359 (a) the authoritative electronic copy, a record attached to or logically associated with the
1360 authoritative electronic copy, or a system in which the authoritative electronic copy is
1361 recorded limits the use of the document of title or has a protocol that is programmed
1362 to cause a change, including a transfer or loss of control; or
1363 (b) the power is shared with another person.
1364 (5) A power of a person is not shared with another person under Subsection (4)(b) and the
1365 person's power is not exclusive if:
1366 (a) the person can exercise the power only if the power also is exercised by the other
1367 person; and
1368 (b) the other person:
1369 (i) can exercise the power without exercise of the power by the person; or
1370 (ii) is the transferor to the person of an interest in the document of title.
1371 (6) If a person has the powers specified in Subsections (3)(c)(i) and (ii), the powers are
1372 presumed to be exclusive.
1373 (7) A person has control of an electronic document of title if another person, other than the
1374 transferor to the person of an interest in the document:
1375 (a) has control of the document and acknowledges that it has control on behalf of the
1376 person; or
1377 (b) obtains control of the document after having acknowledged that it will obtain control
1378 of the document on behalf of the person.
1379 (8) A person that has control under this section is not required to acknowledge that it has
1380 control on behalf of another person.
1381 (9) If a person acknowledges that it has or will obtain control on behalf of another person,
1382 unless the person otherwise agrees or law other than this chapter or Chapter 9a, Uniform
1383 Commercial Code - Secured Transactions, otherwise provides, the person does not owe
1384 any duty to the other person and is not required to confirm the acknowledgment to any
1385 other person.
1386 Section 40. Section **70A-8-101** is amended to read:
1387 **70A-8-101 . Definitions.**
1388 (1) As used in this chapter:

1389 (a) "Adverse claim" means a claim that a claimant has a property interest in a financial
1390 asset and that it is a violation of the rights of the claimant for another person to hold,
1391 transfer, or deal with the financial asset.
1392 (b) "Bearer form," as applied to a certificated security, means a form in which the
1393 security is payable to the bearer of the security certificate according to its terms but
1394 not by reason of an indorsement.
1395 (c) "Broker" means a person defined as a broker or dealer under the federal securities
1396 laws, but without excluding a bank acting in that capacity.
1397 (d) "Certificated security" means a security that is represented by a certificate.
1398 (e) "Clearing corporation" means:
1399 (i) a person that is registered as a "clearing agency" under the federal securities laws;
1400 (ii) a federal reserve bank; or
1401 (iii) any other person that provides clearance or settlement services with respect to
1402 financial assets that would require it to register as a clearing agency under the
1403 federal securities laws but for an exclusion or exemption from the registration
1404 requirement, if its activities as a clearing corporation, including promulgation of
1405 rules, are subject to regulation by a federal or state governmental authority.
1406 (f) "Communicate" means to:
1407 (i) send a signed [~~writing~~] record; or
1408 (ii) transmit information by any mechanism agreed upon by the persons transmitting
1409 and receiving the information.
1410 (g) "Entitlement holder" means a person identified in the records of a securities
1411 intermediary as the person having a security entitlement against the securities
1412 intermediary. If a person acquired a security entitlement by virtue of Subsection
1413 70A-8-501(2)(b) or (c), that person is the entitlement holder.
1414 (h) "Entitlement order" means a notification communicated to a securities intermediary
1415 directing transfer or redemption of a financial asset to which the entitlement holder
1416 has a security entitlement.
1417 (i)(i) "Financial asset," except as otherwise provided in Section 70A-8-102, means:
1418 (A) a security;
1419 (B) an obligation of a person or a share, participation, or other interest in a person
1420 or in property or an enterprise of a person, which is or is of a type, dealt in or
1421 traded on financial markets, or which is recognized in any area in which it is
1422 issued or dealt in as a medium for investment; or

1423 (C) any property that is held by a securities intermediary for another person in a
1424 securities account if that securities intermediary has expressly agreed with the
1425 other person that the property is to be treated as a financial asset under this
1426 chapter.
1427 (ii) As context requires, "financial asset" means either the interest itself or the means
1428 by which a person's claim to it is evidenced, including a certificated or
1429 uncertificated security, a security certificate, or a security entitlement.
1430 (j) "Good faith," for purposes of the obligation of good faith in the performance or
1431 enforcement of contracts or duties within this chapter, means honesty in fact and the
1432 observance of reasonable commercial standards of fair dealing.
1433 (k) "Indorsement" means a signature that alone or accompanied by other words is made
1434 on a security certificate in registered form or on a separate document for the purpose
1435 of assigning, transferring, or redeeming the security or granting a power to assign,
1436 transfer, or redeem it.
1437 (l) "Instruction" means a notification communicated to the issuer of an uncertificated
1438 security which directs that the transfer of the security be registered or that the
1439 security be redeemed.
1440 (m) "Land company" means a mutual benefit corporation, as defined in Section
1441 16-6a-102, that bases the use of the corporation's land on issued share ownership.
1442 (n) "Registered form," as applied to a certificated security, means a form in which:
1443 (i) the security certificate specifies a person entitled to the security; and
1444 (ii) a transfer of the security may be registered upon books maintained for that
1445 purpose by or on behalf of the issuer, or the security certificate so states.
1446 (o) "Securities intermediary" means:
1447 (i) a clearing corporation; or
1448 (ii) a person, including a bank or broker, that in the ordinary course of its business
1449 maintains securities accounts for others and is acting in that capacity.
1450 (p) "Security," except as otherwise provided in Section 70A-8-102, means an obligation
1451 of an issuer or a share, participation, or other interest in an issuer or in property or an
1452 enterprise of an issuer that:
1453 (i) is represented by a security certificate in bearer or registered form, or the transfer
1454 of which may be registered upon books maintained for that purpose by or on
1455 behalf of the issuer;
1456 (ii) is one of a class or series or by its terms is divisible into a class or series of

1457 shares, participations, interests, or obligations; and
1458 (iii)(A) is, or is of a type, dealt in or traded on securities exchanges or securities
1459 markets; or
1460 (B) is a medium for investment and by its terms expressly provides that it is a
1461 security governed by this chapter.
1462 (q) "Security certificate" means a certificate representing a security.
1463 (r) "Security entitlement" means the rights and property interest of an entitlement holder
1464 with respect to a financial asset specified in Part 5, Security Entitlements.
1465 (s) "Uncertificated security" means a security that is not represented by a certificate.
1466 (t) "Water company" is as defined in Section 16-4-102.
1467 (2) [~~Other~~] The following definitions [~~applying to~~] in this chapter and [~~the sections in which~~
1468 ~~they appear are~~] other chapters apply to this chapter:
1469 (a) "Appropriate person," Section 70A-8-106.
1470 (b) "Control," Section 70A-8-105.
1471 (c) "Controllable account," Section 70A-9a-102.
1472 (d) "Controllable electronic record," Section 70A-12-102.
1473 (e) "Controllable payment intangible," Section 70A-9a-102.
1474 [~~(c)~~] (f) "Delivery," Section 70A-8-301.
1475 [~~(d)~~] (g) "Investment company security," Section 70A-8-102.
1476 [~~(e)~~] (h) "Issuer," Section 70A-8-201.
1477 [~~(f)~~] (i) "Overissue," Section 70A-8-210.
1478 [~~(g)~~] (j) "Protected purchaser," Section 70A-8-303.
1479 [~~(h)~~] (k) "Securities account," Section 70A-8-501.
1480 (3) In addition, Chapter 1a, Uniform Commercial Code - General Provisions, contains
1481 general definitions and principles of construction and interpretation applicable
1482 throughout this chapter.
1483 (4) The characterization of a person, business, or transaction for purposes of this chapter
1484 does not determine the characterization of the person, business, or transaction for
1485 purposes of any other law, regulation, or rule.
1486 Section 41. Section **70A-8-102** is amended to read:
1487 **70A-8-102 . Rules for determining whether certain obligations and interests are**
1488 **securities or financial assets.**
1489 (1) A share or similar equity interest issued by a corporation, business trust, joint stock
1490 company, or similar entity is a security.

1491 (2) An "investment company security" is a security. "Investment company security" means
1492 a share or similar equity interest issued by an entity that is registered as an investment
1493 company under the federal investment company laws, an interest in a unit investment
1494 trust that is so registered, or a face-amount certificate issued by a face-amount certificate
1495 company that is so registered. Investment company security does not include an
1496 insurance policy or endowment policy or annuity contract issued by an insurance
1497 company.
1498 (3) An interest in a partnership or limited liability company is not a security unless it is
1499 dealt in or traded on securities exchanges or in securities markets, its terms expressly
1500 provide that it is a security governed by this chapter, or it is an investment company
1501 security. However, an interest in a partnership or limited liability company is a financial
1502 asset if it is held in a securities account.
1503 (4) A writing that is a security certificate is governed by this chapter and not by Chapter 3,
1504 Uniform Commercial Code - Negotiable Instruments, even though it also meets the
1505 requirements of that chapter. However, a negotiable instrument governed by Chapter 3,
1506 Uniform Commercial Code - Negotiable Instruments, is a financial asset if it is held in a
1507 securities account.
1508 (5) An option or similar obligation issued by a clearing corporation to its participants is not
1509 a security, but is a financial asset.
1510 (6) A commodity contract, as defined in [~~Subsection 70A-9a-102(15)~~] Section 70A-9a-102,
1511 is not a security or a financial asset.
1512 (7) A document of title is not a financial asset unless Subsection 70A-8-101(1)(i)(i)(C)
1513 applies.
1514 (8) A controllable account, controllable electronic record, or controllable payment
1515 intangible is not a financial asset unless Subsection 70A-8-101(1)(i)(i)(C) applies.
1516 Section 42. Section **70A-8-105** is amended to read:
1517 **70A-8-105 . Control.**
1518 (1) A purchaser has "control" of a certificated security in bearer form if the certificated
1519 security is delivered to the purchaser.
1520 (2) A purchaser has "control" of a certificated security in registered form if the certificated
1521 security is delivered to the purchaser, and:
1522 (a) the certificate is indorsed to the purchaser or in blank by an effective indorsement; or
1523 (b) the certificate is registered in the name of the purchaser, upon original issue or
1524 registration of transfer by the issuer.

1525 (3) A purchaser has "control" of an uncertificated security if:
1526 (a) the uncertificated security is delivered to the purchaser; or
1527 (b) the issuer has agreed that it will comply with instructions originated by the purchaser
1528 without further consent by the registered owner.
1529 (4) A purchaser has "control" of a security entitlement if:
1530 (a) the purchaser becomes the entitlement holder;
1531 (b) the securities intermediary has agreed that it will comply with entitlement orders
1532 originated by the purchaser without further consent by the entitlement holder; or
1533 (c) another person[~~ has control of the security entitlement on behalf of the purchaser or,~~
1534 ~~having previously acquired control of the security entitlement, acknowledges that it~~
1535 ~~has control on behalf of the purchaser~~] , other than the transferor to the purchaser of
1536 an interest in the security entitlement:
1537 (i) has control of the security entitlement and acknowledges that it has control on
1538 behalf of the purchaser; or
1539 (ii) obtains control of the security entitlement after having acknowledged that it will
1540 obtain control of the security entitlement on behalf of the purchaser.
1541 (5) If an interest in a security entitlement is granted by the entitlement holder to the
1542 entitlement holder's own securities intermediary, the securities intermediary has control.
1543 (6) A purchaser who has satisfied the requirements of Subsection (3)(b) or (4)(b) has
1544 control even if the registered owner in the case of Subsection (3)(b) or the entitlement
1545 holder in the case of Subsection (4)(b) retains the right to make substitutions for the
1546 uncertificated security or security entitlement, to originate instructions or entitlement
1547 orders to the issuer or securities intermediary, or otherwise to deal with the
1548 uncertificated security or security entitlement.
1549 (7) An issuer or a securities intermediary may not enter into an agreement of the kind
1550 described in Subsection (3)(b) or (4)(b) without the consent of the registered owner or
1551 entitlement holder, but an issuer or a securities intermediary is not required to enter into
1552 such an agreement even though the registered owner or entitlement holder so directs.
1553 An issuer or securities intermediary that has entered into such an agreement is not
1554 required to confirm the existence of the agreement to another party unless requested to
1555 do so by the registered owner or entitlement holder.
1556 (8) A person that has control under this section is not required to acknowledge that it has
1557 control on behalf of a purchaser.
1558 (9) If a person acknowledges that it has or will obtain control on behalf of a purchaser,

1559 unless the person otherwise agrees or law other than this chapter or Chapter 9a, Uniform
1560 Commercial Code - Secured Transactions, otherwise provides, the person does not owe
1561 any duty to the purchaser and is not required to confirm the acknowledgment to any
1562 other person.
1563 Section 43. Section **70A-8-109** is amended to read:
1564 **70A-8-109 . Applicability -- Choice of law.**
1565 (1) The local law of the issuer's jurisdiction, as specified in Subsection (4), governs:
1566 (a) the validity of a security;
1567 (b) the rights and duties of the issuer with respect to registration of transfer;
1568 (c) the effectiveness of registration of transfer by the issuer;
1569 (d) whether the issuer owes any duties to an adverse claimant to a security; and
1570 (e) whether an adverse claim can be asserted against a person to whom transfer of a
1571 certificated or uncertificated security is registered or a person who obtains control of
1572 an uncertificated security.
1573 (2) The local law of the securities intermediary's jurisdiction, as specified in Subsection (5),
1574 governs:
1575 (a) acquisition of a security entitlement from the securities intermediary;
1576 (b) the rights and duties of the securities intermediary and entitlement holder arising out
1577 of a security entitlement;
1578 (c) whether the securities intermediary owes any duties to an adverse claimant to a
1579 security entitlement; and
1580 (d) whether an adverse claim can be asserted against a person who acquires a security
1581 entitlement from the securities intermediary or a person who purchases a security
1582 entitlement or interest therein from an entitlement holder.
1583 (3) The local law of the jurisdiction in which a security certificate is located at the time of
1584 delivery governs whether an adverse claim can be asserted against a person to whom the
1585 security certificate is delivered.
1586 (4) "Issuer's jurisdiction" means the jurisdiction under which the issuer of the security is
1587 organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction
1588 specified by the issuer. An issuer organized under the law of this state may specify the
1589 law of another jurisdiction as the law governing the matters specified in Subsections
1590 (1)(b) through (e).
1591 (5) The following rules determine a "securities intermediary's jurisdiction" for purposes of
1592 this section:

1593 (a) If an agreement between the securities intermediary and its entitlement holder
1594 governing the securities account expressly provides that a particular jurisdiction is the
1595 securities intermediary's jurisdiction for purposes of this part, this chapter, or this
1596 title, that jurisdiction is the securities intermediary's jurisdiction.
1597 (b) If Subsection (5)(a) does not apply and an agreement between the securities
1598 intermediary and its entitlement holder governing the securities account expressly
1599 provides that the agreement is governed by the law of a particular jurisdiction, that
1600 jurisdiction is the securities intermediary's jurisdiction.
1601 (c) If neither Subsection (5)(a) nor Subsection (5)(b) applies and an agreement between
1602 the securities intermediary and its entitlement holder governing the securities account
1603 expressly provides that the securities account is maintained at an office in a particular
1604 jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.
1605 (d) If Subsections (5)(a) through (c) do not apply, the securities intermediary's
1606 jurisdiction is the jurisdiction in which the office identified in an account statement as
1607 the office serving the entitlement holder's account is located.
1608 (e) If Subsections (5)(a) through (d) do not apply, the securities intermediary's
1609 jurisdiction is the jurisdiction in which the chief executive office of the securities
1610 intermediary is located.
1611 (6) A securities intermediary's jurisdiction is not determined by the physical location of
1612 certificates representing financial assets, or by the jurisdiction in which is organized the
1613 issuer of the financial asset with respect to which an entitlement holder has a security
1614 entitlement, or by the location of facilities for data processing or other record keeping
1615 concerning the account.
1616 (7) The local law of the issuer's jurisdiction or the securities intermediary's jurisdiction
1617 governs a matter or transaction specified in Subsection (1) or (2) even if the matter or
1618 transaction does not bear any relation to the jurisdiction.
1619 Section 44. Section **70A-8-303** is amended to read:
1620 **70A-8-303 . Protected purchaser.**
1621 (1) "Protected purchaser" means a purchaser of a certificated or uncertificated security, or
1622 of an interest in the security, who:
1623 (a) gives value;
1624 (b) does not have notice of an adverse claim to the security;
1625 (c) obtains control of the security; and
1626 (d) for a share of stock issued by a land company or a water company:

1627 (i) pays, or whose predecessors in interest paid, an assessment levied against the
1628 share of stock for at least four of the immediate past seven years by the land
1629 company or the water company; or
1630 (ii) has used, or whose predecessors in interest have used, either directly or indirectly,
1631 the water available under the share of stock issued by a water company for at least
1632 four of the immediate past seven years.
1633 (2) [~~In addition to acquiring the rights of a purchaser, a~~] A protected purchaser acquires the
1634 purchaser's interest in the certificated or uncertificated security, share of stock in a land
1635 company, or share of stock in a water company free of any adverse claim.
1636 Section 45. Section **70A-9a-102** is amended to read:
1637 **70A-9a-102 . Definitions and index of definitions.**
1638 In this chapter:
1639 (1) "Accession" means goods that are physically united with other goods in such a manner
1640 that the identity of the original goods is not lost.
1641 (2)(a) "Account," except as used in "account for[~~,~~]", "account to," "commodity account"
1642 in Subsection (15), "customer's account," "deposit account" in Subsection (32), "on
1643 account of," and "statement of account," means a right to payment of a monetary
1644 obligation, whether or not earned by performance:
1645 (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise
1646 disposed of;
1647 (ii) for services rendered or to be rendered;
1648 (iii) for a policy of insurance issued or to be issued;
1649 (iv) for a secondary obligation incurred or to be incurred;
1650 (v) for energy provided or to be provided;
1651 (vi) for the use or hire of a vessel under a charter or other contract;
1652 (vii) arising out of the use of a credit or charge card or information contained on or
1653 for use with the card; or
1654 (viii) as winnings in a lottery or other game of chance operated or sponsored by a
1655 state, governmental unit of a state, or person licensed or authorized to operate the
1656 game by a state or governmental unit of a state.
1657 (b) "Account" includes controllable account and health-care-insurance receivables.
1658 (c) "Account" does not include:
1659 (i) [~~rights to payment evidenced by chattel paper or an instrument~~] chattel paper;
1660 (ii) commercial tort claims;

1661 (iii) deposit accounts;
1662 (iv) investment property;
1663 (v) letter-of-credit rights or letters of credit;[~~ or~~]
1664 (vi) rights to payment for money or funds advanced or sold, other than rights arising
1665 out of the use of a credit or charge card or information contained on or for use
1666 with the card[~~.~~] ; or
1667 (vii) rights to payment evidenced by an instrument.
1668 (3)(a) "Account debtor" means a person obligated on an account, chattel paper, or
1669 general intangible.
1670 (b) "Account debtor" does not include persons obligated to pay a negotiable instrument,
1671 even if the negotiable instrument [~~constitutes part of~~] evidences chattel paper.
1672 (4) "Accounting," except as used in "accounting for," means a record:
1673 (a) [~~authenticated~~] signed by a secured party;
1674 (b) indicating the aggregate unpaid secured obligations as of a date not more than 35
1675 days earlier or 35 days later than the date of the record; and
1676 (c) identifying the components of the obligations in reasonable detail.
1677 (5) "Agricultural lien" means an interest, other than a security interest, in farm products:
1678 (a) which secures payment or performance of an obligation for:
1679 (i) goods or services furnished in connection with a debtor's farming operation; or
1680 (ii) rent on real property leased by a debtor in connection with its farming operation;
1681 (b) which is created by statute in favor of a person that:
1682 (i) in the ordinary course of its business furnished goods or services to a debtor in
1683 connection with a debtor's farming operation; or
1684 (ii) leased real property to a debtor in connection with the debtor's farming operation;
1685 and
1686 (c) whose effectiveness does not depend on the person's possession of the personal
1687 property.
1688 (6) "As-extracted collateral" means:
1689 (a) oil, gas, or other minerals that are subject to a security interest that:
1690 (i) is created by a debtor having an interest in the minerals before extraction; and
1691 (ii) attaches to the minerals as extracted; or
1692 (b) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other
1693 minerals in which the debtor had an interest before extraction.
1694 [~~(7) "Authenticate" means:~~]

1695 [~~(a) to sign; or~~]
1696 [~~(b) with present intent to adopt or accept a record, to attach to or logically associate~~
1697 ~~with the record an electronic sound, symbol, or process.~~]
1698 (7)(a) "Assignee," except as used in "assignee for benefit of creditors," means a person:
1699 (i) in whose favor a security interest that secures an obligation is created or provided
1700 for under a security agreement, whether or not the obligation is outstanding; or
1701 (ii) to which an account, chattel paper, payment intangible, or promissory note has
1702 been sold.
1703 (b) "Assignee" includes a person to which a security interest has been transferred by a
1704 secured party.
1705 (8)(a) "Assignor" means a person that:
1706 (i) under a security agreement creates or provides for a security interest that secures
1707 an obligation; or
1708 (ii) sells an account, chattel paper, payment intangible, or promissory note.
1709 (b) "Assignor" includes a secured party that has transferred a security interest to another
1710 person.
1711 [~~(8)~~] (9)(a) "Bank" means an organization that is engaged in the business of banking.
1712 (b) "Bank" includes:
1713 (i) a depository institution as defined in Section 7-1-103; and
1714 (ii) a trust company.
1715 [~~(9)~~] (10) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the
1716 like.
1717 [~~(10)~~] (11)(a) "Certificate of title" means a certificate of title with respect to which a
1718 statute provides for the security interest in question to be indicated on the certificate
1719 as a condition or result of the security interest's obtaining priority over the rights of a
1720 lien creditor with respect to the collateral.
1721 (b) "Certificate of title" includes another record maintained as an alternative to a
1722 certificate of title by the governmental unit that issues certificates of title if a statute
1723 permits the security interest in question to be indicated on the record as a condition or
1724 result of the security interest's obtaining priority over the rights of a lien creditor with
1725 respect to the collateral.
1726 [~~(11)(a) "Chattel paper" means a record or records that evidence both a monetary~~
1727 ~~obligation and a security interest in specific goods, a security interest in specific~~
1728 ~~goods and software used in the goods, a security interest in specific goods and license~~

