

**House File 2519 - Introduced**

HOUSE FILE 2519  
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HF 618)  
(SUCCESSOR TO HSB 195)

**A BILL FOR**

1 An Act relating to commercial transactions, including control  
2 and transmission of electronic records and digital assets.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I  
UNIFORM COMMERCIAL CODE  
PART A  
ARTICLE 14

CONTROLLABLE ELECTRONIC RECORDS

Section 1. Section 554.14101, Code 2024, is amended to read as follows:

**554.14101 Short title.**

This Article may be cited as ~~the~~ Uniform Commercial Code — Controllable Electronic Records.

Sec. 2. Section 554.14102, Code 2024, is amended to read as follows:

**554.14102 Definitions.**

1. ~~Article 14~~ definitions. Article 14 definitions. In this Article:

*a. "Controllable electronic record"* means a record stored in an electronic medium that can be subjected to control under section 554.14105. The term does not include a controllable account, a controllable payment intangible, a deposit account, electronic chattel paper, an electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property, or a transferable record.

*b. "Qualifying purchaser"* means a purchaser of a controllable electronic record or an interest in ~~the a~~ controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

*c. "Transferable record"* ~~means~~ has the meaning provided for that term in:

- (1) ~~"Transferable record", as defined in the federal~~ Section 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7021(a)(1), as amended; or
- (2) ~~"Transferable record" as defined in the uniform~~

1 ~~electronic transactions~~ Uniform Electronic Transactions Act,  
2 section 554D.118, subsection 1.

3 *d.* "Value" has the meaning provided in section 554.3303,  
4 subsection 1, as if references in that subsection to an  
5 "instrument" were references to a controllable account,  
6 controllable electronic record, or controllable payment  
7 intangible.

8 2. ~~Definitions in Article 9.~~ Definitions in Article 9. The  
9 definitions in Article 9 of "account debtor", "authenticate",  
10 "controllable account", "controllable payment intangible",  
11 "chattel paper", "deposit account", "~~electronic chattel paper~~",  
12 "electronic money", and "investment property" apply to this  
13 Article.

14 3. Article 1 definitions and principles. Article 1 contains  
15 general definitions and principles of construction and  
16 interpretation applicable throughout this Article.

17 Sec. 3. Section 554.14103, Code 2024, is amended to read as  
18 follows:

19 **554.14103 Scope Relation to Article 9 and consumer laws.**

20 1. *Article 9 governs in case of conflict.* If there is  
21 conflict between this Article and Article 9, Article 9 governs.

22 2. *Applicable consumer law and other laws.* A transaction  
23 subject to this Article is subject to:

24 *a.* any applicable rule of law that establishes a different  
25 rule for consumers, including as provided in chapter 537 and  
26 any other consumer protection statute or regulation of this  
27 state; and

28 *b.* any other statute or regulation of this state that  
29 regulates the rates, charges, agreements, and practices for  
30 loans, credit sales, or other extensions of credit or credit  
31 transactions, including as provided in chapter 535.

32 2A. National digital currency not supported, endorsed,  
33 created, or implemented. This Article shall not be construed  
34 to support, endorse, create, or implement a national digital  
35 currency.

1     Sec. 4. Section 554.14104, Code 2024, is amended to read as  
2 follows:

3     **554.14104 Rights in controllable account, controllable  
4 electronic record, and controllable payment intangible.**

5     1. *Applicability of section to controllable account and  
6 controllable payment intangible.* This section applies to the  
7 acquisition and purchase of rights in a controllable account  
8 or controllable payment intangible, including the rights and  
9 benefits under subsections 3, 4, 5, 7, and 8 of a purchaser  
10 and a qualifying purchaser, ~~and under subsections 3, 4, and 6,~~  
11 ~~and~~ in the same manner this section applies to a controllable  
12 electronic record.

