

554.14104 Rights in controllable account, controllable electronic record, and controllable payment intangible.

1. *Applicability of section to controllable account and controllable payment intangible.* This section applies to the acquisition and purchase of rights in a controllable account or controllable payment intangible, including the rights and benefits under subsections 3, 4, 5, 7, and 8 of a purchaser and qualifying purchaser, in the same manner this section applies to a controllable electronic record.

2. *Control of controllable account and controllable payment intangible.* To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.

3. *Applicability of other law to acquisition of rights.* Except as provided in this section, law other than this Article determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

4. *Shelter principle and purchase of limited interest.* A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

5. *Rights of qualifying purchaser.* A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.

6. *Limitation of rights of qualifying purchaser in other property.* Except as provided in subsections 1 and 5 for a controllable account and a controllable payment intangible or law other than this Article, a qualifying purchaser takes a right to payment, right to performance, or other interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance, or other interest in property.

7. *No-action protection for qualifying purchaser.* An action shall not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable lien, or other theory.

8. *Filing not notice.* Filing of a financing statement under Article 9 is not notice of a claim of a property right in a controllable electronic record.

2022 Acts, ch 1117, §4; 2024 Acts, ch 1023, §4

Referred to in §554.14107

Section amended