1729 ~~of software used in the goods, a lease of specific goods, or a lease of specific goods~~
1730 ~~and license of software used in the goods. In this Subsection (11), "monetary~~
1731 ~~obligation" means a monetary obligation secured by the goods or owed under a lease~~
1732 ~~of the goods and includes a monetary obligation with respect to software used in the~~
1733 ~~goods.~~]
1734 [~~(b) "Chattel paper" does not include:~~]
1735 [~~(i) charters or other contracts involving the use or hire of a vessel; or~~]
1736 [~~(ii) records that evidence a right to payment arising out of the use of a credit or~~
1737 ~~charge card or information contained or for use with the card.~~]
1738 [~~(c) If a transaction is evidenced by records that include an instrument or series of~~
1739 ~~instruments, the group of records taken together constitutes chattel paper.~~]
1740 (12)(a) "Chattel paper" means:
1741 (i) a right to payment of a monetary obligation secured by specific goods, if the right
1742 to payment and security agreement are evidenced by a record; or
1743 (ii) a right to payment of a monetary obligation owed by a lessee under a lease
1744 agreement with respect to specific goods and a monetary obligation owed by the
1745 lessee in connection with the transaction giving rise to the lease, if:
1746 (A) the right to payment and lease agreement are evidenced by a record; and
1747 (B) the predominant purpose of the transaction giving rise to the lease was to give
1748 the lessee the right to possession and use of the goods.
1749 (b) "Chattel paper" does not include a right to payment arising out of a charter or other
1750 contract involving the use or hire of a vessel or a right to payment arising out of the
1751 use of a credit or charge card or information contained on or for use with the card.
1752 [~~(12)~~] (13) "Collateral" means the property subject to a security interest or agricultural lien.
1753 "Collateral" includes:
1754 (a) proceeds to which a security interest attaches;
1755 (b) accounts, chattel paper, payment intangibles, and promissory notes that have been
1756 sold; and
1757 (c) goods that are the subject of a consignment.
1758 [~~(13)~~] (14) "Commercial tort claim" means a claim arising in tort with respect to which:
1759 (a) the claimant is an organization; or
1760 (b) the claimant is an individual and the claim:
1761 (i) arose in the course of the claimant's business or profession; and
1762 (ii) does not include damages arising out of personal injury to or the death of an

1763 individual.
1764 [~~(14)~~] (15) "Commodity account" means an account maintained by a commodity
1765 intermediary in which a commodity contract is carried for a commodity customer.
1766 [~~(15)~~] (16) "Commodity contract" means a commodity futures contract, an option on a
1767 commodity futures contract, a commodity option, or another contract if the contract or
1768 option is:
1769 (a) traded on or subject to the rules of a board of trade that has been designated as a
1770 contract market for such a contract pursuant to federal commodities laws; or
1771 (b) traded on a foreign commodity board of trade, exchange, or market, and is carried on
1772 the books of a commodity intermediary for a commodity customer.
1773 [~~(16)~~] (17) "Commodity customer" means a person for which a commodity intermediary
1774 carries a commodity contract on its books.
1775 [~~(17)~~] (18) "Commodity intermediary" means a person that:
1776 (a) is registered as a futures commission merchant under federal commodities law; or
1777 (b) in the ordinary course of its business provides clearance or settlement services for a
1778 board of trade that has been designated as a contract market pursuant to federal
1779 commodities law.
1780 [~~(18)~~] (19) "Communicate" means:
1781 (a) to send a written or other tangible record;
1782 (b) to transmit a record by any means agreed upon by the persons sending and receiving
1783 the record; or
1784 (c) in the case of transmission of a record to or by a filing office, to transmit a record by
1785 any means prescribed by filing-office rule.
1786 [~~(19)~~] (20) "Consignee" means a merchant to which goods are delivered in a consignment.
1787 [~~(20)~~] (21) "Consignment" means a transaction, regardless of its form, in which a person
1788 delivers goods to a merchant for the purpose of sale and:
1789 (a) the merchant:
1790 (i) deals in goods of that kind under a name other than the name of the person making
1791 delivery;
1792 (ii) is not an auctioneer; and
1793 (iii) is not generally known by its creditors to be substantially engaged in selling the
1794 goods of others;
1795 (b) with respect to each delivery, the aggregate value of the goods is $1,000 or more at
1796 the time of delivery;

1797 (c) the goods are not consumer goods immediately before delivery; and
1798 (d) the transaction does not create a security interest that secures an obligation.
1799 [~~(21)~~] (22) "Consignor" means a person that delivers goods to a consignee in a consignment.
1800 [~~(22)~~] (23) "Consumer debtor" means a debtor in a consumer transaction.
1801 [~~(23)~~] (24) "Consumer goods" means goods that are used or bought for use primarily for
1802 personal, family, or household purposes.
1803 [~~(24)~~] (25) "Consumer-goods transaction" means a consumer transaction in which:
1804 (a) an individual incurs an obligation primarily for personal, family, or household
1805 purposes; and
1806 (b) a security interest in consumer goods secures the obligation.
1807 [~~(25)~~] (26) "Consumer obligor" means an obligor who is an individual and who incurred the
1808 obligation as part of a transaction entered into primarily for personal, family, or
1809 household purposes.
1810 [~~(26)~~] (27)(a) "Consumer transaction" means a transaction in which:
1811 (i) an individual incurs an obligation primarily for personal, family, or household
1812 purposes;
1813 (ii) a security interest secures the obligation; and
1814 (iii) the collateral is held or acquired primarily for personal, family, or household
1815 purposes.
1816 (b) "Consumer transaction" includes consumer-goods transactions.
1817 [~~(27)~~] (28) "Continuation statement" means an amendment of a financing statement which:
1818 (a) identifies, by its file number, the initial financing statement to which it relates; and
1819 (b) indicates that it is a continuation statement for, or that it is filed to continue the
1820 effectiveness of, the identified financing statement.
1821 (29) "Controllable account" means an account evidenced by a controllable electronic record
1822 that provides that the account debtor undertakes to pay the person that has control under
1823 Section 70A-12-105 of the controllable electronic record.
1824 (30) "Controllable payment intangible" means a payment intangible evidenced by a
1825 controllable electronic record that provides that the account debtor undertakes to pay the
1826 person that has control under Section 70A-12-105 of the controllable electronic record.
1827 [~~(28)~~] (31) "Debtor" means:
1828 (a) a person having an interest, other than a security interest or other lien, in the
1829 collateral, whether or not the person is an obligor;
1830 (b) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

1831 (c) a consignee.
1832 [~~(29)~~] (32)(a) "Deposit account" means a demand, time, savings, passbook, or similar
1833 account maintained with a bank.
1834 (b) "Deposit account" does not include investment property or accounts evidenced by an
1835 instrument.
1836 [~~(30)~~] (33) "Document" means a document of title or a receipt of the type described in
1837 Subsection 70A-7a-201(2).
1838 [~~(31) "Electronic chattel paper" means chattel paper evidenced by a record or records~~
1839 ~~consisting of information stored in an electronic medium.~~]
1840 (34) "Electronic money" means money in an electronic form.
1841 [~~(32)~~] (35) "Encumbrance" means a right, other than an ownership interest, in real property.
1842 "Encumbrance" includes mortgages and other liens on real property.
1843 [~~(33)~~] (36) "Equipment" means goods other than inventory, farm products, or consumer
1844 goods.
1845 [~~(34)~~] (37) "Farm products" means goods, other than standing timber, with respect to which
1846 the debtor is engaged in a farming operation and which are:
1847 (a) crops grown, growing, or to be grown, including:
1848 (i) crops produced on trees, vines, and bushes; and
1849 (ii) aquatic goods produced in aquacultural operations;
1850 (b) livestock, born or unborn, including aquatic goods produced in aquacultural
1851 operations;
1852 (c) supplies used or produced in a farming operation; or
1853 (d) products of crops or livestock in their unmanufactured states.
1854 [~~(35)~~] (38) "Farming operation" means raising, cultivating, propagating, fattening, grazing,
1855 or any other farming, livestock, or aquacultural operation.
1856 [~~(36)~~] (39) "File number" means the number assigned to an initial financing statement
1857 pursuant to Subsection 70A-9a-519(1).
1858 [~~(37)~~] (40) "Filing office" means an office designated in Section 70A-9a-501 as the place to
1859 file a financing statement.
1860 [~~(38)~~] (41) "Filing-office rule" means a rule adopted pursuant to Section 70A-9a-526.
1861 [~~(39)~~] (42) "Financing statement" means a record or records composed of an initial
1862 financing statement and any filed record relating to the initial financing statement.
1863 [~~(40)~~] (43)(a) "Fixture filing" means the filing of a financing statement covering goods
1864 that are or are to become fixtures and satisfying Subsections 70A-9a-502(1) and (2).

1865 (b) "Fixture filing" includes the filing of a financing statement covering goods of a
1866 transmitting utility which are or are to become fixtures.
1867 [~~(41)~~] (44) "Fixtures" means goods that have become so related to particular real property
1868 that an interest in them arises under real property law.
1869 [~~(42)~~] (45)(a) "General intangible" means any personal property, including things in
1870 action, other than accounts, chattel paper, commercial tort claims, deposit accounts,
1871 documents, goods, instruments, investment property, letter-of-credit rights, letters of
1872 credit, money, and oil, gas, or other minerals before extraction.
1873 (b) "General intangible" includes controllable electronic records, payment intangibles,
1874 and software.
1875 [~~(43)~~] (46) "Good faith" means honesty in fact and the observance of reasonable commercial
1876 standards of fair dealing.
1877 [~~(44)~~] (47)(a) "Goods" means all things that are movable when a security interest
1878 attaches.
1879 (b) "Goods" includes:
1880 (i) fixtures;
1881 (ii) standing timber that is to be cut and removed under a conveyance or contract for
1882 sale;
1883 (iii) the unborn young of animals;
1884 (iv) crops grown, growing, or to be grown, even if the crops are produced on trees,
1885 vines, or bushes; and
1886 (v) manufactured homes.
1887 (c) "Goods" also includes a computer program embedded in goods and any supporting
1888 information provided in connection with a transaction relating to the program if:
1889 (i) the program is associated with the goods in such a manner that it customarily is
1890 considered part of the goods; or
1891 (ii) by becoming the owner of the goods, a person acquires a right to use the program
1892 in connection with the goods.
1893 (d) "Goods" does not include a computer program embedded in goods that consist solely
1894 of the medium in which the program is embedded.
1895 (e) "Goods" also does not include accounts, chattel paper, commercial tort claims,
1896 deposit accounts, documents, general intangibles, instruments, investment property,
1897 letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before
1898 extraction.

1899 [~~(45)~~] (48)(a) "Governmental unit" means a subdivision, agency, department, county,
1900 parish, municipality, or other unit of the government of the United States, a state, or a
1901 foreign country.
1902 (b) "Governmental unit" includes an organization having a separate corporate existence
1903 if the organization is eligible to issue debt on which interest is exempt from income
1904 taxation under the laws of the United States.
1905 [~~(46)~~] (49) "Health-care-insurance receivable" means an interest in or claim under a policy
1906 of insurance which is a right to payment of a monetary obligation for health-care goods
1907 or services provided.
1908 [~~(47)~~] (50)(a) "Instrument" means a negotiable instrument or any other writing that
1909 evidences a right to the payment of a monetary obligation, is not itself a security
1910 agreement or lease, and is of a type that in ordinary course of business is transferred
1911 by delivery with any necessary indorsement or assignment.
1912 (b) "Instrument" does not include:
1913 (i) investment property;
1914 (ii) letters of credit;[~~ or~~]
1915 (iii) writings that evidence a right to payment arising out of the use of a credit or
1916 charge card or information contained on or for use with the card[~~.~~] ; or
1917 (iv) writings that evidence chattel paper.
1918 [~~(48)~~] (51) "Inventory" means goods, other than farm products, which:
1919 (a) are leased by a person as lessor;
1920 (b) are held by a person for sale or lease or to be furnished under a contract of service;
1921 (c) are furnished by a person under a contract of service; or
1922 (d) consist of raw materials, work in process, or materials used or consumed in a
1923 business.
1924 [~~(49)~~] (52) "Investment property" means a security, whether certificated or uncertificated,
1925 security entitlement, securities account, commodity contract, or commodity account.
1926 [~~(50)~~] (53) "Jurisdiction of organization," with respect to a registered organization, means
1927 the jurisdiction under whose law the organization is formed or organized.
1928 [~~(51)~~] (54)(a) "Letter-of-credit right" means a right to payment or performance under a
1929 letter of credit, whether or not the beneficiary has demanded or is at the time entitled
1930 to demand payment or performance.
1931 (b) "Letter-of-credit right" does not include the right of a beneficiary to demand payment
1932 or performance under a letter of credit.

1933 [~~(52)~~] (55) "Lien creditor" means:
1934 (a) a creditor that has acquired a lien on the property involved by attachment, levy, or
1935 the like;
1936 (b) an assignee for benefit of creditors from the time of assignment;
1937 (c) a trustee in bankruptcy from the date of the filing of the petition; or
1938 (d) a receiver in equity from the time of appointment.
1939 [~~(53)~~] (56)(a) "Manufactured home" means a structure, transportable in one or more
1940 sections, which, in the traveling mode, is eight body feet or more in width or 40 body
1941 feet or more in length, or, when erected on site, is 320 or more square feet, and which
1942 is built on a permanent chassis and designed to be used as a dwelling with or without
1943 a permanent foundation when connected to the required utilities, and includes the
1944 plumbing, heating, air-conditioning, and electrical systems contained therein.
1945 (b) "Manufactured home" includes any structure that meets all of the requirements of
1946 this Subsection [~~(53)~~] (56) except the size requirements and with respect to which the
1947 manufacturer voluntarily files a certification required by the United States Secretary
1948 of Housing and Urban Development and complies with the standards established
1949 under Title 42 of the United States Code.
1950 [~~(54)~~] (57) "Manufactured-home transaction" means a secured transaction:
1951 (a) that creates a purchase-money security interest in a manufactured home, other than a
1952 manufactured home held as inventory; or
1953 (b) in which a manufactured home, other than a manufactured home held as inventory, is
1954 the primary collateral.
1955 (58) "Money" has the meaning in Section 70A-1a-201, but does not include:
1956 (a) a deposit account; or
1957 (b) money in an electronic form that cannot be subjected to control under Section
1958 70A-9a-105.1.
1959 [~~(55)~~] (59) "Mortgage" means a consensual interest in real property, including fixtures,
1960 which secures payment or performance of an obligation.
1961 [~~(56)~~] (60) "New debtor" means a person that becomes bound as debtor under Subsection
1962 70A-9a-203(4) by a security agreement previously entered into by another person.
1963 [~~(57)~~] (61)(a) "New value" means:
1964 (i) money;
1965 (ii) money's worth in property, services, or new credit; or
1966 (iii) release by a transferee of an interest in property previously transferred to the

1967 transferee.
1968 (b) "New value" does not include an obligation substituted for another obligation.
1969 [~~(58)~~] (62) "Noncash proceeds" means proceeds other than cash proceeds.
1970 [~~(59)~~] (63)(a) "Obligor" means a person that, with respect to an obligation secured by a
1971 security interest in or an agricultural lien on the collateral:
1972 (i) owes payment or other performance of the obligation;
1973 (ii) has provided property other than the collateral to secure payment or other
1974 performance of the obligation; or
1975 (iii) is otherwise accountable in whole or in part for payment or other performance of
1976 the obligation.
1977 (b) "Obligor" does not include issuers or nominated persons under a letter of credit.
1978 [~~(60)~~] (64) "Original debtor," except as used in Subsection 70A-9a-310(3), means a person
1979 that, as debtor, entered into a security agreement to which a new debtor has become
1980 bound under Subsection 70A-9a-203(4).
1981 [~~(61)~~] (65)(a) "Payment intangible" means a general intangible under which the account
1982 debtor's principal obligation is a monetary obligation.
1983 (b) "Payment intangible" includes a controllable payment intangible.
1984 [~~(62)~~] (66) "Person related to," with respect to an individual, means:
1985 (a) the spouse of the individual;
1986 (b) a brother, brother-in-law, sister, or sister-in-law of the individual;
1987 (c) an ancestor or lineal descendant of the individual or the individual's spouse; or
1988 (d) any other relative, by blood or marriage, of the individual or the individual's spouse
1989 who shares the same home with the individual.
1990 [~~(63)~~] (67) "Person related to," with respect to an organization, means:
1991 (a) a person directly or indirectly controlling, controlled by, or under common control
1992 with the organization;
1993 (b) an officer or director of, or a person performing similar functions with respect to, the
1994 organization;
1995 (c) an officer or director of, or a person performing similar functions with respect to, a
1996 person described in Subsection [~~(63)(a)~~] (67)(a);
1997 (d) the spouse of an individual described in Subsection [~~(63)(a)~~] (67)(a), (b), or (c); or
1998 (e) an individual who is related by blood or marriage to an individual described in
1999 Subsection [~~(63)(a)~~] (67)(a), (b), (c), or (d) and shares the same home with the
2000 individual.

2001 [~~(64)~~] (68) "Proceeds," except as used in Subsection 70A-9a-609(2), means the following
2002 property:
2003 (a) whatever is acquired upon the sale, lease, license, exchange, or other disposition of
2004 collateral;
2005 (b) whatever is collected on, or distributed on account of, collateral;
2006 (c) rights arising out of collateral;
2007 (d) to the extent of the value of collateral, claims arising out of the loss, nonconformity,
2008 or interference with the use of, defects or infringement of rights in, or damage to, the
2009 collateral; or
2010 (e) to the extent of the value of collateral and to the extent payable to the debtor or the
2011 secured party, insurance payable by reason of the loss or nonconformity of, defects or
2012 infringement of rights in, or damage to, the collateral.
2013 [~~(65)~~] (69) "Promissory note" means an instrument that evidences a promise to pay a
2014 monetary obligation, does not evidence an order to pay, and does not contain an
2015 acknowledgment by a bank that the bank has received for deposit a sum of money or
2016 funds.
2017 [~~(66)~~] (70) "Proposal" means a record authenticated by a secured party which includes the
2018 terms on which the secured party is willing to accept collateral in full or partial
2019 satisfaction of the obligation it secures pursuant to Sections 70A-9a-620, 70A-9a-621,
2020 and 70A-9a-622.
2021 [~~(67)~~] (71) "Public-finance transaction" means a secured transaction in connection with
2022 which:
2023 (a) debt securities are issued;
2024 (b) all or a portion of the securities issued have an initial stated maturity of at least 20
2025 years; and
2026 (c) the debtor, obligor, secured party, account debtor or other person obligated on
2027 collateral, assignor or assignee of a secured obligation, or assignor or assignee of a
2028 security interest is a state or a governmental unit of a state.
2029 [~~(68)~~] (72) "Public organic record" means a record that is available to the public for
2030 inspection and is:
2031 (a) a record consisting of the record initially filed with or issued by a state or the United
2032 States to form or organize an organization and any record filed with or issued by the
2033 state or the United States which amends or restates the initial record;
2034 (b) an organic record of a business trust consisting of the record initially filed with a

2035 state and any record filed with the state which amends or restates the initial record, if
2036 a statute of the state governing business trusts requires that the record be filed with
2037 the state; or
2038 (c) a record consisting of legislation enacted by the legislature of a state or the Congress
2039 of the United States which forms or organizes an organization, any record amending
2040 the legislation, and any record filed with or issued by the state or the United States
2041 which amends or restates the name of the organization.
2042 [~~(69)~~] (73) "Pursuant to commitment," with respect to an advance made or other value given
2043 by a secured party, means pursuant to the secured party's obligation, whether or not a
2044 subsequent event of default or other event not within the secured party's control has
2045 relieved or may relieve the secured party from its obligation.
2046 [~~(70)~~] (74) "Record," except as used in "for record," "of record," "record or legal title," and
2047 "record owner," means information that is inscribed on a tangible medium or which is
2048 stored in an electronic or other medium and is retrievable in perceivable form.
2049 [~~(71)~~] (75)(a) "Registered organization" means an organization formed or organized
2050 solely under the law of a single state or the United States by the filing of a public
2051 organic record with, the issuance of a public organic record by, or the enactment of
2052 legislation by the state or the United States.
2053 (b) "Registered organization" includes a business trust that is formed or organized under
2054 the law of a single state if a statute of the state governing business trusts requires that
2055 the business trust's organic record be filed with the state.
2056 [~~(72)~~] (76) "Secondary obligor" means an obligor to the extent that:
2057 (a) the obligor's obligation is secondary; or
2058 (b) the obligor has a right of recourse with respect to an obligation secured by collateral
2059 against the debtor, another obligor, or property of either.
2060 [~~(73)~~] (77) "Secured party" means:
2061 (a) a person in whose favor a security interest is created or provided for under a security
2062 agreement, whether or not any obligation to be secured is outstanding;
2063 (b) a person that holds an agricultural lien;
2064 (c) a consignor;
2065 (d) a person to which accounts, chattel paper, payment intangibles, or promissory notes
2066 have been sold;
2067 (e) a trustee, indenture trustee, agent, collateral agent, or other representative in whose
2068 favor a security interest or agricultural lien is created or provided for; or

2069 (f) a person that holds a security interest arising under Section 70A-2-401, 70A-2-505,
2070 70A-4-210, or 70A-5-118 or Subsection 70A-2-711(3) or 70A-2a-508(5).
2071 [~~(74)~~] (78) "Security agreement" means an agreement that creates or provides for a security
2072 interest.
2073 [~~(75) "Send," in connection with a record or notification, means:~~]
2074 [~~(a) to deposit in the mail, deliver for transmission, or transmit by any other usual means~~
2075 ~~of communication, with postage or cost of transmission provided for, addressed to~~
2076 ~~any address reasonable under the circumstances; or~~]
2077 [~~(b) to cause the record or notification to be received within the time that it would have~~
2078 ~~been received if properly sent under Subsection (75)(a).~~]
2079 [~~(76)~~] (79)(a) "Software" means a computer program and any supporting information
2080 provided in connection with a transaction relating to the program.
2081 (b) "Software" does not include a computer program that is included in the definition of
2082 goods.
2083 [~~(77)~~] (80) "State" means a state of the United States, the District of Columbia, Puerto Rico,
2084 the United States Virgin Islands, or any territory or insular possession subject to the
2085 jurisdiction of the United States.
2086 [~~(78)~~] (81) "Supporting obligation" means a letter-of-credit right or secondary obligation
2087 that supports the payment or performance of an account, chattel paper, a document, a
2088 general intangible, an instrument, or investment property.
2089 [~~(79) "Tangible chattel paper" means chattel paper evidenced by a record or records~~
2090 ~~consisting of information that is inscribed on a tangible medium.~~]
2091 (82) "Tangible money" means money in a tangible form.
2092 [~~(80)~~] (83) "Termination statement" means an amendment of a financing statement which:
2093 (a) identifies, by its file number, the initial financing statement to which it relates; and
2094 (b) indicates either that it is a termination statement or that the identified financing
2095 statement is no longer effective.
2096 [~~(81)~~] (84) "Transmitting utility" means a person primarily engaged in the business of:
2097 (a) operating a railroad, subway, street railway, or trolley bus;
2098 (b) transmitting communications electrically, electromagnetically, or by light;
2099 (c) transmitting goods by pipeline or sewer; or
2100 (d) transmitting or producing and transmitting electricity, steam, gas, or water.
2101 Section 46. Section **70A-9a-102.1** is amended to read:
2102 **70A-9a-102.1 . Definitions from other chapters.**

2103 [~~(1)~~] "Control" as provided in Section 70A-7a-106 and the following definitions in other
2104 chapters of this title apply to this chapter:
2105 [~~(a)~~] (1) "Applicant" Section 70A-5-102.
2106 [~~(b)~~] (2) "Beneficiary" Section 70A-5-102.
2107 [~~(c)~~] (3) "Broker" Section 70A-8-101.
2108 [~~(d)~~] (4) "Certificated security" Section 70A-8-101.
2109 [~~(e)~~] (5) "Check" Section 70A-3-104.
2110 [~~(f)~~] (6) "Clearing corporation" Section 70A-8-101.
2111 [~~(g)~~] (7) "Contract for sale" Section 70A-2-106.
2112 (8) "Controllable electronic record" Section 70A-12-102.
2113 [~~(h)~~] (9) "Customer" Section 70A-4-104.
2114 [~~(i)~~] (10) "Entitlement holder" Section 70A-8-101.
2115 [~~(j)~~] (11) "Financial asset" Section 70A-8-101.
2116 [~~(k)~~] (12) "Holder in due course" Section 70A-3-302.
2117 [~~(l)~~] (13)[~~(i)~~] (a) "Issuer" (with respect to a letter of credit or letter-of-credit right) Section
2118 70A-5-102.
2119 [~~(ii)~~] (b) "Issuer" (with respect to a security) Section 70A-8-201.
2120 [~~(iii)~~] (c) "Issuer" (with respect to documents of title) Section 70A-7a-102.
2121 [~~(m)~~] (14) "Lease" Section 70A-2a-103.
2122 [~~(n)~~] (15) "Lease agreement" Section 70A-2a-103.
2123 [~~(o)~~] (16) "Lease contract" Section 70A-2a-103.
2124 [~~(p)~~] (17) "Leasehold interest" Section 70A-2a-103.
2125 [~~(q)~~] (18) "Lessee" Section 70A-2a-103.
2126 [~~(r)~~] (19) "Lessee in ordinary course of business" Section 70A-2a-103.
2127 [~~(s)~~] (20) "Lessor" Section 70A-2a-103.
2128 [~~(t)~~] (21) "Lessor's residual interest" Section 70A-2a-103.
2129 [~~(u)~~] (22) "Letter of credit" Section 70A-5-102.
2130 [~~(v)~~] (23) "Merchant" Section 70A-2-104.
2131 [~~(w)~~] (24) "Negotiable instrument" Section 70A-3-104.
2132 [~~(x)~~] (25) "Nominated person" Section 70A-5-102.
2133 [~~(y)~~] (26) "Note" Section 70A-3-104.
2134 [~~(z)~~] (27) "Proceeds of a letter of credit" Section 70A-5-114.
2135 (28) "Protected purchase" Section 70A-8-303.
2136 [~~(aa)~~] (29) "Prove" Section 70A-3-103.