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

20     ~~2.~~ *3. Applicability of other law to acquisition of*  
21 *rights.* Except as provided in this section, law other than  
22 this Article determines whether a person acquires a right in  
23 a controllable electronic record and the right the person  
24 acquires.

25     ~~3.~~ *4. Shelter principle and purchase of limited interest.* A  
26 purchaser of a controllable electronic record acquires  
27 all rights in the controllable electronic record that the  
28 transferor had or had power to transfer, except that a  
29 purchaser of a limited interest in a controllable electronic  
30 record acquires rights only to the extent of the interest  
31 purchased.

32     ~~4.~~ *5. Rights of qualifying purchaser.* A qualifying  
33 purchaser acquires its rights in the controllable electronic  
34 record free of a claim of a property right in the controllable  
35 electronic record.

1 ~~5.~~ 6. *Limitation of rights of qualifying purchaser in*  
2 *other property.* Except as provided in subsections 1 and 4  
3 5 for a controllable ~~accounts~~ account and a controllable  
4 payment intangibles intangible or law other than this Article,  
5 a qualifying purchaser takes a right to payment, right to  
6 performance, or other interest in property evidenced by the  
7 controllable electronic record subject to a claim of a property  
8 right in the right to payment, right to performance, or other  
9 interest in property.

10 ~~6.~~ 7. *No-action protection for qualifying purchaser.* An  
11 action shall not be asserted against a qualifying purchaser  
12 based on both a purchase by the qualifying purchaser of a  
13 controllable electronic record and a claim of a property  
14 right in another controllable electronic record, whether the  
15 action is framed in conversion, replevin, constructive trust,  
16 equitable lien, or other theory.

17 ~~7.~~ 8. *Filing not notice.* Filing of a financing statement  
18 under Article 9 is not notice of a claim of a property right in  
19 a controllable electronic record.

20 Sec. 5. Section 554.14105, Code 2024, is amended to read as  
21 follows:

22 **554.14105 Control of controllable electronic record.**

23 1. *General rule:* — *control of controllable electronic*  
24 *record.* A person has control of a controllable electronic  
25 record if the electronic record, a record attached to or  
26 logically associated with the electronic record, or a system in  
27 which the electronic record is recorded:

28 ~~a. the electronic record, a record attached to or logically~~  
29 ~~associated with the electronic record, or a system in which the~~  
30 ~~electronic record is recorded~~ gives the person:

31 (1) ~~the power to avail itself of substantially all the~~  
32 ~~benefit from the electronic record; and~~

33 (2) exclusive power, subject to subsection 2, to:

34 (a) prevent others from availing themselves of

35 substantially all the benefit from the electronic record; and

1 (b) transfer control of the electronic record to another  
2 person or cause another person to obtain control of another  
3 controllable electronic record as a result of the transfer of  
4 the electronic record; and

5 ~~b. the electronic record, a record attached to or logically~~  
6 ~~associated with the electronic record, or a system in which~~  
7 ~~the electronic record is recorded~~ enables the person readily  
8 to identify itself in any way, including by name, identifying  
9 number, cryptographic key, office, or account number, as having  
10 the powers specified in paragraph "a".

11 ~~2. Control through another person. A person has control of~~  
12 ~~a controllable electronic record if another person, other than~~  
13 ~~the transferor of an interest in the electronic record:~~

14 ~~a. has control of the electronic record and acknowledges~~  
15 ~~that it has control on behalf of the person, or~~

16 ~~b. obtains control of the electronic record after having~~  
17 ~~acknowledged that it will obtain control of the electronic~~  
18 ~~record on behalf of the person.~~

19 ~~3. 2. Meaning of exclusive. A power specified in Subject~~  
20 ~~to subsection 1 3, paragraph "a", subparagraph (2), a power is~~  
21 ~~exclusive, under subsection 1, paragraph "a", subparagraph (2),~~  
22 ~~subparagraph divisions (a) and (b) even if:~~