2137 (30) "Qualifying purchaser" Section 70A-12-102.
2138 [~~(bb)~~] (31) "Sale" Section 70A-2-106.
2139 [~~(cc)~~] (32) "Securities account" Section 70A-8-501.
2140 [~~(dd)~~] (33) "Securities intermediary" Section 70A-8-101.
2141 [~~(ee)~~] (34) "Security" Section 70A-8-101.
2142 [~~(ff)~~] (35) "Security certificate" Section 70A-8-101.
2143 [~~(gg)~~] (36) "Security entitlement" Section 70A-8-101.
2144 [~~(hh)~~] (37) "Uncertificated security" Section 70A-8-101.
2145 [~~(2)~~] (38) Chapter 1a, Uniform Commercial Code - General Provisions, contains general
2146 definitions and principles of construction and interpretation applicable throughout this
2147 chapter.
2148 Section 47. Section **70A-9a-104** is amended to read:
2149 **70A-9a-104 . Control of deposit account.**
2150 (1) A secured party has control of a deposit account if:
2151 (a) the secured party is the bank with which the deposit account is maintained;
2152 (b) the debtor, secured party, and bank have agreed in [~~an authenticated~~] a signed record
2153 that the bank will comply with instructions originated by the secured party directing
2154 disposition of the funds in the deposit account without further consent by the debtor;[
2155 ~~or~~]
2156 (c) the secured party becomes the bank's customer with respect to the deposit account[~~.~~] ;
2157 or
2158 (d) another person, other than the debtor:
2159 (i) has control of the deposit account and acknowledges that it has control on behalf
2160 of the secured party; or
2161 (ii) obtains control of the deposit account after having acknowledged that it will
2162 obtain control of the deposit account on behalf of the secured party.
2163 (2) A secured party that has satisfied Subsection (1) has control, even if the debtor retains
2164 the right to direct the disposition of funds from the deposit account.
2165 Section 48. Section **70A-9a-105** is repealed and reenacted to read:
2166 **70A-9a-105 . Control of electronic copy of record evidencing chattel paper.**
2167 (1) A purchaser has control of an authoritative electronic copy of a record evidencing
2168 chattel paper if a system employed for evidencing the assignment of interests in the
2169 chattel paper reliably establishes the purchaser as the person to which the authoritative
2170 electronic copy was assigned.

2171 (2) A system satisfies Subsection (1) if the record or records evidencing the chattel paper
2172 are created, stored, and assigned in a manner that:
2173 (a) a single authoritative copy of the record or records exists which is unique,
2174 identifiable, and except as otherwise provided in Subsections (2)(d), (e), and (f),
2175 unalterable;
2176 (b) the authoritative copy identifies the purchaser as the assignee of the record or records;
2177 (c) the authoritative copy is communicated to and maintained by the purchaser or its
2178 designated custodian;
2179 (d) copies or amendments that add or change an identified assignee of the authoritative
2180 copy can be made only with the consent of the purchaser;
2181 (e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a
2182 copy that is not the authoritative copy; and
2183 (f) any amendment to the authoritative copy is readily identifiable as authorized or
2184 unauthorized.
2185 (3) A system satisfies Subsection (1), and a purchaser has control of an authoritative
2186 electronic copy of a record evidencing chattel paper, if the electronic copy, a record
2187 attached to or logically associated with the electronic copy, or a system in which the
2188 electronic copy is recorded:
2189 (a) enables the purchaser readily to identify each electronic copy as either an
2190 authoritative copy or a nonauthoritative copy;
2191 (b) enables the purchaser readily to identify itself in any way, including by name,
2192 identifying number, cryptographic key, office, or account number, as the assignee of
2193 the authoritative electronic copy; and
2194 (c) gives the purchaser exclusive power, subject to Subsection (4), to:
2195 (i) prevent others from adding or changing an identified assignee of the authoritative
2196 electronic copy; and
2197 (ii) transfer control of the authoritative electronic copy.
2198 (4) Subject to Subsection (5), a power is exclusive under Subsections (3)(c)(i) and (ii) even
2199 if:
2200 (a) the authoritative electronic copy, a record attached to or logically associated with the
2201 authoritative electronic copy, or a system in which the authoritative electronic copy is
2202 recorded limits the use of the authoritative electronic copy or has a protocol
2203 programmed to cause a change, including a transfer or loss of control; or
2204 (b) the power is shared with another person.

2205 (5) A power of a purchaser is not shared with another person under Subsection (4)(a) and
2206 the purchaser's power is not exclusive if:
2207 (a) the purchaser can exercise the power only if the power also is exercised by the other
2208 person; and
2209 (b) the other person:
2210 (i) can exercise the power without exercise of the power by the purchaser; or
2211 (ii) is the transferor to the purchaser of an interest in the chattel paper.
2212 (6) If a purchaser has the powers specified in Subsections (3)(c)(i) and (ii), the powers are
2213 presumed to be exclusive.
2214 (7) A purchaser has control of an authoritative electronic copy of a record evidencing
2215 chattel paper if another person, other than the transferor to the purchaser of an interest in
2216 the chattel paper:
2217 (a) has control of the authoritative electronic copy and acknowledges that it has control
2218 on behalf of the purchaser; or
2219 (b) obtains control of the authoritative electronic copy after having acknowledged that it
2220 will obtain control of the electronic copy on behalf of the purchaser.
2221 Section 49. Section **70A-9a-105.1** is enacted to read:
2222 **70A-9a-105.1 . Control of electronic money.**
2223 (1) A person has control of electronic money if:
2224 (a) the electronic money, a record attached to or logically associated with the electronic
2225 money, or a system in which the electronic money is recorded gives the person:
2226 (i) power to avail itself of substantially all the benefit from the electronic money; and
2227 (ii) exclusive power, subject to Subsection (2), to:
2228 (A) prevent others from availing themselves of substantially all the benefit from
2229 the electronic money; and
2230 (B) transfer control of the electronic money to another person or cause another
2231 person to obtain control of other electronic money as a result of the transfer of
2232 the electronic money; and
2233 (b) the electronic money, a record attached to or logically associated with the electronic
2234 money, or a system in which the electronic money is recorded enables the person
2235 readily to identify itself in any way, including by name, identifying number,
2236 cryptographic key, office, or account number, as having the powers under Subsection
2237 (1)(a).
2238 (2) Subject to Subsection (3), a power is exclusive under Subsections (1)(a)(ii)(A) and (B)

2239 even if:
2240 (a) the electronic money, a record attached to or logically associated with the electronic
2241 money, or a system in which the electronic money is recorded limits the use of the
2242 electronic money or has a protocol programmed to cause a change, including a
2243 transfer or loss of control; or
2244 (b) the power is shared with another person.
2245 (3) A power of a person is not shared with another person under Subsection (2)(b) and the
2246 person's power is not exclusive if:
2247 (a) the person can exercise the power only if the power also is exercised by the other
2248 person; and
2249 (b) the other person:
2250 (i) can exercise the power without exercise of the power by the person; or
2251 (ii) is the transferor to the person of an interest in the electronic money.
2252 (4) If a person has the powers specified in Subsections (1)(a)(ii)(A) and (B), the powers are
2253 presumed to be exclusive.
2254 (5) A person has control of electronic money if another person, other than the transferor to
2255 the person of an interest in the electronic money:
2256 (a) has control of the electronic money and acknowledges that it has control on behalf of
2257 the person; or
2258 (b) obtains control of the electronic money after having acknowledged that it will obtain
2259 control of the electronic money on behalf of the person.
2260 Section 50. Section **70A-9a-107.1** is enacted to read:
2261 **70A-9a-107.1 . Control of controllable electronic record, controllable account, or**
2262 **controllable payment intangible.**
2263 (1) A secured party has control of a controllable electronic record as provided in Section
2264 70A-12-105.
2265 (2) A secured party has control of a controllable account or controllable payment intangible
2266 if the secured party has control of the controllable electronic record that evidences the
2267 controllable account or controllable payment intangible.
2268 Section 51. Section **70A-9a-107.2** is enacted to read:
2269 **70A-9a-107.2 . No requirement to acknowledge or confirm -- No duties.**
2270 (1) A person that has control under Section 70A-9a-104, 70A-9a-105, or 70A-9a-105.1 is
2271 not required to acknowledge that it has control on behalf of another person.
2272 (2) If a person acknowledges that it has or will obtain control on behalf of another person,

2273 unless the person otherwise agrees or law other than this article otherwise provides, the
2274 person does not owe any duty to the other person and is not required to confirm the
2275 acknowledgment to any other person.
2276 Section 52. Section **70A-9a-203** is amended to read:
2277 **70A-9a-203 . Attachment and enforceability of security interest -- Proceeds --**
2278 **Supporting obligations -- Formal requisites.**
2279 (1) A security interest attaches to collateral when it becomes enforceable against the debtor
2280 with respect to the collateral, unless an agreement expressly postpones the time of
2281 attachment.
2282 (2) Except as otherwise provided in Subsections (3) through (9), a security interest is
2283 enforceable against the debtor and third parties with respect to the collateral only if:
2284 (a) value has been given;
2285 (b) the debtor has rights in the collateral or the power to transfer rights in the collateral
2286 to a secured party; and
2287 (c) one of the following conditions is met:
2288 (i) the debtor has [~~authenticated~~] signed a security agreement that provides a
2289 description of the collateral and, if the security interest covers timber to be cut, a
2290 description of the land concerned;
2291 (ii) the collateral is not a certificated security and is in the possession of the secured
2292 party under Section 70A-9a-313 pursuant to the debtor's security agreement;
2293 (iii) the collateral is a certificated security in registered form and the security
2294 certificate has been delivered to the secured party under Section 70A-8-301
2295 pursuant to the debtor's security agreement;[~~ or~~]
2296 (iv) the collateral is controllable accounts, controllable electronic records,
2297 controllable payment intangibles, deposit accounts, [~~electronic chattel paper~~]
2298 electronic documents, electronic money, investment property, or letter-of-credit
2299 rights[~~, or electronic documents,~~] and the secured party has control under Section
2300 70A-7a-106, 70A-9a-104, 70A-9a-105, 70A-9a-106, [~~or~~]70A-9a-107, or
2301 70A-9a-107.1 pursuant to the debtor's security agreement[~~.~~] ; or
2302 (v) the collateral is chattel paper and the secured party has possession and control
2303 under Section 70A-9a-314.1 pursuant to the debtor's security agreement.
2304 (3) Subsection (2) is subject to Section 70A-4-210 on the security interest of a collecting
2305 bank, Section 70A-5-118 on the security interest of a letter-of-credit issuer or nominated
2306 person, Section 70A-9a-110 on a security interest arising under Chapter 2, Uniform

2307 Commercial Code - Sales or Chapter 2a, Uniform Commercial Code - Leases, and
2308 Section 70A-9a-206 on security interests in investment property.
2309 (4) A person becomes bound as debtor by a security agreement entered into by another
2310 person if, by operation of law other than this chapter or by contract:
2311 (a) the security agreement becomes effective to create a security interest in the person's
2312 property; or
2313 (b) the person becomes generally obligated for the obligations of the other person,
2314 including the obligation secured under the security agreement, and acquires or
2315 succeeds to all or substantially all of the assets of the other person.
2316 (5) If a new debtor becomes bound as debtor by a security agreement entered into by
2317 another person:
2318 (a) the agreement satisfies Subsection (2)(c) with respect to existing or after-acquired
2319 property of the new debtor to the extent the property is described in the agreement;
2320 and
2321 (b) another agreement is not necessary to make a security interest in the property
2322 enforceable.
2323 (6) The attachment of a security interest in collateral gives the secured party the rights to
2324 proceeds provided by Section 70A-9a-315 and is also attachment of a security interest in
2325 a supporting obligation for the collateral.
2326 (7) The attachment of a security interest in a right to payment or performance secured by a
2327 security interest or other lien on personal or real property is also attachment of a security
2328 interest in the security interest, mortgage, or other lien.
2329 (8) The attachment of a security interest in a securities account is also attachment of a
2330 security interest in the security entitlements carried in the securities account.
2331 (9) The attachment of a security interest in a commodity account is also attachment of a
2332 security interest in the commodity contracts carried in the commodity account.
2333 Section 53. Section **70A-9a-204** is amended to read:
2334 **70A-9a-204 . After-acquired property -- Future advances.**
2335 (1) Except as otherwise provided in Subsection (2), a security agreement may create or
2336 provide for a security interest in after-acquired collateral.
2337 (2)(a) [~~A~~] Subject to Subsection (2)(b), a security interest does not attach under a term
2338 constituting an after-acquired property clause to:
2339 [~~(a)~~] (i) consumer goods, other than an accession when given as additional security,
2340 unless the debtor acquires rights in them within 10 days after the secured party

2341 gives value; or
2342 [~~(b)~~] (ii) a commercial tort claim.
2343 (b) Subsection (2)(a) does not prevent a security interest from attaching:
2344 (i) to consumer goods as proceeds under Subsection 70A-9a-315(a) or commingled
2345 goods under Section 70A-9a-336;
2346 (ii) to a commercial tort claim as proceeds under Section 70A-9a-315; or
2347 (iii) under an after-acquired property clause to property that is proceeds of consumer
2348 goods or a commercial tort claim.
2349 (3) A security agreement may provide that collateral secures, or that accounts, chattel paper,
2350 payment intangibles, or promissory notes are sold in connection with, future advances or
2351 other value, whether or not the advances or value are given pursuant to commitment.
2352 Section 54. Section **70A-9a-207** is amended to read:
2353 **70A-9a-207 . Rights and duties of secured party having possession or control of**
2354 **collateral.**
2355 (1) Except as otherwise provided in Subsection (4), a secured party shall use reasonable
2356 care in the custody and preservation of collateral in the secured party's possession. In
2357 the case of chattel paper or an instrument, reasonable care includes taking necessary
2358 steps to preserve rights against prior parties unless otherwise agreed.
2359 (2) Except as otherwise provided in Subsection (4), if a secured party has possession of
2360 collateral:
2361 (a) reasonable expenses, including the cost of insurance and payment of taxes or other
2362 charges, incurred in the custody, preservation, use, or operation of the collateral are
2363 chargeable to the debtor and are secured by the collateral;
2364 (b) the risk of accidental loss or damage is on the debtor to the extent of a deficiency in
2365 any effective insurance coverage;
2366 (c) the secured party shall keep the collateral identifiable, but fungible collateral may be
2367 commingled; and
2368 (d) the secured party may use or operate the collateral:
2369 (i) for the purpose of preserving the collateral or its value;
2370 (ii) as permitted by an order of a court having competent jurisdiction; or
2371 (iii) except in the case of consumer goods, in the manner and to the extent agreed by
2372 the debtor.
2373 (3) Except as otherwise provided in Subsection (4), a secured party having possession of
2374 collateral or control of collateral under Section 70A-7a-106, 70A-9a-104, 70A-9a-105,

2375 70A-9a-105.1, 70A-9a-106, [~~or~~]70A-9a-107, or 70A-9a-107.1:
2376 (a) may hold as additional security any proceeds, except money or funds, received from
2377 the collateral;
2378 (b) shall apply money or funds received from the collateral to reduce the secured
2379 obligation, unless remitted to the debtor; and
2380 (c) may create a security interest in the collateral.
2381 (4) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or
2382 promissory notes or a consignor:
2383 (a) Subsection (1) does not apply unless the secured party is entitled under an agreement:
2384 (i) to charge back uncollected collateral; or
2385 (ii) otherwise to full or limited recourse against the debtor or a secondary obligor
2386 based on the nonpayment or other default of an account debtor or other obligor on
2387 the collateral; and
2388 (b) Subsections (2) and (3) do not apply.
2389 Section 55. Section **70A-9a-208** is amended to read:
2390 **70A-9a-208 . Additional duties of secured party having control of collateral.**
2391 (1) This section applies to cases in which there is no outstanding secured obligation and the
2392 secured party is not committed to make advances, incur obligations, or otherwise give
2393 value.
2394 (2) Within 10 days after receiving [~~an authenticated~~] a signed demand by the debtor:
2395 (a) a secured party having control of a deposit account under Subsection
2396 70A-9a-104(1)(b) shall send to the bank with which the deposit account is
2397 maintained [~~an authenticated statement~~] a signed record that releases the bank from
2398 any further obligation to comply with instructions originated by the secured party;
2399 (b) a secured party having control of a deposit account under Subsection
2400 70A-9a-104(1)(c) shall:
2401 (i) pay the debtor the balance on deposit in the deposit account; or
2402 (ii) transfer the balance on deposit into a deposit account in the debtor's name;
2403 [~~(c) a secured party, other than a buyer, having control of electronic chattel paper under~~
2404 ~~Section 70A-9a-105 shall:~~]
2405 [~~(i) communicate the authoritative copy of the electronic chattel paper to the debtor~~
2406 ~~or its designated custodian;~~]
2407 [~~(ii) if the debtor designates a custodian that is the designated custodian with which~~
2408 ~~the authoritative copy of the electronic chattel paper is maintained for the secured~~

~~party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and~~]

[~~(iii) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party;~~]

(c) a secured party, other than a buyer, having control under Section 70A-9a-105 of an authoritative electronic copy of a record evidencing chattel paper shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

(d) a secured party having control of investment property under Subsection 70A-8-105(4)(b) or 70A-9a-106(2) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained [~~an authenticated~~] a signed record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party;

(e) a secured party having control of a letter-of-credit right under Section 70A-9a-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the [~~letter of credit~~] letter-of-credit to the secured party [~~an authenticated~~] a signed release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party;[~~ and~~]

(f) a secured party having control under Section 70A-9a-105 of an authoritative electronic copy of an electronic document shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

(g) a secured party having control under Section 70A-9a-105.1 of electronic money shall transfer control of the electronic money to the debtor or a person designated by the debtor; and

(h) a secured party having control under Section 70A-12-105 of a controllable electronic record, other than a buyer of a controllable account or controllable payment intangible evidenced by the controllable electronic record, shall transfer control of the controllable electronic record to the debtor or a person designated by the debtor.