23 ~~a. the controllable electronic record, a record attached~~  
24 ~~to or logically associated with the electronic record, or a~~  
25 ~~system in which the electronic record is recorded limits the~~  
26 ~~use of the electronic record or has a protocol programmed to~~  
27 ~~cause a change, including a transfer or loss of control or a~~  
28 ~~modification of benefits afforded by the electronic record; or~~

29 ~~b. the person has agreed to share the power is shared with~~  
30 ~~another person.~~

31 ~~3. When power not shared with another person. A power of a~~  
32 ~~person is not shared with another person under subsection 2,~~  
33 ~~paragraph "b" and the person's power is not exclusive if:~~

34 ~~a. the person can exercise the power only if the power also~~  
35 ~~is exercised by the other person; and~~

1 b. the other person:

2 (1) can exercise the power without exercise of the power by  
3 the person; or

4 (2) is the transferor to the person of an interest in the  
5 controllable electronic record or a controllable account or  
6 controllable payment intangible evidenced by the controllable  
7 electronic record.

8 4. Presumption of exclusivity of certain powers. If a  
9 person has the powers specified in subsection 1, paragraph "a",  
10 subparagraph (2), subparagraph divisions (a) and (b) the powers  
11 are presumed to be exclusive.

12 5. Control through another person. A person has control of  
13 a controllable electronic record if another person, other than  
14 the transferor to the person of an interest in the controllable  
15 electronic record or a controllable account or controllable  
16 payment intangible evidenced by the controllable electronic  
17 record:

18 a. has control of the electronic record and acknowledges  
19 that it has control on behalf of the person; or

20 b. obtains control of the electronic record after having  
21 acknowledged that it will obtain control of the electronic  
22 record on behalf of the person.

23 6. No requirement to acknowledge. A person that has control  
24 under this section is not required to acknowledge that it has  
25 control on behalf of another person.

26 7. No duties or confirmation. If a person acknowledges that  
27 it has or will obtain control on behalf of another person,  
28 unless the person otherwise agrees or law other than this  
29 Article or Article 9 otherwise provides, the person does not  
30 owe any duty to the other person and is not required to confirm  
31 the acknowledgment to any other person.

32 Sec. 6. Section 554.14106, Code 2024, is amended to read as  
33 follows:

34 554.14106 Discharge of account debtor on controllable account  
35 or controllable payment intangible.

1 1. *Discharge of account debtor.* An account debtor on a  
2 controllable account or controllable payment intangible may  
3 discharge its obligation by paying:

4 a. the person having control of the controllable electronic  
5 record that evidences the controllable account or controllable  
6 payment intangible; or

7 b. except as provided in [subsection 2](#), a person that  
8 formerly had control of the controllable electronic record.

9 2. ~~Effect~~ Content and effect of notification. Subject to  
10 subsection 4, ~~an~~ the account debtor shall not discharge its  
11 obligation by paying a person that formerly had control of the  
12 controllable electronic record if the account debtor receives a  
13 notification that:

14 a. ~~is authenticated~~ signed by a person that formerly had  
15 control or the person to which control was transferred;

16 b. reasonably identifies the controllable account or  
17 controllable payment intangible;

18 c. notifies the account debtor that control of the  
19 controllable electronic record that evidences the controllable  
20 account or controllable payment intangible was transferred;

21 d. identifies the transferee, in any reasonable way,  
22 including by name, identifying number, cryptographic key,  
23 office, or account number; and

24 e. provides a commercially reasonable method by which the  
25 account debtor is to pay the transferee.

26 3. *Discharge following effective notification.* After  
27 receipt of a notification that complies with [subsection 2](#), the  
28 account debtor may discharge its obligation ~~only~~ by paying in  
29 accordance with the notification and shall not discharge the  
30 obligation by paying a person that formerly had control.