[~~(f) a secured party having control of an electronic document shall:~~]

[~~(i) give control of the electronic document to the debtor or the debtor's designated custodian;~~]

2443 [~~(ii) if the debtor designates a custodian that is the designated custodian with which~~
2444 ~~the authoritative copy of the electronic document is maintained for the secured~~
2445 ~~party, communicate to the custodian an authenticated record releasing the~~
2446 ~~designated custodian from any further obligation to comply with instructions~~
2447 ~~originated by the secured party and instructing the custodian to comply with~~
2448 ~~instructions originated by the debtor; and~~]
2449 [~~(iii) take appropriate action to enable to the debtor or its designated custodian to~~
2450 ~~make copies of or revisions to the authoritative copy without the consent of the~~
2451 ~~secured party.~~]
2452 Section 56. Section **70A-9a-209** is amended to read:
2453 **70A-9a-209 . Duties of secured party if account debtor has been notified of**
2454 **assignment.**
2455 (1) Except as otherwise provided in Subsection (3), this section applies if:
2456 (a) there is no outstanding secured obligation; and
2457 (b) the secured party is not committed to make advances, incur obligations, or otherwise
2458 give value.
2459 (2) Within 10 days after receiving [~~an authenticated~~] a signed demand by the debtor, a
2460 secured party shall send to an account debtor that has received notification under
2461 Subsection 70A-9a-406(1) or 70A-12-106(2)of an assignment to the secured party as
2462 assignee [~~under Subsection 70A-9a-406(1) an authenticated~~] a signed record that releases
2463 the account debtor from any further obligation to the secured party.
2464 (3) This section does not apply to an assignment constituting the sale of an account, chattel
2465 paper, or payment intangible.
2466 Section 57. Section **70A-9a-210** is amended to read:
2467 **70A-9a-210 . Request for accounting -- Request regarding list of collateral or**
2468 **statement of account.**
2469 (1) In this section:
2470 (a) "Request" means a record of a type described in Subsection (1)(b), (c), or (d).
2471 (b) "Request for an accounting" means a record [~~authenticated~~] signed by a debtor
2472 requesting that the recipient provide an accounting of the unpaid obligations secured
2473 by collateral and reasonably identifying the transaction or relationship that is the
2474 subject of the request.
2475 (c) "Request regarding a list of collateral" means a record [~~authenticated~~] signed by a
2476 debtor requesting that the recipient approve or correct a list of what the debtor

2477 believes to be the collateral securing an obligation and reasonably identifying the
2478 transaction or relationship that is the subject of the request.
2479 (d) "Request regarding a statement of account" means a record [~~authenticated~~] signed by
2480 a debtor requesting that the recipient approve or correct a statement indicating what
2481 the debtor believes to be the aggregate amount of unpaid obligations secured by
2482 collateral as of a specified date and reasonably identifying the transaction or
2483 relationship that is the subject of the request.
2484 (2) Subject to Subsections (3), (4), (5), and (6), a secured party, other than a buyer of
2485 accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall
2486 comply with a request within 14 days after receipt:
2487 (a) in the case of a request for an accounting, by [~~authenticating~~] signing and sending to
2488 the debtor an accounting; and
2489 (b) in the case of a request regarding a list of collateral or a request regarding a statement
2490 of account, by [~~authenticating~~] signing and sending to the debtor an approval or
2491 correction.
2492 (3) A secured party that claims a security interest in all of a particular type of collateral
2493 owned by the debtor may comply with a request regarding a list of collateral by sending
2494 to the debtor [~~an authenticated~~] a signed record including a statement to that effect within
2495 14 days after receipt.
2496 (4) A person that receives a request regarding a list of collateral, claims no interest in the
2497 collateral when it receives the request, and claimed an interest in the collateral at an
2498 earlier time shall comply with the request within 14 days after receipt by sending to the
2499 debtor [~~an authenticated~~] a signed record:
2500 (a) disclaiming any interest in the collateral; and
2501 (b) if known to the recipient, providing the name and mailing address of any assignee of
2502 or successor to the recipient's interest in the collateral.
2503 (5) A person that receives a request for an accounting or a request regarding a statement of
2504 account, claims no interest in the obligations when it receives the request, and claimed
2505 an interest in the obligations at an earlier time shall comply with the request within 14
2506 days after receipt by sending to the debtor [~~an authenticated~~] a signed record:
2507 (a) disclaiming any interest in the obligations; and
2508 (b) if known to the recipient, providing the name and mailing address of any assignee of
2509 or successor to the recipient's interest in the obligations.
2510 (6) A debtor is entitled without charge to one response to a request under this section during

2511 any six-month period. The secured party may require payment of a charge not
2512 exceeding $25 for each additional response.
2513 Section 58. Section **70A-9a-301** is amended to read:
2514 **70A-9a-301 . Law governing perfection and priority of security interests.**
2515 Except as otherwise provided in Sections 70A-9a-303 through [~~70A-9a-306~~]
2516 70A-9a-306.2, the following rules determine the law governing perfection, the effect of
2517 perfection or nonperfection, and the priority of a security interest in collateral:
2518 (1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction,
2519 the local law of that jurisdiction governs perfection, the effect of perfection or
2520 nonperfection, and the priority of a security interest in collateral.
2521 (2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs
2522 perfection, the effect of perfection or nonperfection, and the priority of a possessory
2523 security interest in that collateral.
2524 (3) Except as otherwise provided in Subsection (4), while [~~tangible~~]negotiable tangible
2525 documents, goods, instruments, [~~money,~~]or tangible [~~chattel paper~~] money is located in
2526 a jurisdiction, the local law of that jurisdiction governs:
2527 (a) perfection of a security interest in the goods by filing a fixture filing;
2528 (b) perfection of a security interest in timber to be cut; and
2529 (c) the effect of perfection or nonperfection and the priority of a nonpossessory security
2530 interest in the collateral.
2531 (4) The local law of the jurisdiction in which the wellhead or minehead is located governs
2532 perfection, the effect of perfection or nonperfection, and the priority of a security interest
2533 in as-extracted collateral.
2534 Section 59. Section **70A-9a-304** is amended to read:
2535 **70A-9a-304 . Law governing perfection and priority of security interests in**
2536 **deposit accounts.**
2537 (1) The local law of a bank's jurisdiction governs perfection, the effect of perfection or
2538 nonperfection, and the priority of a security interest in a deposit account maintained with
2539 that bank even if the transaction does not bear any relation to the bank's jurisdiction.
2540 (2) The following rules determine a bank's jurisdiction for purposes of this part:
2541 (a) If an agreement between the bank and the debtor governing the deposit account
2542 expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes
2543 of this part, this chapter, or this title, that jurisdiction is the bank's jurisdiction.
2544 (b) If Subsection (2)(a) does not apply and an agreement between the bank and its

2545 customer governing the deposit account expressly provides that the agreement is
2546 governed by the law of a particular jurisdiction, that jurisdiction is the bank's
2547 jurisdiction.
2548 (c) If neither Subsection (2)(a) nor Subsection (2)(b) applies and an agreement between
2549 the bank and its customer governing the deposit account expressly provides that the
2550 deposit account is maintained at an office in a particular jurisdiction, that jurisdiction
2551 is the bank's jurisdiction.
2552 (d) If none of the preceding subsections applies, the bank's jurisdiction is the jurisdiction
2553 in which the office identified in an account statement as the office serving the
2554 customer's account is located.
2555 (e) If none of the preceding subsections applies, the bank's jurisdiction is the jurisdiction
2556 in which the chief executive office of the bank is located.
2557 Section 60. Section **70A-9a-305** is amended to read:
2558 **70A-9a-305 . Law governing perfection and priority of security interests in**
2559 **investment property.**
2560 (1) Except as otherwise provided in Subsection (3), the following rules apply:
2561 (a) While a security certificate is located in a jurisdiction, the local law of that
2562 jurisdiction governs perfection, the effect of perfection or nonperfection, and the
2563 priority of a security interest in the certificated security represented thereby.
2564 (b) The local law of the issuer's jurisdiction as specified in Subsection 70A-8-109(4)
2565 governs perfection, the effect of perfection or nonperfection, and the priority of a
2566 security interest in an uncertificated security.
2567 (c) The local law of the securities intermediary's jurisdiction as specified in Subsection
2568 70A-8-109(5) governs perfection, the effect of perfection or nonperfection, and the
2569 priority of a security interest in a security entitlement or securities account.
2570 (d) The local law of the commodity intermediary's jurisdiction governs perfection, the
2571 effect of perfection or nonperfection, and the priority of a security interest in a
2572 commodity contract or commodity account.
2573 (e) Subsections (1)(b), (c), and (d) apply even if the transaction does not bear any
2574 relation to the jurisdiction.
2575 (2) The following rules determine a commodity intermediary's jurisdiction for purposes of
2576 this part:
2577 (a) If an agreement between the commodity intermediary and commodity customer
2578 governing the commodity account expressly provides that a particular jurisdiction is

2579 the commodity intermediary's jurisdiction for purposes of this part, this chapter, or
2580 this title, that jurisdiction is the commodity intermediary's jurisdiction.
2581 (b) If Subsection (2)(a) does not apply and an agreement between the commodity
2582 intermediary and commodity customer governing the commodity account expressly
2583 provides that the agreement is governed by the law of a particular jurisdiction, that
2584 jurisdiction is the commodity intermediary's jurisdiction.
2585 (c) If neither Subsection (2)(a) nor Subsection (2)(b) applies and an agreement between
2586 the commodity intermediary and commodity customer governing the commodity
2587 account expressly provides that the commodity account is maintained at an office in a
2588 particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.
2589 (d) If none of the Subsections (2)(a) through (c) applies, the commodity intermediary's
2590 jurisdiction is the jurisdiction in which the office identified in an account statement as
2591 the office serving the commodity customer's account is located.
2592 (e) If none of the Subsections (2)(a) through (d) applies, the commodity intermediary's
2593 jurisdiction is the jurisdiction in which the chief executive office of the commodity
2594 intermediary is located.
2595 (3) The local law of the jurisdiction in which the debtor is located governs:
2596 (a) perfection of a security interest in investment property by filing;
2597 (b) automatic perfection of a security interest in investment property created by a broker
2598 or securities intermediary; and
2599 (c) automatic perfection of a security interest in a commodity contract or commodity
2600 account created by a commodity intermediary.
2601 Section 61. Section **70A-9a-306.1** is enacted to read:
2602 **<u>70A-9a-306.1</u> . Law governing perfection and priority of security interests in**
2603 **chattel paper.**
2604 <u>(1) Except as provided in Subsection (4), if chattel paper is evidenced only by an</u>
2605 <u>authoritative electronic copy of the chattel paper or is evidenced by an authoritative</u>
2606 <u>electronic copy and an authoritative tangible copy, the local law of the chattel paper's</u>
2607 <u>jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority</u>
2608 <u>of a security interest in the chattel paper, even if the transaction does not bear any</u>
2609 <u>relation to the chattel paper's jurisdiction.</u>
2610 <u>(2) The following rules determine the chattel paper's jurisdiction under this section:</u>
2611 <u>(a) If the authoritative electronic copy of the record evidencing chattel paper, or a record</u>
2612 <u>attached to or logically associated with the electronic copy and readily available for</u>

2613 review, expressly provides that a particular jurisdiction is the chattel papers
2614 jurisdiction for purposes of this part, this chapter, or this title, that jurisdiction is the
2615 chattel paper's jurisdiction.
2616 (b) If Subsection (2)(b) does not apply and the rules of the system in which the
2617 authoritative electronic copy is recorded are readily available for review and
2618 expressly provide that a particular jurisdiction is the chattel paper's jurisdiction for
2619 purposes of this part, this chapter, or this title, that jurisdiction is the chattel paper's
2620 jurisdiction.
2621 (c) If Subsections (2)(a) and (b) do not apply and the authoritative electronic copy, or a
2622 record attached to or logically associated with the electronic copy and readily
2623 available for review, expressly provides that the chattel paper is governed by the law
2624 of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.
2625 (d) If Subsections (2)(a), (b), and (c) do not apply and the rules of the system in which
2626 the authoritative electronic copy is recorded are readily available for review and
2627 expressly provide that the chattel paper or the system is governed by the law of a
2628 particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.
2629 (e) If Subsections (2)(a) through (d) do not apply, the chattel paper's jurisdiction is the
2630 jurisdiction in which the debtor is located.
2631 (3) If an authoritative tangible copy of a record evidences chattel paper and the chattel
2632 paper is not evidenced by an authoritative electronic copy, while the authoritative
2633 tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local
2634 law of that jurisdiction governs:
2635 (a) perfection of a security interest in the chattel paper by possession under Section
2636 70A-9a-314.1; and
2637 (b) the effect of perfection or nonperfection and the priority of a security interest in the
2638 chattel paper.
2639 (4) The local law of the jurisdiction in which the debtor is located governs perfection of a
2640 security interest in chattel paper by filing.
2641 Section 62. Section **70A-9a-306.2** is enacted to read:
2642 **70A-9a-306.2 . Law governing perfection and priority of security interests in**
2643 **controllable accounts, controllable electronic records, and controllable payment**
2644 **intangibles.**
2645 (1) Except as provided in Subsection (2), the local law of the controllable electronic
2646 record's jurisdiction specified in Subsections 70A-12-107(3) and (4) governs perfection,

2647 the effect of perfection or nonperfection, and the priority of a security interest in a
2648 controllable electronic record and a security interest in a controllable account or
2649 controllable payment intangible evidenced by the controllable electronic record.
2650 (2) The local law of the jurisdiction in which the debtor is located governs:
2651 (a) perfection of a security interest in a controllable account, controllable electronic
2652 record, or controllable payment intangible by filing; and
2653 (b) automatic perfection of a security interest in a controllable payment intangible
2654 created by a sale of the controllable payment intangible.
2655 Section 63. Section **70A-9a-310** is amended to read:
2656 **70A-9a-310 . When filing required to perfect security interest or agricultural lien**
2657 **-- Security interests and agricultural liens to which filing provisions do not apply.**
2658 (1) Except as otherwise provided in Subsection (2) and Subsection 70A-9a-312(2), a
2659 financing statement must be filed to perfect all security interests and agricultural liens.
2660 (2) The filing of a financing statement is not necessary to perfect a security interest:
2661 (a) that is perfected under Subsection 70A-9a-308(4), (5), (6), or (7);
2662 (b) that is perfected under Section 70A-9a-309 when it attaches;
2663 (c) in property subject to a statute, regulation, or treaty described in Subsection
2664 70A-9a-311(1);
2665 (d) in goods in possession of a bailee which is perfected under Subsection
2666 70A-9a-312(4)(a) or (b);
2667 (e) in certificated securities, documents, goods, or instruments which is perfected
2668 without filing, control, or possession under Subsection 70A-9a-312(5), (6), or (7);
2669 (f) in collateral in the secured party's possession under Section 70A-9a-313;
2670 (g) in a certificated security which is perfected by delivery of the security certificate to
2671 the secured party under Section 70A-9a-313;
2672 (h) in controllable accounts, controllable electronic records, controllable payment
2673 intangibles, deposit accounts, [~~electronic chattel paper,~~]electronic documents,
2674 investment property, or letter-of-credit rights which is perfected by control under
2675 Section 70A-9a-314;
2676 (i) in chattel paper which is perfected by possession and control under Section
2677 70A-9a-314.1;
2678 [~~(i)~~] (j) in proceeds which is perfected under Section 70A-9a-315; or
2679 [~~(j)~~] (k) that is perfected under Section 70A-9a-316.
2680 (3) If a secured party assigns a perfected security interest or agricultural lien, a filing under

this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

Section 64. Section **70A-9a-312** is amended to read:

70A-9a-312 . Perfection of security interests in chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, negotiable documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money -- Perfection by permissive filing -- Temporary perfection without filing or transfer of possession.

(1) A security interest in chattel paper, [~~negotiable documents,~~] controllable accounts, controllable electronic records, controllable payment intangibles, instruments, [~~or~~] investment property, or negotiable documents may be perfected by filing.

(2) Except as otherwise provided in Subsections 70A-9a-315(3) and (4) for proceeds:

(a) a security interest in a deposit account may be perfected only by control under Section 70A-9a-314;

(b) and except as otherwise provided in Subsection 70A-9a-308(4), a security interest in a letter-of-credit right may be perfected only by control under Section 70A-9a-314;[~~and~~]

(c) a security interest in tangible money may be perfected only by the secured party's taking possession under Section 70A-9a-313[~~.~~] ; and

(d) a security interest in electronic money may be perfected only by control under Section 70A-9a-314.

(3) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(a) a security interest in the goods may be perfected by perfecting a security interest in the document; and

(b) a security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

(4) While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

(a) issuance of a document in the name of the secured party;

(b) the bailee's receipt of notification of the secured party's interest; or

(c) filing as to the goods.

(5) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of 20 days

2715 from the time it attaches to the extent that it arises for new value given under [~~an~~
2716 ~~authenticated~~] a signed security agreement.
2717 (6) A perfected security interest in a negotiable document or goods in possession of a
2718 bailee, other than one that has issued a negotiable document for the goods, remains
2719 perfected for 20 days without filing if the secured party makes available to the debtor the
2720 goods or documents representing the goods for the purpose of:
2721 (a) ultimate sale or exchange; or
2722 (b) loading, unloading, storing, shipping, transshipping, manufacturing, processing, or
2723 otherwise dealing with them in a manner preliminary to their sale or exchange.
2724 (7) A perfected security interest in a certificated security or instrument remains perfected
2725 for 20 days without filing if the secured party delivers the security certificate or
2726 instrument to the debtor for the purpose of:
2727 (a) ultimate sale or exchange; or
2728 (b) presentation, collection, enforcement, renewal, or registration of transfer.
2729 (8) After the 20-day period specified in Subsection (5), (6), or (7) expires, perfection
2730 depends upon compliance with this chapter.
2731 Section 65. Section **70A-9a-313** is amended to read:
2732 **70A-9a-313 . When possession by or delivery to secured party perfects security**
2733 **interest without filing.**
2734 (1) Except as otherwise provided in Subsection (2), a secured party may perfect a security
2735 interest in [~~tangible negotiable documents,~~] goods, instruments, negotiable tangible
2736 documents, or tangible money[~~, or tangible chattel paper~~] by taking possession of the
2737 collateral. A secured party may perfect a security interest in certificated securities by
2738 taking delivery of the certificated securities under Section 70A-8-301.
2739 (2) With respect to goods covered by a certificate of title issued by this state, a secured
2740 party may perfect a security interest in the goods by taking possession of the goods only
2741 in the circumstances described in Subsection 70A-9a-316(4).
2742 (3) With respect to collateral other than certificated securities and goods covered by a
2743 document, a secured party takes possession of collateral in the possession of a person
2744 other than the debtor, the secured party, or a lessee of the collateral from the debtor in
2745 the ordinary course of the debtor's business, when:
2746 (a) the person in possession [~~authenticates~~] signs a record acknowledging that it holds
2747 possession of the collateral for the secured party's benefit; or
2748 (b) the person takes possession of the collateral after having [~~authenticated~~] signed a

2749 record acknowledging that it will hold possession of the collateral for the secured
2750 party's benefit.
2751 (4) If perfection of a security interest depends upon possession of the collateral by a secured
2752 party, perfection occurs [~~no~~] not earlier than the time the secured party takes possession
2753 and continues only while the secured party retains possession.
2754 (5) A security interest in a certificated security in registered form is perfected by delivery
2755 when delivery of the certificated security occurs under Section 70A-8-301 and remains
2756 perfected by delivery until the debtor obtains possession of the security certificate.
2757 (6) A person in possession of collateral is not required to acknowledge that it holds
2758 possession for a secured party's benefit.
2759 (7) If a person acknowledges that it holds possession for the secured party's benefit:
2760 (a) the acknowledgment is effective under Subsection (3) or Subsection 70A-8-301(1),
2761 even if the acknowledgment violates the rights of a debtor; and
2762 (b) unless the person otherwise agrees or law other than this chapter otherwise provides,
2763 the person does not owe any duty to the secured party and is not required to confirm
2764 the acknowledgment to another person.
2765 (8) A secured party having possession of collateral does not relinquish possession by
2766 delivering the collateral to a person other than the debtor or a lessee of the collateral
2767 from the debtor in the ordinary course of the debtor's business if the person was
2768 instructed before the delivery or is instructed contemporaneously with the delivery:
2769 (a) to hold possession of the collateral for the secured party's benefit; or
2770 (b) to redeliver the collateral to the secured party.
2771 (9) A secured party does not relinquish possession, even if a delivery under Subsection (8)
2772 violates the rights of a debtor. A person to which collateral is delivered under
2773 Subsection (8) does not owe any duty to the secured party and is not required to confirm
2774 the delivery to another person unless the person otherwise agrees or law other than this
2775 chapter otherwise provides.
2776 Section 66. Section **70A-9a-314** is amended to read:
2777 **70A-9a-314 . Perfection by control.**
2778 (1) A security interest in [~~investment property, deposit accounts, letter-of-credit rights, or~~
2779 ~~electronic chattel paper, or electronic documents~~] controllable accounts, controllable
2780 electronic records, controllable payment intangibles, deposit accounts, electronic
2781 documents, electronic money, investment property, or letter-of-credit rights may be
2782 perfected by control of the collateral under Section 70A-7a-106, 70A-9a-104, [

2783 ~~70A-9a-105~~] 70A-9a-105.1, 70A-9a-106, [~~or~~]70A-9a-107, or 70A-9a-107.1.
2784 (2) A security interest in [~~deposit accounts, electronic chattel paper, or letter-of-credit~~
2785 ~~rights, or electronic documents~~] controllable accounts, controllable electronic records,
2786 controllable payment intangibles, deposit accounts, electronic documents, electronic
2787 money, or letter-of-credit rights is perfected by control under Section 70A-7a-106,
2788 70A-9a-104, [~~70A-9a-105~~] 70A-9a-105.1, [~~or~~]70A-9a-107[~~ when~~] , or 70A-9a-107.1 not
2789 earlier than the time the secured party obtains control and remains perfected by control
2790 only while the secured party retains control.
2791 (3) A security interest in investment property is perfected by control under Section
2792 70A-9a-106 [~~from~~] not earlier than the time the secured party obtains control and
2793 remains perfected by control until:
2794 (a) the secured party does not have control; and
2795 (b) one of the following occurs:
2796 (i) if the collateral is a certificated security, the debtor has or acquires possession of
2797 the security certificate;
2798 (ii) if the collateral is an uncertificated security, the issuer has registered or registers
2799 the debtor as the registered owner; or
2800 (iii) if the collateral is a security entitlement, the debtor is or becomes the entitlement
2801 holder.
2802 Section 67. Section **70A-9a-314.1** is enacted to read:
2803 **70A-9a-314.1 . Perfection by possession and control of chattel paper.**
2804 (1) A secured party may perfect a security interest in chattel paper by taking possession of
2805 each authoritative tangible copy of the record evidencing the chattel paper and obtaining
2806 control of each authoritative electronic copy of the electronic record evidencing the
2807 chattel paper.
2808 (2) A security interest is perfected under Subsection (1) not earlier than the time the secured
2809 party takes possession and obtains control and remains perfected under Subsection (1)
2810 only while the secured party retains possession and control.
2811 (3) Subsections 70A-9a-313(3) and (6) through (9) apply to perfection by possession of an
2812 authoritative tangible copy of a record evidencing chattel paper.
2813 Section 68. Section **70A-9a-316** is amended to read:
2814 **70A-9a-316 . Effect of change in governing law.**
2815 (1) A security interest perfected pursuant to the law of the jurisdiction designated in
2816 Subsection 70A-9a-301(1)[~~ or~~] , 70A-9a-305(3), 70A-9a-306.1(4), or 70A-9a-306.2(2)

2817 remains perfected until the earliest of:
2818 (a) the time perfection would have ceased under the law of that jurisdiction;
2819 (b) the expiration of four months after a change of the debtor's location to another
2820 jurisdiction; or
2821 (c) the expiration of one year after a transfer of collateral to a person that thereby
2822 becomes a debtor and is located in another jurisdiction.
2823 (2) If a security interest described in Subsection (1) becomes perfected under the law of the
2824 other jurisdiction before the earliest time or event described in that subsection, it remains
2825 perfected thereafter. If the security interest does not become perfected under the law of
2826 the other jurisdiction before the earliest time or event, it becomes unperfected and is
2827 deemed never to have been perfected as against a purchaser of the collateral for value.
2828 (3) A possessory security interest in collateral, other than goods covered by a certificate of
2829 title and as-extracted collateral consisting of goods, remains continuously perfected if:
2830 (a) the collateral is located in one jurisdiction and subject to a security interest perfected
2831 under the law of that jurisdiction;
2832 (b) thereafter the collateral is brought into another jurisdiction; and
2833 (c) upon entry into the other jurisdiction, the security interest is perfected under the law
2834 of the other jurisdiction.
2835 (4) Except as otherwise provided in Subsection (5), a security interest in goods covered by
2836 a certificate of title which is perfected by any method under the law of another
2837 jurisdiction when the goods become covered by a certificate of title from this state
2838 remains perfected until the security interest would have become unperfected under the
2839 law of the other jurisdiction had the goods not become so covered.
2840 (5) A security interest described in Subsection (4) becomes unperfected as against a
2841 purchaser of the goods for value and is deemed never to have been perfected as against a
2842 purchaser of the goods for value if the applicable requirements for perfection under
2843 Subsection 70A-9a-311(2) or Section 70A-9a-313 are not satisfied before the earlier of:
2844 (a) the time the security interest would have become unperfected under the law of the
2845 other jurisdiction had the goods not become covered by a certificate of title from this
2846 state; or
2847 (b) the expiration of four months after the goods had become so covered.
2848 (6) A security interest in chattel paper, controllable accounts, controllable electronic
2849 records, controllable payment intangibles, deposit accounts, letter-of-credit rights, or
2850 investment property which is perfected under the law of the chattel paper's jurisdiction,

2851 the controllable electronic record's jurisdiction, the bank's jurisdiction, the issuer's
2852 jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction,
2853 or the commodity intermediary's jurisdiction, as applicable, remains perfected until the
2854 earlier of:
2855 (a) the time the security interest would have become unperfected under the law of that
2856 jurisdiction; or
2857 (b) the expiration of four months after a change of the applicable jurisdiction to another
2858 jurisdiction.
2859 (7) If a security interest described in Subsection (6) becomes perfected under the law of the
2860 other jurisdiction before the earlier of the time or the end of the period described in that
2861 subsection, it remains perfected thereafter. If the security interest does not become
2862 perfected under the law of the other jurisdiction before the earlier of that time or the end
2863 of that period, it becomes unperfected and is deemed never to have been perfected as
2864 against a purchaser of the collateral for value.
2865 (8) The following rules apply to collateral to which a security interest attaches within four
2866 months after the debtor changes its location to another jurisdiction:
2867 (a) A financing statement filed before the change pursuant to the law of the jurisdiction
2868 designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) is effective to perfect a
2869 security interest in the collateral if the financing statement would have been effective
2870 to perfect a security interest in the collateral had the debtor not changed its location.
2871 (b) If a security interest perfected by a financing statement that is effective under
2872 Subsection (8)(a) becomes perfected under the law of the other jurisdiction before the
2873 earlier of the time the financing statement would have been ineffective under the law
2874 of the jurisdiction designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) or the
2875 expiration of the four-month period, it remains perfected thereafter. If the security
2876 interest does not become perfected under the law of the other jurisdiction before the
2877 earlier time or event, it becomes unperfected and is deemed never to have been
2878 perfected as against a purchaser of the collateral for value.
2879 (9) If a financing statement naming an original debtor is filed pursuant to the law of the
2880 jurisdiction designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) and the new
2881 debtor is located in another jurisdiction, the following rules apply:
2882 (a) The financing statement is effective to perfect a security interest in collateral
2883 acquired by the new debtor before, and within four months after, the new debtor
2884 becomes bound under Subsection 70A-9a-203(4), if the financing statement would

have been effective to perfect a security interest in the collateral had the collateral been acquired by the original debtor.

(b) A security interest perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have been ineffective under the law of the jurisdiction designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) or the expiration of the four-month period remains perfected thereafter. A security interest that is perfected by the financing statement but which does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

Section 69. Section **70A-9a-317** is amended to read:

70A-9a-317 . Interests that take priority over or take free of security interest or agricultural lien.

(1) A security interest or agricultural lien is subordinate to the rights of:

(a) a person entitled to priority under Section 70A-9a-322; and

(b) except as otherwise provided in Subsection (5), a person that becomes a lien creditor before the earlier of the time:

(i) the security interest or agricultural lien is perfected; or

(ii) one of the conditions specified in Subsection 70A-9a-203(2)(c) is met and a financing statement covering the collateral is filed.

(2) Except as otherwise provided in Subsection (5), a buyer, other than a secured party, [~~of tangible chattel paper, tangible documents,~~] of goods, instruments, tangible documents, or a certificated security takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(3) Except as otherwise provided in Subsection (5), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(4) [~~A~~] Subject to Subsections (6) through (9), a licensee of a general intangible or a buyer, other than a secured party, of collateral other than [~~tangible chattel paper~~] electronic money, [~~tangible documents,~~]goods, instruments, tangible documents, or a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

2919 (5) Except as otherwise provided in Sections 70A-9a-320 and 70A-9a-321, if a person files
2920 a financing statement with respect to a purchase-money security interest before or within
2921 20 days after the debtor receives delivery of the collateral, the security interest takes
2922 priority over the rights of a buyer, lessee, or lien creditor which arise between the time
2923 the security interest attaches and the time of filing.
2924 (6) A buyer, other than a secured party, of chattel paper takes free of a security interest if,
2925 without knowledge of the security interest and before it is perfected, the buyer gives
2926 value and:
2927 (a) receives delivery of each authoritative tangible copy of the record evidencing the
2928 chattel paper; and
2929 (b) if each authoritative electronic copy of the record evidencing the chattel paper can be
2930 subjected to control under Section 70A-9a-105, obtains control of each authoritative
2931 electronic copy.
2932 (7) A buyer of an electronic document takes free of a security interest if, without
2933 knowledge of the security interest and before it is perfected, the buyer gives value and, if
2934 each authoritative electronic copy of the document can be subjected to control under
2935 Section 70A-12-105, obtains control of each authoritative electronic copy.
2936 (8) A buyer of a controllable electronic record takes free of a security interest if, without
2937 knowledge of the security interest and before it is perfected, the buyer gives value and
2938 obtains control of the controllable electronic record.
2939 (9) A buyer, other than a secured party, of a controllable account or a controllable payment
2940 intangible takes free of a security interest if, without knowledge of the security interest
2941 and before it is perfected, the buyer gives value and obtains control of the controllable
2942 account or controllable payment intangible.
2943 Section 70. Section **70A-9a-323** is amended to read:
2944 **70A-9a-323 . Future advances.**
2945 (1) Except as otherwise provided in Subsection (3), for purposes of determining the priority
2946 of a perfected security interest under Subsection 70A-9a-322(1)(a), perfection of the
2947 security interest dates from the time an advance is made to the extent that the security
2948 interest secures an advance that:
2949 (a) is made while the security interest is perfected only:
2950 (i) under Section 70A-9a-309 when it attaches; or
2951 (ii) temporarily under Subsection 70A-9a-312(5), (6), or (7); and
2952 (b) is not made pursuant to a commitment entered into before or while the security

2953 interest is perfected by a method other than under Section 70A-9a-309 or Subsection
2954 70A-9a-312(5), (6), or (7).
2955 (2) Except as otherwise provided in Subsection (3), a security interest is subordinate to the
2956 rights of a person that becomes a lien creditor to the extent that the security interest
2957 secures an advance made more than 45 days after the person becomes a lien creditor
2958 unless the advance is made:
2959 (a) without knowledge of the lien; or
2960 (b) pursuant to a commitment entered into without knowledge of the lien.
2961 (3) Subsections (1) and (2) do not apply to a security interest held by a secured party that is
2962 a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a
2963 consignor.
2964 (4) Except as otherwise provided in Subsection (5), a buyer of goods [~~other than a buyer in~~
2965 ~~ordinary course of business~~]takes free of a security interest to the extent that it secures
2966 advances made after the earlier of:
2967 (a) the time the secured party acquires knowledge of the buyer's purchase; or
2968 (b) 45 days after the purchase.
2969 (5) Subsection (4) does not apply if the advance is made pursuant to a commitment entered
2970 into without knowledge of the buyer's purchase and before the expiration of the 45-day
2971 period.
2972 (6) Except as otherwise provided in Subsection (7), a lessee of goods[~~, other than a lessee in~~
2973 ~~ordinary course of business,~~] takes the leasehold interest free of a security interest to the
2974 extent that it secures advances made after the earlier of:
2975 (a) the time the secured party acquires knowledge of the lease; or
2976 (b) 45 days after the lease contract becomes enforceable.
2977 (7) Subsection (6) does not apply if the advance is made pursuant to a commitment entered
2978 into without knowledge of the lease and before the expiration of the 45-day period.
2979 Section 71. Section **70A-9a-324** is amended to read:
2980 **70A-9a-324 . Priority of purchase-money security interests.**
2981 (1) Except as otherwise provided in Subsection (7), a perfected purchase-money security
2982 interest in goods other than inventory or livestock has priority over a conflicting security
2983 interest in the same goods, and, except as otherwise provided in Section 70A-9a-327, a
2984 perfected security interest in its identifiable proceeds also has priority, if the
2985 purchase-money security interest is perfected when the debtor receives possession of the
2986 collateral or within 20 days thereafter.

2987 (2) Subject to Subsection (3) and except as otherwise provided in Subsection (7), a
2988 perfected purchase-money security interest in inventory has priority over a conflicting
2989 security interest in the same inventory, has priority over a conflicting security interest in
2990 chattel paper or an instrument constituting proceeds of the inventory and in proceeds of
2991 the chattel paper, if so provided in Section 70A-9a-330, and, except as otherwise
2992 provided in Section 70A-9a-327, also has priority in identifiable cash proceeds of the
2993 inventory to the extent the identifiable cash proceeds are received on or before the
2994 delivery of the inventory to a buyer, if:
2995 (a) the purchase-money security interest is perfected when the debtor receives
2996 possession of the inventory;
2997 (b) the purchase-money secured party sends [~~an authenticated~~] a signed notification to
2998 the holder of the conflicting security interest;
2999 (c) the holder of the conflicting security interest receives the notification within five
3000 years before the debtor receives possession of the inventory; and
3001 (d) the notification states that the person sending the notification has or expects to
3002 acquire a purchase-money security interest in inventory of the debtor and describes
3003 the inventory.
3004 (3) Subsections (2)(b) through (d) apply only if the holder of the conflicting security
3005 interest had filed a financing statement covering the same types of inventory:
3006 (a) if the purchase-money security interest is perfected by filing, before the date of the
3007 filing; or
3008 (b) if the purchase-money security interest is temporarily perfected without filing or
3009 possession under Subsection 70A-9a-312(6), before the beginning of the 20-day
3010 period thereunder.
3011 (4) Subject to Subsection (5) and except as otherwise provided in Subsection (7), a
3012 perfected purchase-money security interest in livestock that are farm products has
3013 priority over a conflicting security interest in the same livestock, and, except as
3014 otherwise provided in Section 70A-9a-327, a perfected security interest in their
3015 identifiable proceeds and identifiable products in their unmanufactured states also has
3016 priority, if:
3017 (a) the purchase-money security interest is perfected when the debtor receives
3018 possession of the livestock;
3019 (b) the purchase-money secured party sends [~~an authenticated~~] a signed notification to
3020 the holder of the conflicting security interest;

3021 (c) the holder of the conflicting security interest receives the notification within six
3022 months before the debtor receives possession of the livestock; and
3023 (d) the notification states that the person sending the notification has or expects to
3024 acquire a purchase-money security interest in livestock of the debtor and describes
3025 the livestock.
3026 (5) Subsections (4)(b) through (d) apply only if the holder of the conflicting security
3027 interest had filed a financing statement covering the same types of livestock:
3028 (a) if the purchase-money security interest is perfected by filing, before the date of the
3029 filing; or
3030 (b) if the purchase-money security interest is temporarily perfected without filing or
3031 possession under Subsection 70A-9a-312(6), before the beginning of the 20-day
3032 period thereunder.
3033 (6) Except as otherwise provided in Subsection (7), a perfected purchase-money security
3034 interest in software has priority over a conflicting security interest in the same collateral,
3035 and, except as otherwise provided in Section 70A-9a-327, a perfected security interest in
3036 its identifiable proceeds also has priority, to the extent that the purchase-money security
3037 interest in the goods in which the software was acquired for use has priority in the goods
3038 and proceeds of the goods under this section.
3039 (7) If more than one security interest qualifies for priority in the same collateral under
3040 Subsection (1), (2), (4), or (6):
3041 (a) a security interest securing an obligation incurred as all or part of the price of the
3042 collateral has priority over a security interest securing an obligation incurred for
3043 value given to enable the debtor to acquire rights in or the use of collateral; and
3044 (b) in all other cases, Subsection 70A-9a-322(1) applies to the qualifying security
3045 interests.
3046 Section 72. Section **70A-9a-326.1** is enacted to read:
3047 **<u>70A-9a-326.1</u> . Priority of security interest in controllable account, controllable**
3048 **electronic record, and controllable payment intangible.**
3049 <u>A security interest in a controllable account, controllable electronic record, or</u>
3050 <u>controllable payment intangible held by a secured party having control of the account,</u>
3051 <u>electronic record, or payment intangible has priority over a conflicting security interest held by</u>
3052 <u>a secured party that does not have control.</u>
3053 Section 73. Section **70A-9a-330** is amended to read:
3054 **70A-9a-330 . Priority of purchaser of chattel paper or instrument.**

3055 (1) A purchaser of chattel paper has priority over a security interest in the chattel paper
3056 which is claimed merely as proceeds of inventory subject to a security interest if:
3057 (a) in good faith and in the ordinary course of the purchaser's business, the purchaser
3058 gives new value[~~ and~~] , takes possession of each authoritative tangible copy of the
3059 record evidencing the chattel paper[~~ or~~] , and obtains control [~~of~~] under Section
3060 70A-9a-105 of each authoritative electronic copy of the record evidencing the chattel
3061 paper[~~ under Section 70A-9a-105~~]; and
3062 (b) the [~~chattel paper does~~] authoritative copies of the record evidencing the chattel paper
3063 do not indicate that [~~it~~] the chattel paper has been assigned to an identified assignee
3064 other than the purchaser.
3065 (2) A purchaser of chattel paper has priority over a security interest in the chattel paper
3066 which is claimed other than merely as proceeds of inventory subject to a security interest
3067 if the purchaser gives new value[~~ and~~] , takes possession of each authoritative tangible
3068 copy of the record evidencing the chattel paper[~~ or~~] , and obtains control [~~of the chattel~~
3069 ~~paper~~]under Section 70A-9a-105 of each authoritative electronic copy of the record
3070 evidencing the chattel paper in good faith, in the ordinary course of the purchaser's
3071 business, and without knowledge that the purchase violates the rights of the secured
3072 party.
3073 (3) Except as otherwise provided in Section 70A-9a-327, a purchaser having priority in
3074 chattel paper under Subsection (1) or (2) also has priority in proceeds of the chattel
3075 paper to the extent that:
3076 (a) Section 70A-9a-322 provides for priority in the proceeds; or
3077 (b) the proceeds consist of the specific goods covered by the chattel paper or cash
3078 proceeds of the specific goods, even if the purchaser's security interest in the
3079 proceeds is unperfected.
3080 (4) Except as otherwise provided in Subsection 70A-9a-331(1), a purchaser of an
3081 instrument has priority over a security interest in the instrument perfected by a method
3082 other than possession if the purchaser gives value and takes possession of the instrument
3083 in good faith and without knowledge that the purchase violates the rights of the secured
3084 party.
3085 (5) For purposes of Subsections (1) and (2), the holder of a purchase-money security
3086 interest in inventory gives new value for chattel paper constituting proceeds of the
3087 inventory.
3088 (6) For purposes of Subsections (2) and (4), if the authoritative copies of the record

evidencing chattel paper or an instrument [~~indicates~~] indicate that [~~it~~] the chattel paper or instrument has been assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

Section 74. Section **70A-9a-331** is amended to read:

70A-9a-331 . Priority of rights of purchasers of controllable accounts, controllable electronic records, controllable payment intangibles, documents, instruments, and securities under other chapters -- Priority of interests in financial assets and security entitlements and protection against assertion of claim under Chapter 8, Uniform Commercial Code -- Investment Securities, and Chapter 12, Uniform Commercial Code - Controllable Electronic Records.

(1) This chapter does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, [~~or~~]a protected purchaser of a security, or a qualifying purchaser of a controllable account, controllable electronic record, or controllable payment intangible. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Chapter 3, Uniform Commercial Code - Negotiable Instruments, Chapter 7a, Uniform Commercial Code - Documents of Title, [~~and~~]Chapter 8, Uniform Commercial Code - Investment Securities, and Chapter 12, Uniform Commercial Code - Controllable Electronic Records.

(2) This chapter does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Chapter 8, Uniform Commercial Code - Investment Securities, or Chapter 12, Uniform Commercial Code - Controllable Electronic Records.

(3) Filing under this chapter does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in Subsections (1) and (2).

Section 75. Section **70A-9a-332** is amended to read:

70A-9a-332 . Transfer of money -- Transfer of funds from deposit account.

(1) A transferee of tangible money takes the money free of a security interest [~~unless the transferee acts~~] if the transferee receives possession of the money without acting in collusion with the debtor in violating the rights of the secured party.

(2) A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account [~~unless the transferee acts~~] if the transferee receives the funds without acting in collusion with the debtor in violating the rights of the secured party.

3123 (3) A transferee of electronic money takes the money free of a security interest if the
3124 transferee obtains control of the money without acting in collusion with the debtor in
3125 violating the rights of the secured party.
3126 Section 76. Section **70A-9a-334** is amended to read:
3127 **70A-9a-334 . Priority of security interests in fixtures and crops.**
3128 (1) A security interest under this chapter may be created in goods that are fixtures or may
3129 continue in goods that become fixtures. A security interest does not exist under this
3130 chapter in ordinary building materials incorporated into an improvement on land.
3131 (2) This chapter does not prevent creation of an encumbrance upon fixtures under real
3132 property law.
3133 (3) In cases not governed by Subsections (4) through (8), a security interest in fixtures is
3134 subordinate to a conflicting interest of an encumbrancer or owner of the related real
3135 property other than the debtor.
3136 (4) Except as otherwise provided in Subsection (8), a perfected security interest in fixtures
3137 has priority over a conflicting interest of an encumbrancer or owner of the real property
3138 if the debtor has an interest of record in or is in possession of the real property and:
3139 (a) the security interest is a purchase-money security interest;
3140 (b) the interest of the encumbrancer or owner arises before the goods become fixtures;
3141 and
3142 (c) the security interest is perfected by a fixture filing before the goods become fixtures
3143 or within 20 days thereafter.
3144 (5) A perfected security interest in fixtures has priority over a conflicting interest of an
3145 encumbrancer or owner of the real property if:
3146 (a) the debtor has an interest of record in the real property or is in possession of the real
3147 property and the security interest:
3148 (i) is perfected by a fixture filing before the interest of the encumbrancer or owner is
3149 of record; and
3150 (ii) has priority over any conflicting interest of a predecessor in title of the
3151 encumbrancer or owner;
3152 (b) before the goods become fixtures, the security interest is perfected by any method
3153 permitted by this chapter and the fixtures are readily removable:
3154 (i) factory or office machines;
3155 (ii) equipment that is not primarily used or leased for use in the operation of the real
3156 property; or

3157 (iii) replacements of domestic appliances that are consumer goods;
3158 (c) the conflicting interest is a lien on the real property obtained by legal or equitable
3159 proceedings after the security interest was perfected by any method permitted by this
3160 chapter; or
3161 (d) the security interest is:
3162 (i) created in a manufactured home in a manufactured-home transaction; and
3163 (ii) perfected pursuant to a statute described in Subsection 70A-9a-311(1)(b).
3164 (6) A security interest in fixtures, whether or not perfected, has priority over a conflicting
3165 interest of an encumbrancer or owner of the real property if:
3166 (a) the encumbrancer or owner has, in [~~an authenticated~~] a signed record, consented to
3167 the security interest or disclaimed an interest in the goods as fixtures; or
3168 (b) the debtor has a right to remove the goods as against the encumbrancer or owner.
3169 (7) The priority of the security interest under Subsection (6)(b) continues for a reasonable
3170 time if the debtor's right to remove the goods as against the encumbrancer or owner
3171 terminates.
3172 (8) A mortgage is a construction mortgage to the extent that it secures an obligation
3173 incurred for the construction of an improvement on land, including the acquisition cost
3174 of the land, if a recorded record of the mortgage so indicates. Except as otherwise
3175 provided in Subsections (5) and (6), a security interest in fixtures is subordinate to a
3176 construction mortgage if a record of the mortgage is recorded before the goods become
3177 fixtures and the goods become fixtures before the completion of the construction. A
3178 mortgage has this priority to the same extent as a construction mortgage to the extent
3179 that it is given to refinance a construction mortgage.
3180 (9) A perfected security interest in crops growing on real property has priority over a
3181 conflicting interest of an encumbrancer or owner of the real property if the debtor has an
3182 interest of record in or is in possession of the real property.
3183 Section 77. Section **70A-9a-341** is amended to read:
3184 **70A-9a-341 . Bank's rights and duties with respect to deposit account.**
3185 Except as otherwise provided in Subsection 70A-9a-340(3), and unless the bank
3186 otherwise agrees in [~~an authenticated~~] a signed record, a bank's rights and duties with respect to
3187 a deposit account maintained with the bank are not terminated, suspended, or modified by:
3188 (1) the creation, attachment, or perfection of a security interest in the deposit account;
3189 (2) the bank's knowledge of the security interest; or
3190 (3) the bank's receipt of instructions from the secured party.