31 4. *When notification ineffective.* ~~Notification~~ Subject to  
32 subsection 8, notification is ineffective under [subsection 2](#):

33 a. unless, before the notification is sent, ~~an~~ the account  
34 debtor and the person that, at that time, had control of the  
35 controllable electronic record that evidences the controllable



1 account or controllable payment intangible agree in an  
2 ~~authenticated~~ a signed record to a commercially reasonable  
3 method by which a person must furnish reasonable proof that  
4 control has been transferred;

5 *b.* to the extent an agreement between ~~an~~ the account debtor  
6 and seller of a payment intangible limits the account debtor's  
7 duty to pay a person other than the seller and the limitation  
8 is effective under law other than this Article; or

9 *c.* at the option of ~~an~~ the account debtor, if the  
10 notification notifies the account debtor to:

11 (1) divide a payment;

12 (2) make less than the full amount of ~~any~~ an installment or  
13 other periodic payment; or

14 (3) pay any part of a payment by more than one method or to  
15 more than one person.

16 5. *Proof of transfer of control.* ~~If~~ Subject to subsection  
17 8, if requested by the account debtor, the person giving the  
18 notification under subsection 2 seasonably shall furnish  
19 reasonable proof, using the ~~agreed~~ method in the agreement  
20 referred to in subsection 4, paragraph "a", that control of the  
21 controllable electronic record has been transferred. Unless  
22 the person complies with the request, the account debtor may  
23 discharge its obligation by paying a person that formerly had  
24 control, even if the account debtor has received a notification  
25 under subsection 2.

26 6. *What constitutes reasonable proof.* A person furnishes  
27 reasonable proof under subsection 5 that control has been  
28 transferred if the person demonstrates, using the ~~agreed~~ method  
29 in the agreement referred to in subsection 4, paragraph "a",  
30 that the transferee has the power to:

31 *a.* avail itself of substantially all the benefit from the  
32 controllable electronic record;

33 *b.* prevent others from availing themselves of substantially  
34 all the benefit from the controllable electronic record; and

35 *c.* transfer the powers ~~mentioned~~ specified in paragraphs "a"

1 and "b" to another person.

2 7. *Rights not waivable.* ~~An~~ Subject to subsection 8,  
3 an account debtor shall not waive or vary its rights under  
4 subsection 4, paragraph "a", and subsection 5 or its option  
5 under subsection 4, paragraph "c".

6 8. *Rule for individual under other law.* This section is  
7 subject to law other than this Article which establishes a  
8 different rule for an account debtor who is an individual and  
9 who incurred the obligation primarily for personal, family, or  
10 household purposes.

11 Sec. 7. Section 554.14107, Code 2024, is amended by striking  
12 the section and inserting in lieu thereof the following:

13 **554.14107 Governing law.**

14 1. *Governing law: general rule.* Except as provided in  
15 subsection 2, the local law of a controllable electronic  
16 record's jurisdiction governs a matter covered by this Article.

17 2. *Governing law: section 554.14106.* For a controllable  
18 electronic record that evidences a controllable account  
19 or controllable payment intangible, the local law of the  
20 controllable electronic record's jurisdiction governs a matter  
21 covered by section 554.14106 unless an effective agreement  
22 determines that the local law of another jurisdiction governs.

23 3. *Controllable electronic record's jurisdiction.* The  
24 following rules determine a controllable electronic record's  
25 jurisdiction under this section:

26 a. if the controllable electronic record, or a record  
27 attached to or logically associated with the controllable  
28 electronic record and readily available for review, expressly  
29 provides that a particular jurisdiction is the controllable  
30 electronic record's jurisdiction for purposes of this section,  
31 Article, or chapter, that jurisdiction is the controllable  
32 electronic record's jurisdiction.

33 b. if paragraph "a" does not apply and the rules of the  
34 system in which the controllable electronic record is recorded  
35 are readily available for review and expressly provide that a

1 particular jurisdiction is the controllable electronic record's  
2 jurisdiction for purposes of this section, Article, or chapter,  
3 that jurisdiction is the controllable electronic record's  
4 jurisdiction.

5 c. if paragraphs "a" and "b" do not apply and the  
6 controllable electronic record, or a record attached to or  
7 logically associated with the controllable electronic record  
8 and readily available for review, expressly provides that the  
9 controllable electronic record is governed by the law of a  
10 particular jurisdiction, that jurisdiction is the controllable  
11 electronic record's jurisdiction.

12 d. if paragraphs "a", "b", and "c" do not apply and the  
13 rules of the system in which the controllable electronic  
14 record is recorded are readily available for review and  
15 expressly provide that the controllable electronic record or  
16 the system is governed by the law of a particular jurisdiction,  
17 that jurisdiction is the controllable electronic record's  
18 jurisdiction.

19 e. if paragraphs "a" through "d" do not apply, the  
20 controllable electronic record's jurisdiction is the District  
21 of Columbia.

22 4. *Applicability of Article 12.* If subsection 3, paragraph  
23 "e", applies and Article 12 is not in effect in the District of  
24 Columbia without material modification, the governing law for  
25 a matter covered by this Article is the law of the District of  
26 Columbia as though Article 12 were in effect in the District of  
27 Columbia without material modification. In this subsection,  
28 "Article 12" means Article 12 of Uniform Commercial Code  
29 Amendments (2022) approved by the uniform law commission at its  
30 annual meeting in July 2022.

31 5. *Relation of matter or transaction to controllable*  
32 *electronic record's jurisdiction not necessary.* To the  
33 extent subsections 1 and 2 provide that the local law of the  
34 controllable electronic record's jurisdiction governs a matter  
35 covered by this Article, that law governs even if the matter

1 or a transaction to which the matter relates does not bear any  
2 relation to the controllable electronic record's jurisdiction.

3 6. *Rights of purchasers determined at time of purchase.* The  
4 rights acquired under section 554.14104 by a purchaser or  
5 qualifying purchaser are governed by the law applicable under  
6 this section at the time of purchase.

7 Sec. 8. Section 554.14108, Code 2024, is amended to read as  
8 follows:

9 **554.14108 Applicability.**

10 1. This Article applies to any transaction involving a  
11 controllable electronic record that arises on or after July 1,  
12 2022. This Article does not apply to any transaction involving  
13 a controllable electronic record that arises before July 1,  
14 2022, even if the transaction would be subject to this Article  
15 if the transaction had arisen on or after July 1, 2022. This  
16 Article does not apply to a right of action with regard to any  
17 transaction involving a controllable electronic record that has  
18 accrued before July 1, 2022.

19 2. This section is repealed on July 1, 2025.

20 Sec. 9. Section 554.14109, Code 2024, is amended to read as  
21 follows:

22 **554.14109 Savings clause.**

23 1. Any transaction involving a controllable electronic  
24 record that arose before July 1, 2022, and the rights,  
25 obligations, and interests flowing from that transaction are  
26 governed by any statute or other rule amended or repealed by  
27 this Article as if such amendment or repeal had not occurred  
28 and may be terminated, completed, consummated, or enforced  
29 under that statute or other rule.

30 2. This section is repealed on July 1, 2025.

31 PART B

32 ARTICLE 1

33 GENERAL PROVISIONS

34 Sec. 10. Section 554.1201, subsection 2, paragraphs j, o, v,  
35 y, ab, ak, and al, Code 2024, are amended to read as follows:

1     *j. "Conspicuous"*, with reference to a term, means so  
2 written, displayed, or presented that, based on the totality  
3 of the circumstances, a reasonable person against which it  
4 is to operate ought to have noticed it. Whether a term is  
5 "*conspicuous*" or not is a decision for the court. *Conspicuous*  
6 ~~terms include the following:~~

7     ~~(1) a heading in capitals equal to or greater in size than~~  
8 ~~the surrounding text, or in contrasting type, font, or color to~~  
9 ~~the surrounding text of the same or lesser size; and~~

10     ~~(2) language in the body of a record or display in larger~~  
11 ~~type than the surrounding text, or in contrasting type, font,~~  
12 ~~or color to the surrounding text of the same size, or set off~~  
13 ~~from surrounding text of the same size by symbols or other~~  
14 ~~marks that call attention to the language.~~

15     *o. "Delivery"*, with respect to an electronic document  
16 of title, means voluntary transfer of control and, with  
17 respect to an instrument, a tangible document of title, or an  
18 authoritative tangible copy of a record evidencing chattel  
19 paper, means voluntary transfer of possession.