3191 Section 78. Section **70A-9a-404** is amended to read:
3192 **70A-9a-404 . Rights acquired by assignee -- Claims and defenses against assignee.**
3193 (1) Unless an account debtor has made an enforceable agreement not to assert defenses or
3194 claims, and subject to Subsections (2) through (5), the rights of an assignee are subject
3195 to:
3196 (a) all terms of the agreement between the account debtor and assignor and any defense
3197 or claim in recoupment arising from the transaction that gave rise to the contract; and
3198 (b) any other defense or claim of the account debtor against the assignor which accrues
3199 before the account debtor receives a notification of the assignment [~~authenticated~~]
3200 signed by the assignor or the assignee.
3201 (2) Subject to Subsection (3) and except as otherwise provided in Subsection (4), the claim
3202 of an account debtor against an assignor may be asserted against an assignee under
3203 Subsection (1) only to reduce the amount the account debtor owes.
3204 (3) This section is subject to law other than this chapter which establishes a different rule
3205 for an account debtor who is an individual and who incurred the obligation primarily for
3206 personal, family, or household purposes.
3207 (4) In a consumer transaction, if a record evidences the account debtor's obligation, law
3208 other than this chapter requires that the record include a statement to the effect that the
3209 account debtor's recovery against an assignee with respect to claims and defenses against
3210 the assignor may not exceed amounts paid by the account debtor under the record, and
3211 the record does not include such a statement, the extent to which a claim of an account
3212 debtor against the assignor may be asserted against an assignee is determined as if the
3213 record included such a statement.
3214 (5) This section does not apply to an assignment of a health-care-insurance receivable.
3215 Section 79. Section **70A-9a-406** is amended to read:
3216 **70A-9a-406 . Discharge of account debtor -- Notification of assignment --**
3217 **Identification and proof of assignment -- Restrictions on assignment of accounts, chattel**
3218 **paper, payment intangibles, and promissory notes ineffective.**
3219 (1) Subject to Subsections (2) through (9), an account debtor on an account, chattel paper,
3220 or a payment intangible may discharge its obligation by paying the assignor until, but
3221 not after, the account debtor receives a notification, authenticated by the assignor or the
3222 assignee, that the amount due or to become due has been assigned and that payment is to
3223 be made to the assignee. After receipt of the notification, the account debtor may
3224 discharge its obligation by paying the assignee and may not discharge the obligation by

3225 paying the assignor.
3226 (2) Subject to [~~Subsection~~] Subsections (8) and (10), notification is ineffective under
3227 Subsection (1):
3228 (a) if it does not reasonably identify the rights assigned;
3229 (b) to the extent that an agreement between an account debtor and a seller of a payment
3230 intangible limits the account debtor's duty to pay a person other than the seller and
3231 the limitation is effective under law other than this chapter; or
3232 (c) at the option of an account debtor, if the notification notifies the account debtor to
3233 make less than the full amount of any installment or other periodic payment to the
3234 assignee, even if:
3235 (i) only a portion of the account, chattel paper, or payment intangible has been
3236 assigned to that assignee;
3237 (ii) a portion has been assigned to another assignee; or
3238 (iii) the account debtor knows that the assignment to that assignee is limited.
3239 (3) Subject to Subsection (8), if requested by the account debtor, an assignee shall
3240 seasonably furnish reasonable proof that the assignment has been made. Unless the
3241 assignee complies, the account debtor may discharge its obligation by paying the
3242 assignor, even if the account debtor has received a notification under Subsection (1).
3243 (4) In this subsection, "promissory note" includes a negotiable instrument that evidences
3244 chattel paper. Except as otherwise provided in Subsection (5) and Sections 70A-2a-303
3245 and 70A-9a-407, and subject to Subsection (8), a term in an agreement between an
3246 account debtor and an assignor or in a promissory note is ineffective to the extent that it:
3247 (a) prohibits, restricts, or requires the consent of the account debtor or person obligated
3248 on the promissory note to the assignment or transfer of, or the creation, attachment,
3249 perfection, or enforcement of a security interest in, the account, chattel paper,
3250 payment intangible, or promissory note; or
3251 (b) provides that the assignment or transfer or the creation, attachment, perfection, or
3252 enforcement of the security interest may give rise to a default, breach, right of
3253 recoupment, claim, defense, termination, right of termination, or remedy under the
3254 account, chattel paper, payment intangible, or promissory note.
3255 (5) Subsection (4) does not apply to the sale of a payment intangible or promissory note,
3256 other than a sale pursuant to a disposition under Section 70A-9a-610 or an acceptance of
3257 collateral under Section 70A-9a-620.
3258 (6) Except as otherwise provided in Sections 70A-2a-303 and 70A-9a-407 and subject to

3259 Subsections (8) and (9), a rule of law, statute, or regulation that prohibits, restricts, or
3260 requires the consent of a government, governmental body or official, or account debtor
3261 to the assignment or transfer of, or creation of a security interest in, an account or chattel
3262 paper is ineffective to the extent that the rule of law, statute, or regulation:
3263 (a) prohibits, restricts, or requires the consent of the government, governmental body or
3264 official, or account debtor to the assignment or transfer of, or the creation,
3265 attachment, perfection, or enforcement of a security interest in the account or chattel
3266 paper; or
3267 (b) provides that the assignment or transfer or the creation, attachment, perfection, or
3268 enforcement of the security interest may give rise to a default, breach, right of
3269 recoupment, claim, defense, termination, right of termination, or remedy under the
3270 account or chattel paper.
3271 (7) Subject to [~~Subsection~~] Subsections (8) and (10), an account debtor may not waive or
3272 vary its option under Subsection (2)(c).
3273 (8) This section is subject to law other than this chapter which establishes a different rule
3274 for an account debtor who is an individual and who incurred the obligation primarily for
3275 personal, family, or household purposes.
3276 (9) This section does not apply to an assignment of a health-care-insurance receivable.
3277 (10) Subsections (1) through (3) and (7) do not apply to a controllable account or
3278 controllable payment intangible.
3279 Section 80. Section **70A-9a-408** is amended to read:
3280 **70A-9a-408 . Restrictions on assignment of promissory notes,**
3281 **health-care-insurance receivables, and certain general intangibles ineffective.**
3282 (1) Except as otherwise provided in Subsection (2), a term in a promissory note or in an
3283 agreement between an account debtor and a debtor which relates to a
3284 health-care-insurance receivable or a general intangible, including a contract, permit,
3285 license, or franchise, and which term prohibits, restricts, or requires the consent of the
3286 person obligated on the promissory note or the account debtor to, the assignment or
3287 transfer of, or creation, attachment, or perfection of a security interest in, the promissory
3288 note, health-care-insurance receivable, or general intangible, is ineffective to the extent
3289 that the term:
3290 (a) would impair the creation, attachment, or perfection of a security interest; or
3291 (b) provides that the assignment or transfer or the creation, attachment, or perfection of
3292 the security interest may give rise to a default, breach, right of recoupment, claim,

3293 defense, termination, right of termination, or remedy under the promissory note,
3294 health-care-insurance receivable, or general intangible.
3295 (2) Subsection (1) applies to a security interest in a payment intangible or promissory note
3296 only if the security interest arises out of a sale of the payment intangible or promissory
3297 note, other than a sale pursuant to a disposition under Section 70A-9a-610 or an
3298 acceptance of collateral under Section 70A-9a-620.
3299 (3) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a
3300 government, governmental body or official, person obligated on a promissory note, or
3301 account debtor to the assignment or transfer of, or creation of a security interest in, a
3302 promissory note, health-care-insurance receivable, or general intangible, including a
3303 contract, permit, license, or franchise between an account debtor and a debtor, is
3304 ineffective to the extent that the rule of law, statute, or regulation:
3305 (a) would impair the creation, attachment, or perfection of a security interest; or
3306 (b) provides that the assignment or transfer or the creation, attachment, or perfection of
3307 the security interest may give rise to a default, breach, right of recoupment, claim,
3308 defense, termination, right of termination, or remedy under the promissory note,
3309 health-care-insurance receivable, or general intangible.
3310 (4) To the extent that a term in a promissory note or in an agreement between an account
3311 debtor and a debtor which relates to a health-care-insurance receivable or general
3312 intangible or a rule of law, statute, or regulation described in Subsection (3) would be
3313 effective under law other than this chapter but is ineffective under Subsection (1) or (3),
3314 the creation, attachment, or perfection of a security interest in the promissory note,
3315 health-care-insurance receivable, or general intangible:
3316 (a) is not enforceable against the person obligated on the promissory note or the account
3317 debtor;
3318 (b) does not impose a duty or obligation on the person obligated on the promissory note
3319 or the account debtor;
3320 (c) does not require the person obligated on the promissory note or the account debtor to
3321 recognize the security interest, pay or render performance to the secured party, or
3322 accept payment or performance from the secured party;
3323 (d) does not entitle the secured party to use or assign the debtor's rights under the
3324 promissory note, health-care-insurance receivable, or general intangible, including
3325 any related information or materials furnished to the debtor in the transaction giving
3326 rise to the promissory note, health-care-insurance receivable, or general intangible;

3327 (e) does not entitle the secured party to use, assign, possess, or have access to any trade
3328 secrets or confidential information of the person obligated on the promissory note or
3329 the account debtor; and
3330 (f) does not entitle the secured party to enforce the security interest in the promissory
3331 note, health-care-insurance receivable, or general intangible.
3332 (5) In this section, "promissory note" includes a negotiable instrument that evidences
3333 chattel paper.
3334 Section 81. Section **70A-9a-509** is amended to read:
3335 **70A-9a-509 . Persons entitled to file a record.**
3336 (1) A person may file an initial financing statement, amendment that adds collateral
3337 covered by a financing statement, or amendment that adds a debtor to a financing
3338 statement only if:
3339 (a) the debtor authorizes the filing in [~~an authenticated~~] a signed record or pursuant to
3340 Subsection (2) or (3); or
3341 (b) the person holds an agricultural lien that has become effective at the time of filing
3342 and the financing statement covers only collateral in which the person holds an
3343 agricultural lien.
3344 (2) By [~~authenticating~~] signing or becoming bound as debtor by a security agreement, a
3345 debtor or new debtor authorizes the filing of an initial financing statement, and an
3346 amendment, covering:
3347 (a) the collateral described in the security agreement; and
3348 (b) property that becomes collateral under Subsection 70A-9a-315(1)(b), whether or not
3349 the security agreement expressly covers proceeds.
3350 (3) By acquiring collateral in which a security interest or agricultural lien continues under
3351 Subsection 70A-9a-315(1)(a), a debtor authorizes the filing of an initial financing
3352 statement, and an amendment, covering the collateral and property that becomes
3353 collateral under Subsection 70A-9a-315(1)(b).
3354 (4) A person may file an amendment other than an amendment that adds collateral covered
3355 by a financing statement or an amendment that adds a debtor to a financing statement
3356 only if:
3357 (a) the secured party of record authorizes the filing; or
3358 (b) the amendment is a termination statement for a financing statement as to which the
3359 secured party of record has failed to file or send a termination statement as required
3360 by Subsection 70A-9a-513(1) or (3), the debtor authorizes the filing, and the

3361 termination statement indicates that the debtor authorized it to be filed.
3362 (5) If there is more than one secured party of record for a financing statement, each secured
3363 party of record may authorize the filing of an amendment under Subsection (4).
3364 Section 82. Section **70A-9a-513** is amended to read:
3365 **70A-9a-513 . Termination statement.**
3366 (1) A secured party shall cause the secured party of record for a financing statement to file a
3367 termination statement for the financing statement if the financing statement covers
3368 consumer goods and:
3369 (a) there is no obligation secured by the collateral covered by the financing statement
3370 and no commitment to make an advance, incur an obligation, or otherwise give value;
3371 or
3372 (b) the debtor did not authorize the filing of the initial financing statement.
3373 (2) To comply with Subsection (1), a secured party shall cause the secured party of record
3374 to file the termination statement:
3375 (a) within one month after there is no obligation secured by the collateral covered by the
3376 financing statement and no commitment to make an advance, incur an obligation, or
3377 otherwise give value; or
3378 (b) if earlier, within 20 days after the secured party receives [~~an authenticated~~] a signed
3379 demand from a debtor.
3380 (3) In cases not governed by Subsection (1), within 20 days after a secured party receives [
3381 ~~an authenticated~~] a signed demand from a debtor, the secured party shall cause the
3382 secured party of record for a financing statement to send to the debtor a termination
3383 statement for the financing statement or file the termination statement in the filing office
3384 if:
3385 (a) except in the case of a financing statement covering accounts or chattel paper that has
3386 been sold or goods that are the subject of a consignment, there is no obligation
3387 secured by the collateral covered by the financing statement and no commitment to
3388 make an advance, incur an obligation, or otherwise give value;
3389 (b) the financing statement covers accounts or chattel paper that has been sold but as to
3390 which the account debtor or other person obligated has discharged its obligation;
3391 (c) the financing statement covers goods that were the subject of a consignment to the
3392 debtor but are not in the debtor's possession; or
3393 (d) the debtor did not authorize the filing of the initial financing statement.
3394 (4) Except as otherwise provided in Section 70A-9a-510, upon the filing of a termination

3395 statement with the filing office, the financing statement to which the termination
3396 statement relates ceases to be effective. Except as otherwise provided in Section
3397 70A-9a-510, for purposes of Subsections 70A-9a-519(7), 70A-9a-522(1), and
3398 70A-9a-525(3), the filing with the filing office of a termination statement relating to a
3399 financing statement that indicates that the debtor is a transmitting utility also causes the
3400 effectiveness of the financing statement to lapse.
3401 (5)(a) If a debtor files a termination statement, the filing office shall send to the secured
3402 party of record for the financing statement to which the termination statement relates,
3403 a notice stating that the termination statement has been filed.
3404 (b) The filing office shall send notice described in Subsection (5)(a):
3405 (i)(A) by mail to the address provided for the secured party of record in the
3406 financing statement; or
3407 (B) by electronic mail to the electronic mail address provided by the secured party
3408 of record, if any; and
3409 (ii) no later than 14 days after the day on which the termination statement is filed.
3410 Section 83. Section **70A-9a-601** is amended to read:
3411 **70A-9a-601 . Rights after default -- Judicial enforcement -- Consignor or buyer**
3412 **of accounts, chattel paper, payment intangibles, or promissory notes.**
3413 (1) After default, a secured party has the rights provided in this part and, except as
3414 otherwise provided in Section 70A-9a-602, those provided by agreement of the parties.
3415 A secured party:
3416 (a) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security
3417 interest, or agricultural lien by any available judicial procedure; and
3418 (b) if the collateral is documents, may proceed either as to the documents or as to the
3419 goods they cover.
3420 (2) A secured party in possession of collateral or control of collateral under Section
3421 70A-7a-106, 70A-9a-104, 70A-9a-105, 70A-9a-105.1, 70A-9a-106, [~~or~~]70A-9a-107, or
3422 70A-9a-107.1 has the rights and duties provided in Section 70A-9a-207.
3423 (3) The rights under Subsections (1) and (2) are cumulative and may be exercised
3424 simultaneously.
3425 (4) Except as otherwise provided in Subsection (7) and Section 70A-9a-605, after default, a
3426 debtor and an obligor have the rights provided in this part and by agreement of the
3427 parties.
3428 (5) If a secured party has reduced its claim to judgment, the lien of any levy that may be

3429 made upon the collateral by virtue of an execution based upon the judgment relates back
3430 to the earliest of:
3431 (a) the date of perfection of the security interest or agricultural lien in the collateral;
3432 (b) the date of filing a financing statement covering the collateral; or
3433 (c) any date specified in a statute under which the agricultural lien was created.
3434 (6) A sale pursuant to an execution is a foreclosure of the security interest or agricultural
3435 lien by judicial procedure within the meaning of this section. A secured party may
3436 purchase at the sale and thereafter hold the collateral free of any other requirements of
3437 this chapter.
3438 (7) Except as otherwise provided in Subsection 70A-9a-607(3), this part imposes no duties
3439 upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment
3440 intangibles, or promissory notes.
3441 Section 84. Section **70A-9a-605** is amended to read:
3442 **70A-9a-605 . Unknown debtor or secondary obligor.**
3443 [~~A~~]
3444 (1) Except as provided in Subsection (2), a secured party does not owe a duty based on its
3445 status as secured party:
3446 [~~(1)~~] (a) to a person that is a debtor or obligor, unless the secured party knows:
3447 [~~(a)~~] (i) that the person is a debtor or obligor;
3448 [~~(b)~~] (ii) the identity of the person; and
3449 [~~(c)~~] (iii) how to communicate with the person; or
3450 [~~(2)~~] (b) to a secured party or lienholder that has filed a financing statement against a
3451 person, unless the secured party knows:
3452 [~~(a)~~] (i) that the person is a debtor; and
3453 [~~(b)~~] (ii) the identity of the person.
3454 (2) A secured party owes a duty based on its status as a secured party to a person if, at the
3455 time the secured party obtains control of collateral that is a controllable account,
3456 controllable electronic record, or controllable payment intangible or at the time the
3457 security interest attaches to the collateral, whichever is later:
3458 (a) the person is a debtor or obligor; and
3459 (b) the secured party knows that the information in Subsection (1)(a)(i), (ii), or (iii)
3460 relating to the person is not provided by the collateral, a record attached to or
3461 logically associated with the collateral, or the system in which the collateral is
3462 recorded.

3463 Section 85. Section **70A-9a-608** is amended to read:
3464 **70A-9a-608 . Application of proceeds of collection or enforcement -- Liability for**
3465 **deficiency and right to surplus.**
3466 (1) If a security interest or agricultural lien secures payment or performance of an
3467 obligation, the following rules apply:
3468 (a) A secured party shall apply or pay over for application the cash proceeds of
3469 collection or enforcement under Section 70A-9a-607 in the following order to:
3470 (i) the reasonable expenses of collection and enforcement and, to the extent provided
3471 for by agreement and not prohibited by law, reasonable attorney's fees and legal
3472 expenses incurred by the secured party;
3473 (ii) the satisfaction of obligations secured by the security interest or agricultural lien
3474 under which the collection or enforcement is made; and
3475 (iii) the satisfaction of obligations secured by any subordinate security interest in or
3476 other lien on the collateral subject to the security interest or agricultural lien under
3477 which the collection or enforcement is made if the secured party receives [~~an~~
3478 ~~authenticated~~] a signed demand for proceeds before distribution of the proceeds is
3479 completed.
3480 (b) If requested by a secured party, a holder of a subordinate security interest or other
3481 lien shall furnish reasonable proof of the interest or lien within a reasonable time.
3482 Unless the holder complies, the secured party need not comply with the holder's
3483 demand under Subsection (1)(a)(iii).
3484 (c) A secured party need not apply or pay over for application noncash proceeds of
3485 collection and enforcement under Section 70A-9a-607 unless the failure to do so
3486 would be commercially unreasonable. A secured party that applies or pays over for
3487 application noncash proceeds shall do so in a commercially reasonable manner.
3488 (d) A secured party shall account to and pay a debtor for any surplus, and the obligor is
3489 liable for any deficiency.
3490 (2) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or
3491 promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable
3492 for any deficiency.
3493 Section 86. Section **70A-9a-611** is amended to read:
3494 **70A-9a-611 . Notification before disposition of collateral.**
3495 (1) In this section, "notification date" means the earlier of the date on which:
3496 (a) a secured party sends to the debtor and any secondary obligor [~~an authenticated~~] a

3497 signed notification of disposition; or
3498 (b) the debtor and any secondary obligor waive the right to notification.
3499 (2) Except as otherwise provided in Subsection (4), a secured party that disposes of
3500 collateral under Section 70A-9a-610 shall send to the persons specified in Subsection (3)
3501 a reasonable [~~authenticated~~] signed notification of disposition.
3502 (3) To comply with Subsection (2), the secured party shall send [~~an authenticated~~] a signed
3503 notification of disposition to:
3504 (a) the debtor;
3505 (b) any secondary obligor; and
3506 (c) if the collateral is other than consumer goods:
3507 (i) any other person from which the secured party has received, before the
3508 notification date, [~~an authenticated~~] a signed notification of a claim of an interest
3509 in the collateral;
3510 (ii) any other secured party or lienholder that, 10 days before the notification date,
3511 held a security interest in or other lien on the collateral perfected by the filing of a
3512 financing statement that:
3513 (A) identified the collateral;
3514 (B) was indexed under the debtor's name as of that date; and
3515 (C) was filed in the office in which to file a financing statement against the debtor
3516 covering the collateral as of that date; and
3517 (iii) any other secured party that, 10 days before the notification date, held a security
3518 interest in the collateral perfected by compliance with a statute, regulation, or
3519 treaty described in Subsection 70A-9a-311(1).
3520 (4) Subsection (2) does not apply if the collateral is perishable or threatens to decline
3521 speedily in value or is of a type customarily sold on a recognized market.
3522 (5) A secured party complies with the requirement for notification prescribed by Subsection
3523 (3)(c)(ii) if:
3524 (a) not later than 20 days or earlier than 30 days before the notification date, the secured
3525 party requests, in a commercially reasonable manner, information concerning
3526 financing statements indexed under the debtor's name in the office indicated in
3527 Subsection (3)(c)(ii); and
3528 (b) before the notification date, the secured party:
3529 (i) did not receive a response to the request for information; or
3530 (ii) received a response to the request for information and sent [~~an authenticated~~] a

3531 signed notification of disposition to each secured party or other lienholder named
3532 in that response whose financing statement covered the collateral.
3533 Section 87. Section **70A-9a-613** is amended to read:
3534 **70A-9a-613 . Contents and form of notification before disposition of collateral --**
3535 **General.**
3536 (1) Except in a consumer-goods transaction, the following rules apply:
3537 [~~(1)~~] (a) The contents of a notification of disposition are sufficient if the notification:
3538 [~~(a)~~] (i) describes the debtor and the secured party;
3539 [~~(b)~~] (ii) describes the collateral that is the subject of the intended disposition;
3540 [~~(c)~~] (iii) states the method of intended disposition;
3541 [~~(d)~~] (iv) states that the debtor is entitled to an accounting of the unpaid indebtedness
3542 and states the charge, if any, for an accounting; and
3543 [~~(e)~~] (v) states the time and place of a public disposition or the time after which any
3544 other disposition is to be made.
3545 [~~(2)~~] (b) Whether the contents of a notification that lacks any of the information specified
3546 in Subsection (1) are nevertheless sufficient is a question of fact.
3547 [~~(3)~~] (c) The contents of a notification providing substantially the information specified
3548 in Subsection (1) are sufficient, even if the notification includes:
3549 [~~(a)~~] (i) information not specified by that subsection; or
3550 [~~(b)~~] (ii) minor errors that are not seriously misleading.
3551 [~~(4)~~] (d) A particular phrasing of the notification is not required.
3552 [~~(5)~~] (e) The following form of notification and the form appearing in Subsection [
3553 ~~70A-9a-614(3)~~] 70A-9a-614(3), when completed in accordance with the instructions
3554 in Subsection (2) and Subsection 70A-9a-104(2), each provides sufficient
3555 information:
3556 [~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~
3557 ~~To: [Name of debtor, obligor, or other person to which the notification is sent]~~
3558 ~~From: [Name, address, and telephone number of secured party]~~
3559 ~~Name of Debtor(s): [Include only if debtor(s) are not an addressee]~~
3560 ~~[For a public disposition:]~~
3561 ~~We will sell [or lease or license, as applicable] the [describe collateral] [to the~~
3562 ~~highest qualified bidder] in public as follows:~~
3563 ~~Day and Date: [Insert day and date]~~
3564 ~~Time: [Insert time]~~

3565 ~~Place: [Insert place]~~
3566 ~~[For a private disposition:]~~
3567 ~~We will sell [or lease or license, as applicable] the [describe collateral]~~
3568 ~~privately sometime after [day and date]]~~[~~.~~
3569 ~~You are entitled to an accounting of the unpaid indebtedness secured by the~~
3570 ~~property that we intend to sell [or lease or license, as applicable] [for a charge of~~
3571 ~~$[Insert amount]]. You may request an accounting by calling us at [telephone~~
3572 ~~number].~~
3573] NOTIFICATION OF DISPOSITION OF COLLATERAL
3574 To: (Name of debtor, obligor, or other person to which the notification is sent)
3575 From: (Name, address, and telephone number of secured party)
3576 {1} Name of any debtor that is not an addressee: (Name of each debtor)
3577 {2} We will sell (describe collateral) (to the highest qualified bidder) at public
3578 sale. A sale could include a lease or license. The sale will be held as follows:
3579 (Date)
3580 (Time)
3581 (Place)
3582 {3} We will sell (describe collateral) at private sale sometime after (date). A sale
3583 could include a lease or license.
3584 {4} You are entitled to an accounting of the unpaid indebtedness secured by the
3585 property that we intend to sell or, as applicable, lease or license.
3586 {5} If you request an accounting you must pay a charge of $ (amount).
3587 {6} You may request an accounting by calling us at (telephone number).
3588 [End of Form]
3589 (2) The following instructions apply to the form of notification in Subsection (1)(e):
3590 (a) The instructions in this subsection refer to the numbers in braces before items in the
3591 form of notification in Subsection (1)(e). Do not include the numbers or braces in the
3592 notification. The numbers and braces are used only for the purpose of these
3593 instructions.
3594 (b) Include and complete item {1} only if there is a debtor that is not an addressee of the
3595 notification and list the name or names.
3596 (c) Include and complete either item {2}, if the notification relates to a public
3597 disposition of the collateral, or item {3}, if the notification relates to a private
3598 disposition of the collateral. If item {2} is included, include the words to the highest