20     *v. "Holder"* means:

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

24     (2) the person in possession of a negotiable tangible  
25 document of title if the goods are deliverable either to bearer  
26 or to the order of the person in possession; or

27     (3) the person in control, other than pursuant to section  
28 554.7106, subsection 7, of a negotiable electronic document of  
29 title.

30     *y. "Money"* means a medium of exchange that: is currently  
31 authorized or adopted by a domestic or foreign government. The  
32 term includes a monetary unit of account established by an  
33 intergovernmental organization, or pursuant to an agreement  
34 between two or more countries. The term does not include an  
35 electronic record that is a medium of exchange recorded and

1 transferable in a system that existed and operated for the  
2 medium of exchange before the medium of exchange was authorized  
3 or adopted by the government.

4 ~~(1) is currently authorized or adopted by a domestic or~~  
5 ~~foreign government, by an intergovernmental organization, or~~  
6 ~~pursuant to an agreement between two or more governments; and~~

7 ~~(2) was initially issued, created, or distributed by~~  
8 ~~a domestic or foreign government, by an intergovernmental~~  
9 ~~organization, or pursuant to an agreement between two or more~~  
10 ~~governments.~~

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

22 *ak.* "Send" in connection with a ~~writing,~~ record, or notice  
23 notification means:

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

30 (2) ~~in any other way to cause to be received any the record~~  
31 ~~or notice~~ notification to be received within the time it would  
32 have ~~arrived~~ been received if properly sent under subparagraph  
33 (1).

34 *al.* (1) ~~"Signed" includes using any symbol executed~~  
35 ~~or adopted~~ "Sign" means, with present intention intent to

1 authenticate or adopt or accept a writing, record:

2 (a) to execute or adopt a tangible symbol; or

3 (b) to attach to or logically associate with the record an  
4 electronic symbol, sound, or process.

5 (2) "Signed", "signing", and "signature" have corresponding  
6 meanings.

7 Sec. 11. Section 554.1301, subsection 3, paragraph g, Code  
8 2024, is amended to read as follows:

9 *g.* Sections 554.13105 and 554.13106;

10 Sec. 12. Section 554.1301, subsection 3, Code 2024, is  
11 amended by adding the following new paragraph:

12 NEW PARAGRAPH. *h.* Section 554.14107.

13 Sec. 13. Section 554.1306, Code 2024, is amended to read as  
14 follows:

15 **554.1306 Waiver or renunciation of claim or right after**  
16 **breach.**

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

21 PART C

22 ARTICLE 2

23 SALES

24 Sec. 14. Section 554.2102, Code 2024, is amended to read as  
25 follows:

26 **554.2102 Scope — certain security and other transactions**  
27 **excluded from this Article.**

28 1. ~~Unless the context otherwise requires, this Article~~  
29 ~~applies to transactions in goods; it does not apply to any~~  
30 ~~transaction which although in the form of an unconditional~~  
31 ~~contract to sell or present sale is intended to operate only~~  
32 ~~as a security transaction nor does this Article impair or~~  
33 ~~repeal any statute regulating sales to consumers, farmers or~~  
34 ~~other specified classes of buyers and except as provided in~~  
35 subsection 3, this Article applies to transactions in goods

1 and, in the case of a hybrid transaction, it applies to the  
2 extent provided in subsection 2.