3599 qualified bidder only if applicable.
3600 (d) Include and complete items {4} and {6}.
3601 (e) Include and complete item {5} only if the sender will charge the recipient for an
3602 accounting.
3603 Section 88. Section **70A-9a-614** is amended to read:
3604 **70A-9a-614 . Contents and form of notification before disposition of collateral --**
3605 **Consumer-goods transaction.**
3606 In a consumer-goods transaction, the following rules apply:
3607 (1) A notification of disposition must provide the following information:
3608 (a) the information specified in Subsection [~~70A-9a-613(1)~~] 70A-9a-613(1)(a);
3609 (b) a description of any liability for a deficiency of the person to which the notification
3610 is sent;
3611 (c) a telephone number from which the amount that must be paid to the secured party to
3612 redeem the collateral under Section 70A-9a-623 is available; and
3613 (d) a telephone number or mailing address from which additional information
3614 concerning the disposition and the obligation secured is available.
3615 (2) A particular phrasing of the notification is not required.
3616 (3) The following form of notification, when completed in accordance with Subsection (4),
3617 provides sufficient information:
3618 [~~[Name and address of secured party]~~
3619 ~~[Date]~~
3620 ~~NOTICE OF OUR PLAN TO SELL PROPERTY~~
3621 ~~[Name and address of any obligor who is also a debtor]~~
3622 ~~Subject: [Identification of Transaction]~~
3623 ~~We have your [describe collateral], because you broke promises in our agreement.~~
3624 ~~[For a public disposition:]~~
3625 ~~We will sell [describe collateral] at public sale. A sale could include a lease or license.~~
3626 ~~The sale will be held as follows:~~
3627 ~~Date:~~
3628 ~~Time:~~
3629 ~~Place:~~
3630 ~~You may attend the sale and bring bidders if you want.~~
3631 ~~[For a private disposition:]~~
3632 ~~We will sell [describe collateral] at private sale sometime after [date]. A sale could~~

3633 ~~include a lease or license.~~
3634 ~~The money that we get from the sale (after paying our costs) will reduce the amount~~
3635 ~~you owe. If we get less money than you owe, you [will or will not, as applicable] still owe us~~
3636 ~~the difference. If we get more money than you owe, you will get the extra money, unless we~~
3637 ~~must pay it to someone else.~~
3638 ~~You can get the property back at any time before we sell it by paying us the full amount~~
3639 ~~you owe (not just the past due payments), including our expenses. To learn the exact amount~~
3640 ~~you must pay, call us at [telephone number].~~
3641 ~~If you want us to explain to you in writing how we have figured the amount that you~~
3642 ~~owe us, you may call us at [telephone number] [or write us at [secured party's address]] and~~
3643 ~~request a written explanation. [We will charge you $[insert amount] for the explanation if we~~
3644 ~~sent you another written explanation of the amount you owe us within the last six months.]~~
3645 ~~If you need more information about the sale call us at [telephone number] [or write us~~
3646 ~~at [secured party's address]].~~
3647 ~~We are sending this notice to the following other people who have an interest in~~
3648 ~~[describe collateral] or who owe money under your agreement:~~
3649 ~~[Names of all other debtors and obligors, if any].~~
3650
3651]
3652 (Name and address of secured party)
3653 (Date)
3654 NOTICE OF OUR PLAN TO SELL PROPERTY
3655 (Name and address of any obligor who is also a debtor)
3656 Subject: (Identify transaction)
3657 We have your (describe collateral), because you broke promises in our agreement.
3658 {1} We will sell (describe collateral) at public sale. A sale could include a lease or license.
3659 The sale will be held as follows:
3660 (Date)
3661 (Time)
3662 (Place)
3663 You may attend the sale and bring bidders if you want.
3664 {2} We will sell (describe collateral) at private sale sometime after (date). A sale could
3665 include a lease or license.
3666 {3} The money that we get from the sale, after paying our costs, will reduce the amount

3667 you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us
3668 the difference. If we get more money than you owe, you will get the extra money, unless we
3669 must pay it to someone else.
3670 {4} You can get the property back at any time before we sell it by paying us the full amount
3671 you owe, not just the past due payments, including our expenses. To learn the exact amount
3672 you must pay, call us at (telephone number).
3673 {5} If you want us to explain to you in (writing) (writing or in (description of electronic
3674 record)) (description of electronic record) how we have figured the amount that you owe us,
3675 {6} call us at (telephone number) (or) (write us at (secured party's address)) (or contact us
3676 by (description of electronic communication method))
3677 {7} and request (a written explanation) (a written explanation or an explanation in
3678 (description of electronic record)) (an explanation in (description of electronic record)).
3679 {8} We will charge you $ (amount) for the explanation if we sent you another written
3680 explanation of the amount you owe us within the last six months.
3681 {9} If you need more information about the sale (call us at (telephone number)) (or) (write
3682 us at (secured party's address)) (or contact us by (description of electronic communication
3683 method)).
3684 {10} We are sending this notice to the following other people who have an interest in
3685 (describe collateral) or who owe money under your agreement:
3686 (Names of all other debtors and obligors, if any)
3687 [End of Form]
3688 (4) The following instructions apply to the form of notification in Subsection (3):
3689 (a) The instructions in this subsection refer to the numbers in braces before items in the
3690 form of notification in Subsection (3). Do not include the numbers or braces in the
3691 notification. The numbers and braces are used only for the purpose of these
3692 instructions.
3693 (b) Include and complete either item {1}, if the notification relates to a public
3694 disposition of the collateral, or item {2}, if the notification relates to a private
3695 disposition of the collateral.
3696 (c) Include and complete items {3}, {4}, {5}, {6}, and {7}.
3697 (d) In item {5}, include and complete any one of the three alternative methods for the
3698 explanation -- writing, writing or electronic record, or electronic record.
3699 (e) In item {6}, include the telephone number. In addition, the sender may include and
3700 complete either or both of the two additional alternative methods of communication

3701 -- writing or electronic communication -- for the recipient of the notification to
3702 communicate with the sender. Neither of the two additional methods of
3703 communication is required to be included.
3704 (f) In item {7}, include and complete the method or methods for the explanation --
3705 writing, writing or electronic record, or electronic record -- included in item {5}.
3706 (g) Include and complete item {8} only if a written explanation is included in item {5}
3707 as a method for communicating the explanation and the sender will charge the
3708 recipient for another written explanation.
3709 (h) In item {9}, include either the telephone number or the address or both the telephone
3710 number and the address. In addition, the sender may include and complete the
3711 additional method of communication -- electronic communication -- for the recipient
3712 of the notification to communicate with the sender. The additional method of
3713 electronic communication is not required to be included.
3714 (i) If item {10} does not apply, insert "None" after "agreement:".
3715 [~~(4)~~] (5) A notification in the form of Subsection (3) is sufficient, even if additional
3716 information appears at the end of the form.
3717 [~~(5)~~] (6) A notification in the form of Subsection (3) is sufficient, even if it includes errors in
3718 information not required by Subsection (1), unless the error is misleading with respect to
3719 rights arising under this chapter.
3720 [~~(6)~~] (7) If a notification under this section is not in the form of Subsection (3), law other
3721 than this chapter determines the effect of including information not required by
3722 Subsection (1).
3723 Section 89. Section **70A-9a-615** is amended to read:
3724 **70A-9a-615 . Application of proceeds of disposition -- Liability for deficiency and**
3725 **right to surplus.**
3726 (1) A secured party shall apply or pay over for application the cash proceeds of disposition
3727 under Section 70A-9a-610 in the following order to:
3728 (a) the reasonable expenses of retaking, holding, preparing for disposition, processing,
3729 and disposing, and, to the extent provided for by agreement and not prohibited by
3730 law, reasonable attorney's fees and legal expenses incurred by the secured party;
3731 (b) the satisfaction of obligations secured by the security interest or agricultural lien
3732 under which the disposition is made;
3733 (c) the satisfaction of obligations secured by any subordinate security interest in or other
3734 subordinate lien on the collateral if:

3735 (i) the secured party receives from the holder of the subordinate security interest or
3736 other lien [~~an authenticated~~] a signed demand for proceeds before distribution of
3737 the proceeds is completed; and
3738 (ii) in a case in which a consignor has an interest in the collateral, the subordinate
3739 security interest or other lien is senior to the interest of the consignor; and
3740 (d) a secured party that is a consignor of the collateral if the secured party receives from
3741 the consignor [~~an authenticated~~] a signed demand for proceeds before distribution of
3742 the proceeds is completed.
3743 (2) If requested by a secured party, a holder of a subordinate security interest or other lien
3744 shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the
3745 holder does so, the secured party need not comply with the holder's demand under
3746 Subsection (1)(c).
3747 (3) A secured party need not apply or pay over for application noncash proceeds of
3748 disposition under Section 70A-9a-610 unless the failure to do so would be commercially
3749 unreasonable. A secured party that applies or pays over for application noncash
3750 proceeds shall do so in a commercially reasonable manner.
3751 (4) If the security interest under which a disposition is made secures payment or
3752 performance of an obligation, after making the payments and applications required by
3753 Subsection (1) and permitted by Subsection (3):
3754 (a) unless Subsection (1)(d) requires the secured party to apply or pay over cash
3755 proceeds to a consignor, the secured party shall account to and pay a debtor for any
3756 surplus; and
3757 (b) the obligor is liable for any deficiency.
3758 (5) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or
3759 promissory notes:
3760 (a) the debtor is not entitled to any surplus; and
3761 (b) the obligor is not liable for any deficiency.
3762 (6) The surplus or deficiency following a disposition is calculated based on the amount of
3763 proceeds that would have been realized in a disposition complying with this part to a
3764 transferee other than the secured party, a person related to the secured party, or a
3765 secondary obligor if:
3766 (a) the transferee in the disposition is the secured party, a person related to the secured
3767 party, or a secondary obligor; and
3768 (b) the amount of proceeds of the disposition is significantly below the range of

3769 proceeds that a complying disposition to a person other than the secured party, a
3770 person related to the secured party, or a secondary obligor would have brought.
3771 (7) A secured party that receives cash proceeds of a disposition in good faith and without
3772 knowledge that the receipt violates the rights of the holder of a security interest or other
3773 lien that is not subordinate to the security interest or agricultural lien under which the
3774 disposition is made:
3775 (a) takes the cash proceeds free of the security interest or other lien;
3776 (b) is not obligated to apply the proceeds of the disposition to the satisfaction of
3777 obligations secured by the security interest or other lien; and
3778 (c) is not obligated to account to or pay the holder of the security interest or other lien
3779 for any surplus.
3780 Section 90. Section **70A-9a-616** is amended to read:
3781 **70A-9a-616 . Explanation of calculation of surplus or deficiency.**
3782 (1) In this section:
3783 (a) "Explanation" means a [~~writing~~] record that:
3784 (i) states the amount of the surplus or deficiency;
3785 (ii) provides an explanation in accordance with Subsection (3) of how the secured
3786 party calculated the surplus or deficiency;
3787 (iii) states, if applicable, that future debits, credits, charges, including additional
3788 credit service charges or interest, rebates, and expenses may affect the amount of
3789 the surplus or deficiency; and
3790 (iv) provides a telephone number or mailing address from which additional
3791 information concerning the transaction is available.
3792 (b) "Request" means a record:
3793 (i) [~~authenticated~~] signed by a debtor or consumer obligor;
3794 (ii) requesting that the recipient provide an explanation; and
3795 (iii) sent after disposition of the collateral under Section 70A-9a-610.
3796 (2) In a consumer-goods transaction in which the debtor is entitled to a surplus or a
3797 consumer obligor is liable for a deficiency under Section 70A-9a-615, the secured party
3798 shall:
3799 (a) send an explanation to the debtor or consumer obligor, as applicable, after the
3800 disposition and:
3801 (i) before or when the secured party accounts to the debtor and pays any surplus or
3802 first makes [~~written~~]demand in a record on the consumer obligor after the

3803 disposition for payment of the deficiency; and
3804 (ii) within 14 days after receipt of a request; or
3805 (b) in the case of a consumer obligor who is liable for a deficiency, within 14 days after
3806 receipt of a request, send to the consumer obligor a record waiving the secured party's
3807 right to a deficiency.
3808 (3) To comply with Subsection (1)(a)(ii), [~~a writing~~] an explanation must provide the
3809 following information in the following order:
3810 (a) the aggregate amount of obligations secured by the security interest under which the
3811 disposition was made, and, if the amount reflects a rebate of unearned interest or
3812 credit service charge, an indication of that fact, calculated as of a specified date:
3813 (i) if the secured party takes or receives possession of the collateral after default, not
3814 more than 35 days before the secured party takes or receives possession; or
3815 (ii) if the secured party takes or receives possession of the collateral before default or
3816 does not take possession of the collateral, not more than 35 days before the
3817 disposition;
3818 (b) the amount of proceeds of the disposition;
3819 (c) the aggregate amount of the obligations after deducting the amount of proceeds;
3820 (d) the amount, in the aggregate or by type, and types of expenses, including expenses of
3821 retaking, holding, preparing for disposition, processing, and disposing of the
3822 collateral, and attorney's fees secured by the collateral which are known to the
3823 secured party and relate to the current disposition;
3824 (e) the amount, in the aggregate or by type, and types of credits, including rebates of
3825 interest or credit service charges, to which the obligor is known to be entitled and
3826 which are not reflected in the amount in Subsection (3)(a); and
3827 (f) the amount of the surplus or deficiency.
3828 (4) A particular phrasing of the explanation is not required. An explanation complying
3829 substantially with the requirements of Subsection (1) is sufficient, even if it includes
3830 minor errors that are not seriously misleading.
3831 (5) A debtor or consumer obligor is entitled without charge to one response to a request
3832 under this section during any six-month period in which the secured party did not send
3833 to the debtor or consumer obligor an explanation pursuant to Subsection (2)(a). The
3834 secured party may require payment of a charge not exceeding $25 for each additional
3835 response.
3836 Section 91. Section **70A-9a-619** is amended to read:

3837 **70A-9a-619 . Transfer of record or legal title.**
3838 (1) In this section, "transfer statement" means a record [~~authenticated~~] signed by a secured
3839 party stating:
3840 (a) that the debtor has defaulted in connection with an obligation secured by specified
3841 collateral;
3842 (b) that the secured party has exercised its post-default remedies with respect to the
3843 collateral;
3844 (c) that, by reason of the exercise, a transferee has acquired the rights of the debtor in the
3845 collateral; and
3846 (d) the name and mailing address of the secured party, debtor, and transferee.
3847 (2) A transfer statement entitles the transferee to the transfer of record of all rights of the
3848 debtor in the collateral specified in the statement in any official filing, recording,
3849 registration, or certificate-of-title system covering the collateral. If a transfer statement
3850 is presented with the applicable fee and request form to the official or office responsible
3851 for maintaining the system, the official or office shall:
3852 (a) accept the transfer statement;
3853 (b) promptly amend its records to reflect the transfer; and
3854 (c) if applicable, issue a new appropriate certificate of title in the name of the transferee.
3855 (3) A transfer of the record or legal title to collateral to a secured party under Subsection (2)
3856 or otherwise is not of itself a disposition of collateral under this chapter and does not of
3857 itself relieve the secured party of its duties under this chapter.
3858 Section 92. Section **70A-9a-620** is amended to read:
3859 **70A-9a-620 . Acceptance of collateral in full or partial satisfaction of obligation --**
3860 **Compulsory disposition of collateral.**
3861 (1) Except as otherwise provided in Subsection (7), a secured party may accept collateral in
3862 full or partial satisfaction of the obligation it secures only if:
3863 (a) the debtor consents to the acceptance under Subsection (3);
3864 (b) the secured party does not receive, within the time set forth in Subsection (4), a
3865 notification of objection to the proposal [~~authenticated~~] signed by:
3866 (i) a person to which the secured party was required to send a proposal under Section
3867 70A-9a-621; or
3868 (ii) any other person, other than the debtor, holding an interest in the collateral
3869 subordinate to the security interest that is the subject of the proposal;
3870 (c) if the collateral is consumer goods, the collateral is not in the possession of the

3871 debtor when the debtor consents to the acceptance; and
3872 (d) Subsection (5) does not require the secured party to dispose of the collateral or the
3873 debtor waives the requirement pursuant to Section 70A-9a-624.
3874 (2) A purported or apparent acceptance of collateral under this section is ineffective unless:
3875 (a) the secured party consents to the acceptance in [~~an authenticated~~] a signed record or
3876 sends a proposal to the debtor; and
3877 (b) the conditions of Subsection (1) are met.
3878 (3) For purposes of this section:
3879 (a) a debtor consents to an acceptance of collateral in partial satisfaction of the
3880 obligation it secures only if the debtor agrees to the terms of the acceptance in a
3881 record [~~authenticated~~] signed after default; and
3882 (b) a debtor consents to an acceptance of collateral in full satisfaction of the obligation it
3883 secures only if the debtor agrees to the terms of the acceptance in a record [
3884 ~~authenticated~~] signed after default or the secured party:
3885 (i) sends to the debtor after default a proposal that is unconditional or subject only to
3886 a condition that collateral not in the possession of the secured party be preserved
3887 or maintained;
3888 (ii) in the proposal, proposes to accept collateral in full satisfaction of the obligation
3889 it secures; and
3890 (iii) does not receive a notification of objection [~~authenticated~~] signed by the debtor
3891 within 20 days after the proposal is sent.
3892 (4) To be effective under Subsection (1)(b), a notification of objection must be received by
3893 the secured party:
3894 (a) in the case of a person to which the proposal was sent pursuant to Section
3895 70A-9a-621, within 20 days after notification was sent to that person; and
3896 (b) in other cases:
3897 (i) within 20 days after the last notification was sent pursuant to Section 70A-9a-621;
3898 or
3899 (ii) if a notification was not sent, before the debtor consents to the acceptance under
3900 Subsection (3).
3901 (5) A secured party that has taken possession of collateral shall dispose of the collateral
3902 pursuant to Section 70A-9a-610 within the time specified in Subsection (6) if:
3903 (a) 60% of the cash price has been paid in the case of a purchase-money security interest
3904 in consumer goods; or

3905 (b) 60% of the principal amount of the obligation secured has been paid in the case of a
3906 non-purchase-money security interest in consumer goods.
3907 (6) To comply with Subsection (5), the secured party shall dispose of the collateral:
3908 (a) within 90 days after taking possession; or
3909 (b) within any longer period to which the debtor and all secondary obligors have agreed
3910 in an agreement to that effect entered into and [~~authenticated~~] signed after default.
3911 (7) In a consumer transaction, a secured party may not accept collateral in partial
3912 satisfaction of the obligation it secures.
3913 Section 93. Section **70A-9a-621** is amended to read:
3914 **70A-9a-621 . Notification of proposal to accept collateral.**
3915 (1) A secured party that desires to accept collateral in full or partial satisfaction of the
3916 obligation it secures shall send its proposal to:
3917 (a) any person from which the secured party has received, before the debtor consented to
3918 the acceptance, [~~an authenticated~~] a signed notification of a claim of an interest in the
3919 collateral;
3920 (b) any other secured party or lienholder that, 10 days before the debtor consented to the
3921 acceptance, held a security interest in or other lien on the collateral perfected by the
3922 filing of a financing statement that:
3923 (i) identified the collateral;
3924 (ii) was indexed under the debtor's name as of that date; and
3925 (iii) was filed in the office or offices in which to file a financing statement against the
3926 debtor covering the collateral as of that date; and
3927 (c) any other secured party that, 10 days before the debtor consented to the acceptance,
3928 held a security interest in the collateral perfected by compliance with a statute,
3929 regulation, or treaty described in Subsection 70A-9a-311(1).
3930 (2) A secured party that desires to accept collateral in partial satisfaction of the obligation it
3931 secures shall send its proposal to any secondary obligor in addition to the persons
3932 described in Subsection (1).
3933 Section 94. Section **70A-9a-624** is amended to read:
3934 **70A-9a-624 . Waiver.**
3935 (1) A debtor or secondary obligor may waive the right to notification of disposition of
3936 collateral under Section 70A-9a-611 only by an agreement to that effect entered into and [
3937 ~~authenticated~~] signed after default.
3938 (2) A debtor may waive the right to require disposition of collateral under Subsection

3939 70A-9a-620(5) only by an agreement to that effect entered into and [~~authenticated~~] signed
3940 after default.
3941 (3) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the
3942 right to redeem collateral under Section 70A-9a-623 only by an agreement to that effect
3943 entered into and [~~authenticated~~] signed after default.
3944 Section 95. Section **70A-9a-628** is amended to read:
3945 **70A-9a-628 . Nonliability and limitation on liability of secured party -- Liability**
3946 **of secondary obligor.**
3947 (1) [~~Unless~~] Subject to Subsection (6), unless a secured party knows that a person is a debtor
3948 or obligor, knows the identity of the person, and knows how to communicate with the
3949 person:
3950 (a) the secured party is not liable to the person, or to a secured party or lienholder that
3951 has filed a financing statement against the person, for failure to comply with this
3952 chapter; and
3953 (b) the secured party's failure to comply with this chapter does not affect the liability of
3954 the person for a deficiency.
3955 (2) [~~A~~] Subject to Subsection (6), a secured party is not liable because of its status as
3956 secured party:
3957 (a) to a person that is a debtor or obligor, unless the secured party knows:
3958 (i) that the person is a debtor or obligor;
3959 (ii) the identity of the person; and
3960 (iii) how to communicate with the person; or
3961 (b) to a secured party or lienholder that has filed a financing statement against a person,
3962 unless the secured party knows:
3963 (i) that the person is a debtor; and
3964 (ii) the identity of the person.
3965 (3) A secured party is not liable to any person, and a person's liability for a deficiency is not
3966 affected, because of any act or omission arising out of the secured party's reasonable
3967 belief that a transaction is not a consumer-goods transaction or a consumer transaction
3968 or that goods are not consumer goods, if the secured party's belief is based on its
3969 reasonable reliance on:
3970 (a) a debtor's representation concerning the purpose for which collateral was to be used,
3971 acquired, or held; or
3972 (b) an obligor's representation concerning the purpose for which a secured obligation

3973 was incurred.
3974 (4) A secured party is not liable to any person under Subsection 70A-9a-625(3)(b) for its
3975 failure to comply with Section 70A-9a-616.
3976 (5) A secured party is not liable under Section 70A-9a-625(3)(b) more than once with
3977 respect to any one secured obligation.
3978 (6) Subsections (1) and (2) do not apply to limit the liability of a secured party to a person
3979 if, at the time the secured party obtains control of collateral that is a controllable
3980 account, controllable electronic record, or controllable payment intangible or at the time
3981 the security interest attaches to the collateral, whichever is later:
3982 (a) the person is a debtor or obligor; and
3983 (b) the secured party knows that the information in Subsection (2)(a)(i), (ii), or (iii)
3984 relating to the person is not provided by the collateral, a record attached to or
3985 logically associated with the collateral, or the system in which the collateral is
3986 recorded.
3987 Section 96. Section **70A-12-101** is enacted to read:
3988 **CHAPTER 12. Uniform Commercial Code - Controllable Electronic Records**
3989 **70A-12-101 . Title.**
3990 This chapter may be cited as Uniform Commercial Code - Controllable Electronic
3991 Records.
3992 Section 97. Section **70A-12-102** is enacted to read:
3993 **70A-12-102 . Definitions.**
3994 (1) In this chapter:
3995 (a)(i) "Controllable electronic record" means a record stored in an electronic medium
3996 that can be subjected to control under Section 70A-12-105.
3997 (ii) "Controllable electronic record" does not include a controllable account, a
3998 controllable payment intangible, a deposit account, an electronic copy of a record
3999 evidencing chattel paper, an electronic document of title, electronic money,
4000 investment property, or a transferable record.
4001 (b) "Qualifying purchaser" means a purchaser of a controllable electronic record or an
4002 interest in a controllable electronic record that obtains control of the controllable
4003 electronic record for value, in good faith, and without notice of a claim of a property
4004 right in the controllable electronic record.
4005 (c) "Transferable record" has the meaning provided for that term in:
4006 (i) Section 201(a)(1) of the Electronic Signatures in Global and National Commerce

4007 Act, 15 U.S.C. Sec. 7021(a)(1); or
4008 (ii) Section 46-4-403.
4009 (d) "Value" has the meaning provided in Subsection 70A-3-303(1), as if references in
4010 that subsection to an instrument were references to a controllable account,
4011 controllable electronic record, or controllable payment intangible.
4012 (2) The definitions in Chapter 9a, Uniform Commercial Code - Secured Transactions, of
4013 "account debtor," "controllable account," "controllable payment intangible," "chattel
4014 paper," "deposit account," "electronic money," and "investment property" apply to this
4015 chapter.
4016 (3) Chapter 1a, Uniform Commercial Code - General Provisions, contains general
4017 definitions and principles of construction and interpretation applicable throughout this
4018 chapter.
4019 Section 98. Section **70A-12-103** is enacted to read:
4020 **70A-12-103 . Relation to Chapter 9a, Uniform Commercial Code - Secured**
4021 **Transactions and consumer laws.**
4022 (1) If there is conflict between this chapter and Chapter 9a, Uniform Commercial Code -
4023 Secured Transactions, Chapter 9a, Uniform Commercial Code - Secured Transactions,
4024 governs.
4025 (2) A transaction subject to this chapter is subject to any applicable rule of law that
4026 establishes a different rule for consumers and Title 70C, Utah Consumer Credit Code.
4027 Section 99. Section **70A-12-104** is enacted to read:
4028 **70A-12-104 . Rights in controllable account, controllable electronic record, and**
4029 **controllable payment intangible.**
4030 (1) This section applies to the acquisition and purchase of rights in a controllable account or
4031 controllable payment intangible, including the rights and benefits under Subsections (3),
4032 (4), (5), (7), and (8), of a purchaser and qualifying purchaser, in the same manner this
4033 section applies to a controllable electronic record.
4034 (2) To determine whether a purchaser of a controllable account or a controllable payment
4035 intangible is a qualifying purchaser, the purchaser obtains control of the account or
4036 payment intangible if it obtains control of the controllable electronic record that
4037 evidences the account or payment intangible.
4038 (3) Except as provided in this section, law other than this chapter determines whether a
4039 person acquires a right in a controllable electronic record and the right the person
4040 acquires.

4041 (4) A purchaser of a controllable electronic record acquires all rights in the controllable
4042 electronic record that the transferor had or had power to transfer, except that a purchaser
4043 of a limited interest in a controllable electronic record acquires rights only to the extent
4044 of the interest purchased.
4045 (5) A qualifying purchaser acquires its rights in the controllable electronic record free of a
4046 claim of a property right in the controllable electronic record.
4047 (6) Except as provided in Subsections (1) and (5) for a controllable account and a
4048 controllable payment intangible or law other than this chapter, a qualifying purchaser
4049 takes a right to payment, right to performance, or other interest in property evidenced by
4050 the controllable electronic record subject to a claim of a property right in the right to
4051 payment, right to performance, or other interest in property.
4052 (7) An action may not be asserted against a qualifying purchaser based on both a purchase
4053 by the qualifying purchaser of a controllable electronic record and a claim of a property
4054 right in another controllable electronic record, whether the action is framed in
4055 conversion, replevin, constructive trust, equitable lien, or other theory.
4056 (8) Filing of a financing statement under Chapter 9a, Uniform Commercial Code - Secured
4057 Transactions, is not notice of a claim of a property right in a controllable electronic
4058 record.
4059 Section 100. Section **70A-12-105** is enacted to read:
4060 **70A-12-105 . Control of controllable electronic record.**
4061 (1) A person has control of a controllable electronic record if the electronic record, a record
4062 attached to or logically associated with the electronic record, or a system in which the
4063 electronic record is recorded:
4064 (a) gives the person:
4065 (i) power to avail itself of substantially all the benefit from the electronic record; and
4066 (ii) exclusive power, subject to Subsection (2), to:
4067 (A) prevent others from availing themselves of substantially all the benefit from
4068 the electronic record; and
4069 (B) transfer control of the electronic record to another person or cause another
4070 person to obtain control of another controllable electronic record as a result of
4071 the transfer of the electronic record; and
4072 (b) enables the person readily to identify itself in any way, including by name,
4073 identifying number, cryptographic key, office, or account number, as having the
4074 powers specified in Subsection (1)(a).

4075 (2) Subject to Subsection (3), a power is exclusive under Subsections (1)(a)(ii)(A) and (B)
4076 even if:
4077 (a) the controllable electronic record, a record attached to or logically associated with
4078 the electronic record, or a system in which the electronic record is recorded limits the
4079 use of the electronic record or has a protocol programmed to cause a change,
4080 including a transfer or loss of control or a modification of benefits afforded by the
4081 electronic record; or
4082 (b) the power is shared with another person.
4083 (3) A power of a person is not shared with another person under Subsection (2)(b) and the
4084 person's power is not exclusive if:
4085 (a) the person can exercise the power only if the power also is exercised by the other
4086 person; and
4087 (b) the other person:
4088 (i) can exercise the power without exercise of the power by the person; or
4089 (ii) is the transferor to the person of an interest in the controllable electronic record or
4090 a controllable account or controllable payment intangible evidenced by the
4091 controllable electronic record.
4092 (4) If a person has the powers specified in Subsections (1)(a)(ii)(A) and (B), the powers are
4093 presumed to be exclusive.
4094 (5) A person has control of a controllable electronic record if another person, other than the
4095 transferor to the person of an interest in the controllable electronic record or a
4096 controllable account or controllable payment intangible evidenced by the controllable
4097 electronic record:
4098 (a) has control of the electronic record and acknowledges that it has control on behalf of
4099 the person; or
4100 (b) obtains control of the electronic record after having acknowledged that it will obtain
4101 control of the electronic record on behalf of the person.
4102 (6) A person that has control under this section is not required to acknowledge that it has
4103 control on behalf of another person.
4104 (7) If a person acknowledges that it has or will obtain control on behalf of another person,
4105 unless the person otherwise agrees or law other than this chapter or Chapter 9a, Uniform
4106 Commercial Code - Secured Transactions, otherwise provides, the person does not owe
4107 any duty to the other person and is not required to confirm the acknowledgment to any
4108 other person.

4109 Section 101. Section **70A-12-106** is enacted to read:
4110 **70A-12-106 . Discharge of account debtor on controllable account or controllable**
4111 **payment intangible.**
4112 (1) An account debtor on a controllable account or controllable payment intangible may
4113 discharge its obligation by paying:
4114 (a) the person having control of the controllable electronic record that evidences the
4115 controllable account or controllable payment intangible; or
4116 (b) except as provided in Subsection (2), a person that formerly had control of the
4117 controllable electronic record.
4118 (2) Subject to Subsection (4), the account debtor may not discharge its obligation by paying
4119 a person that formerly had control of the controllable electronic record if the account
4120 debtor receives a notification that:
4121 (a) is signed by a person that formerly had control or the person to which control was
4122 transferred;
4123 (b) reasonably identifies the controllable account or controllable payment intangible;
4124 (c) notifies the account debtor that control of the controllable electronic record that
4125 evidences the controllable account or controllable payment intangible was transferred;
4126 (d) identifies the transferee, in any reasonable way, including by name, identifying
4127 number, cryptographic key, office, or account number; and
4128 (e) provides a commercially reasonable method by which the account debtor is to pay
4129 the transferee.
4130 (3) After receipt of a notification that complies with Subsection (2), the account debtor may
4131 discharge its obligation by paying in accordance with the notification and may not
4132 discharge the obligation by paying a person that formerly had control.
4133 (4) Subject to Subsection (8), notification is ineffective under Subsection (2):
4134 (a) unless, before the notification is sent, the account debtor and the person that, at that
4135 time, had control of the controllable electronic record that evidences the controllable
4136 account or controllable payment intangible agree in a signed record to a
4137 commercially reasonable method by which a person may furnish reasonable proof
4138 that control has been transferred;
4139 (b) to the extent an agreement between the account debtor and seller of a payment
4140 intangible limits the account debtors duty to pay a person other than the seller and the
4141 limitation is effective under law other than this article; or
4142 (c) at the option of the account debtor, if the notification notifies the account debtor to:

4143 (i) divide a payment;
4144 (ii) make less than the full amount of an installment or other periodic payment; or
4145 (iii) pay any part of a payment by more than one method or to more than one person.
4146 (5) Subject to Subsection (8), if requested by the account debtor, the person giving the
4147 notification under Subsection (2) seasonably shall furnish reasonable proof, using the
4148 method in the agreement referred to in Subsection (4)(a), that control of the controllable
4149 electronic record has been transferred. Unless the person complies with the request, the
4150 account debtor may discharge its obligation by paying a person that formerly had
4151 control, even if the account debtor has received a notification under Subsection (2).
4152 (6) A person furnishes reasonable proof under Subsection (5) that control has been
4153 transferred if the person demonstrates, using the method in the agreement referred to in
4154 Subsection (4)(a), that the transferee has the power to:
4155 (a) avail itself of substantially all the benefit from the controllable electronic record;
4156 (b) prevent others from availing themselves of substantially all the benefit from the
4157 controllable electronic record; and
4158 (c) transfer the powers specified in Subsection (6)(a) and (b) to another person.
4159 (7) Subject to Subsection (8), an account debtor may not waive or vary its rights under
4160 Subsections (4)(a) and (5) or its option under Subsection (4)(c).
4161 (8) This section is subject to law other than this article which establishes a different rule for
4162 an account debtor who is an individual and who incurred the obligation primarily for
4163 personal, family, or household purposes.
4164 Section 102. Section **70A-12-107** is enacted to read:
4165 **70A-12-107 . Governing law.**
4166 (1) Except as provided in Subsection (2), the local law of a controllable electronic records
4167 jurisdiction governs a matter covered by this article.
4168 (2) For a controllable electronic record that evidences a controllable account or controllable
4169 payment intangible, the local law of the controllable electronic records jurisdiction
4170 governs a matter covered by Section 70A-9b-106 unless an effective agreement
4171 determines that the local law of another jurisdiction governs.
4172 (3) The following rules determine a controllable electronic records jurisdiction under this
4173 section:
4174 (a) If the controllable electronic record, or a record attached to or logically associated
4175 with the controllable electronic record and readily available for review, expressly
4176 provides that a particular jurisdiction is the controllable electronic records

4177 jurisdiction for purposes of this chapter or title, that jurisdiction is the controllable
4178 electronic records jurisdiction.
4179 (b) Subsection (3)(a) does not apply and the rules of the system in which the controllable
4180 electronic record is recorded are readily available for review and expressly provide
4181 that a particular jurisdiction is the controllable electronic records jurisdiction for
4182 purposes of this chapter or title, that jurisdiction is the controllable electronic records
4183 jurisdiction.
4184 (c) If Subsections (3)(a) and (b) do not apply and the controllable electronic record, or a
4185 record attached to or logically associated with the controllable electronic record and
4186 readily available for review, expressly provides that the controllable electronic record
4187 is governed by the law of a particular jurisdiction, that jurisdiction is the controllable
4188 electronic records jurisdiction.
4189 (d) If Subsections (3)(a) through (c) do not apply and the rules of the system in which
4190 the controllable electronic record is recorded are readily available for review and
4191 expressly provide that the controllable electronic record or the system is governed by
4192 the law of a particular jurisdiction, that jurisdiction is the controllable electronic
4193 records jurisdiction.
4194 (e) If Subsections (3)(a) through (d) do not apply, the controllable electronic records
4195 jurisdiction is the District of Columbia.
4196 (4) If Subsection (3)(e) applies and Article 12 is not in effect in the District of Columbia
4197 without material modification, the governing law for a matter covered by this article is
4198 the law of the District of Columbia as though Article 12 were in effect in the District of
4199 Columbia without material modification. In this subsection, "Article 12" means Article
4200 12 of Uniform Commercial Code Amendments (2022).
4201 (5) To the extent Subsections (1) and (2) provide that the local law of the controllable
4202 electronic records jurisdiction governs a matter covered by this article, that law governs
4203 even if the matter or a transaction to which the matter relates does not bear any relation
4204 to the controllable electronic records jurisdiction.
4205 (6) The rights acquired under Section 70A-12-104 by a purchaser or qualifying purchaser
4206 are governed by the law applicable under this section at the time of purchase.
4207 Section 103. Section **70A-12a-101** is enacted to read:
4208 **CHAPTER 12a. Uniform Commercial Code - Transitional Provisions for Uniform**

4209

Commercial Code Amendments (2022)

Part 1. General Provisions and Definitions

70A-12a-101 . Title.

This article may be cited as Transitional Provisions for Uniform Commercial Code Amendments (2022).

Section 104. Section **70A-12a-102** is enacted to read:

70A-12a-102 . Definitions.

(1) In this chapter:

(a) "Adjustment date" means July 1, 2025, or the date that is one year after May 6, 2026, whichever is later.

(b) "Article 12" means Chapter 12, Uniform Commercial Code - Controllable Electronic Records.

(c) "Article 12 property" means a controllable account, controllable electronic record, or controllable payment intangible.

(2) The following definitions in other chapters of this title apply to this chapter:

(a) "Controllable account," Section 70A-9a-102.

(b) "Controllable electronic record," Section 70A-12-102.

(c) "Controllable payment intangible," Section 70A-9a-102.

(d) "Electronic money," Section 70A-9a-102.

(e) "Financing statement," Section 70A-9a-102.

(3) Chapter 1a, Uniform Commercial Code - General Provisions, contains general definitions and principles of construction and interpretation applicable throughout this chapter.

Section 105. Section **70A-12a-201** is enacted to read:

Part 2. General Transitional Provision

70A-12a-201 . Saving clause.

Except as provided in Part 3, Transitional Provisions for Chapter 9a, Uniform Commercial Code - Secured Transactions, and Chapter 12, Uniform Commercial Code - Controllable Electronic Records, a transaction validly entered into before May 6, 2026, and the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than this title or, if applicable, this title, as though this chapter had not taken effect.

Section 106. Section **70A-12a-301** is enacted to read:

4242 **Part 3. Transitional Provisions for Chapter 9a, Uniform Commercial Code - Secured**
4243 **Transactions and Chapter 12, Uniform Commercial Code - Controllable Electronic**
4244 **Records**

4245 **70A-12a-301 . Saving clause.**
4246 (1) Except as provided in this part, Chapter 9a, Uniform Commercial Code - Secured
4247 Transactions, as amended by this chapter and Chapter 12, Uniform Commercial Code -
4248 Controllable Electronic Records, apply to a transaction, lien, or other interest in
4249 property, even if the transaction, lien, or interest was entered into, created, or acquired
4250 before May 6, 2026.
4251 (2) Except as provided in Subsection (3) and Sections 70A-12a-302 through 306:
4252 (a) a transaction, lien, or interest in property that was validly entered into, created, or
4253 transferred before May 6, 2026, and was not governed by this title, but would be
4254 subject to Chapter 9a, Uniform Commercial Code - Secured Transactions, as
4255 amended by this chapter or Chapter 12, Uniform Commercial Code - Controllable
4256 Electronic Records, if it had been entered into, created, or transferred on or after May
4257 6, 2026, including the rights, duties, and interests flowing from the transaction, lien,
4258 or interest, remains valid on and after May 6, 2026; and
4259 (b) the transaction, lien, or interest may be terminated, completed, consummated, and
4260 enforced as required or permitted by this chapter or by the law that would apply if
4261 this chapter had not taken effect.
4262 (3) This chapter does not affect an action, case, or proceeding commenced before May 6,
4263 2026.
4264 Section 107. Section **70A-12a-302** is enacted to read:
4265 **70A-12a-302 . Security interest perfected before effective date.**
4266 (1) A security interest that is enforceable and perfected immediately before May 6, 2026, is
4267 a perfected security interest under this chapter if, on May 6, 2026, the requirements for
4268 enforceability and perfection under this chapter are satisfied without further action.
4269 (2) If a security interest is enforceable and perfected immediately before May 6, 2026, but
4270 the requirements for enforceability or perfection under this chapter are not satisfied on
4271 May 6, 2026, the security interest:
4272 (a) is a perfected security interest until the earlier of the time perfection would have

4273 ceased under the law in effect immediately before May 6, 2026 or the adjustment
4274 date;
4275 (b) remains enforceable thereafter only if the security interest satisfies the requirements
4276 for enforceability under Section 70A-9a-203, as amended by this chapter, before the
4277 adjustment date; and
4278 (c) remains perfected thereafter only if the requirements for perfection under this chapter
4279 are satisfied before the time specified in Subsection (2)(a).
4280 Section 108. Section **70A-12a-303** is enacted to read:
4281 **70A-12a-303 . Security interest unperfected before effective date.**
4282 A security interest that is enforceable immediately before May 6, 2026, but is
4283 unperfected at that time:
4284 (1) remains an enforceable security interest until the adjustment date;
4285 (2) remains enforceable thereafter if the security interest becomes enforceable under
4286 Section 70A-9a-203, as amended by this chapter, on May 6, 2026, or before the
4287 adjustment date; and
4288 (3) becomes perfected:
4289 (a) without further action, on May 6, 2026, if the requirements for perfection under this
4290 chapter are satisfied before or at that time; or
4291 (b) when the requirements for perfection are satisfied if the requirements are satisfied
4292 after that time.
4293 Section 109. Section **70A-12a-304** is enacted to read:
4294 **70A-12a-304 . Effectiveness of actions taken before effective date.**
4295 (1) If action, other than the filing of a financing statement, is taken before May 6, 2026, and
4296 the action would have resulted in perfection of the security interest had the security
4297 interest become enforceable before May 6, 2026, the action is effective to perfect a
4298 security interest that attaches under this chapter before the adjustment date. An attached
4299 security interest becomes unperfected on the adjustment date unless the security interest
4300 becomes a perfected security interest under this chapter before the adjustment date.
4301 (2) The filing of a financing statement before May 6, 2026, is effective to perfect a security
4302 interest on May 6, 2026, to the extent the filing would satisfy the requirements for
4303 perfection under this chapter.
4304 (3) The taking of an action before May 6, 2026, is sufficient for the enforceability of a
4305 security interest on May 6, 2026, if the action would satisfy the requirements for
4306 enforceability under this chapter.

4307 Section 110. Section **70A-12a-305** is enacted to read:
4308 **70A-12a-305 . Priority.**
4309 (1) Subject to Subsections (2) and (3), this chapter determines the priority of conflicting
4310 claims to collateral.
4311 (2) Subject to Subsection (3), if the priorities of claims to collateral were established before
4312 May 6, 2026, Chapter 9a, Uniform Commercial Code - Secured Transactions, as in
4313 effect before May 6, 2026, determines priority.
4314 (3) On the adjustment date, to the extent the priorities determined by Chapter 9a, Uniform
4315 Commercial Code - Secured Transactions, as amended by this chapter modify the
4316 priorities established before May 6, 2026, the priorities of claims to Article 12 property
4317 and electronic money established before May 6, 2026, cease to apply.
4318 Section 111. Section **70A-12a-306** is enacted to read:
4319 **70A-12a-306 . Priority of claims when priority rules of Chapter 9a, Uniform**
4320 **Commercial Code - Secured Transactions, do not apply.**
4321 (1) Subject to Subsections (2) and (3), Chapter 12, Uniform Commercial Code -
4322 Controllable Electronic Records, determines the priority of conflicting claims to Article
4323 12 property when the priority rules of Chapter 9a, Uniform Commercial Code - Secured
4324 Transactions, as amended by this chapter do not apply.
4325 (2) Subject to Subsection (3), when the priority rules of Chapter 9a, Uniform Commercial
4326 Code - Secured Transactions, as amended by this chapter do not apply and the priorities
4327 of claims to Article 12 property were established before May 6, 2026, law other than
4328 Chapter 12, Uniform Commercial Code - Controllable Electronic Records, determines
4329 priority.
4330 (3) When the priority rules of Chapter 9a, Uniform Commercial Code - Secured
4331 Transactions, as amended by this chapter do not apply, to the extent the priorities
4332 determined by this chapter modify the priorities established before May 6, 2026, the
4333 priorities of claims to Article 12 property established before May 6, 2026, cease to apply
4334 on the adjustment date.
4335 Section 112. Section **70A-13-101** is enacted to read:
4336 **CHAPTER 13. Reserved**
4337 **70A-13-101 . Reserved.**
4338 Reserved.
4339 Section 113. Section **70A-14-101** is enacted to read:
4340

CHAPTER 14. Reserved

4341 **70A-14-101 . Reserved.**
4342 Reserved.
4343 Section 114. Section **70A-15-101** is enacted to read:
4344 **CHAPTER 15. Reserved**
4345 **70A-15-101 . Reserved.**
4346 Reserved.
4347 Section 115. Section **70A-16-101** is enacted to read:
4348 **CHAPTER 16. Reserved**
4349 **70A-16-101 . Reserved.**
4350 Reserved.
4351 Section 116. Section **70A-17-101** is enacted to read:
4352 **CHAPTER 17. Reserved**
4353 **70A-17-101 . Reserved.**
4354 Reserved.
4355 Section 117. Section **70A-18-101** is enacted to read:
4356 **CHAPTER 18. Reserved**
4357 **70A-18-101 . Reserved.**
4358 Reserved.
4359 Section 118. Section **70A-19-101** is enacted to read:
4360 **CHAPTER 19. Reserved**
4361 **70A-19-101 . Reserved.**
4362 Reserved.
4363 Section 119. Section **70A-20-101**, which is renumbered from Section 70A-10-103 is renumbered
4364 and amended to read:
4365 **CHAPTER 20. Repealer**
4366 **[~~70A-10-103~~] 70A-20-101 . General repealer.**
4367 Except as provided in the following section, all acts and parts of acts inconsistent with
4368 this act are hereby repealed.
4369 Section 120. Section **70A-20-102**, which is renumbered from Section 70A-10-104 is renumbered
4370 and amended to read:
4371 **[~~70A-10-104~~] 70A-20-102 . Laws not repealed.**

Chapter 7a, Uniform Commercial Code - Documents of Title, does not repeal or modify any laws prescribing the form or contents of documents of title or the services or facilities to be afforded by bailees, or otherwise regulating bailees' businesses in respects not specifically dealt with herein; but the fact that such laws are violated does not affect the status of a document of title which otherwise complies with the definition of a document of title as defined in Section 70A-1a-201.

Section 121. Section **70C-2-204** is amended to read:

70C-2-204 . Certain negotiable instruments prohibited.

(1) With respect to a consumer credit sale not involving real property, the seller may not take a negotiable instrument under Section 70A-3-104 other than a check as evidence of the obligation of the buyer.

(2) [–]A holder is not in good faith [~~under Subsection 70A-1a-201(2)(t)~~] as that term is defined in Section 70A-1a-201 if [~~he~~] the holder takes a negotiable instrument with notice that [~~it~~] the negotiable instrument is issued in violation of this section.[–]

(3) A holder in due course under Section 70A-3-302 is not subject to the liabilities set forth in the provisions on the effect of violations on rights of parties under Section 70C-7-201.

Section 122. **Repealer.**

This bill repeals:

Section **70A-10-101, Effective date.**

Section **70A-10-102, Specific repealer -- Provision for transition.**

Section 123. **Effective Date.**

This bill takes effect on May 6, 2026.