3 2. In a hybrid transaction:

4 a. if the sale-of-goods aspects do not predominate, only  
5 the provisions of this Article which relate primarily to  
6 the sale-of-goods aspects of the transaction apply, and the  
7 provisions that relate primarily to the transaction as a whole  
8 do not apply.

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

13 3. This Article does not:

14 a. apply to a transaction that, even though in the form of  
15 an unconditional contract to sell or present sale, operates  
16 only to create a security interest; or

17 b. impair or repeal a statute regulating sales to consumers,  
18 farmers, or other specified classes of buyers.

19 Sec. 15. Section 554.2106, Code 2024, is amended to read as  
20 follows:

21 **554.2106 Definitions: "contract" — "agreement" — "contract**  
22 **for sale" — "sale" — "present sale" — "conforming" to contract**  
23 **— "termination" — "cancellation" — "hybrid transaction".**

24 1. In **this Article** unless the context otherwise requires  
25 "*contract*" and "*agreement*" are limited to those relating to the  
26 present or future sale of goods. "*Contract for sale*" includes  
27 both a present sale of goods and a contract to sell goods at a  
28 future time. A "*sale*" consists in the passing of title from the  
29 seller to the buyer for a price (**section 554.2401**). A "*present*  
30 *sale*" means a sale which is accomplished by the making of the  
31 contract.

32 2. Goods or conduct including any part of a performance  
33 are "*conforming*" or conform to the contract when they are in  
34 accordance with the obligations under the contract.

35 3. "*Termination*" occurs when either party pursuant to



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

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

11 5. "Hybrid transaction" means a single transaction involving  
12 a sale of goods and:

13 a. the provision of services;

14 b. a lease of other goods; or

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

16 Sec. 16. Section 554.2201, subsections 1 and 2, Code 2024,  
17 are amended to read as follows:

18 1. Except as otherwise provided in [this section](#) a contract  
19 for the sale of goods for the price of five hundred dollars  
20 or more is not enforceable by way of action or defense unless  
21 there is ~~some writing~~ a record sufficient to indicate that a  
22 contract for sale has been made between the parties and signed  
23 by the party against whom enforcement is sought or by ~~that~~ the  
24 party's authorized agent or broker. A ~~writing~~ record is not  
25 insufficient because it omits or incorrectly states a term  
26 agreed upon but the contract is not enforceable under this  
27 ~~paragraph~~ subsection beyond the quantity of goods shown in ~~such~~  
28 ~~writing~~ the record.

29 2. Between merchants if within a reasonable time a ~~writing~~  
30 record in confirmation of the contract and sufficient against  
31 the sender is received and the party receiving it has reason to  
32 know its contents, it satisfies the requirements of subsection  
33 1 against ~~such~~ the party unless ~~written~~ notice in a record of  
34 objection to its contents is given within ten days after it is  
35 received.

1     Sec. 17. Section 554.2202, Code 2024, is amended to read as  
2 follows:

3     **554.2202 Final ~~written~~ expression — parol or extrinsic**  
4 **evidence.**

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

12     1. by course of performance, course of dealing, or usage of  
13 trade ([section 554.1303](#)); and

14     2. by evidence of consistent additional terms unless the  
15 court finds the ~~writing~~ record to have been intended also as a  
16 complete and exclusive statement of the terms of the agreement.

17     Sec. 18. Section 554.2203, Code 2024, is amended to read as  
18 follows:

19     **554.2203 Seals inoperative.**

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

25     Sec. 19. Section 554.2205, Code 2024, is amended to read as  
26 follows:

27     **554.2205 Firm offers.**

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

35     Sec. 20. Section 554.2209, subsection 2, Code 2024, is

1 amended to read as follows:

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

7 PART D

8 ARTICLE 3

9 NEGOTIABLE INSTRUMENTS

10 Sec. 21. Section 554.3104, subsection 1, paragraph c, Code  
11 2024, is amended to read as follows:

12 c. does not state any other undertaking or instruction  
13 by the person promising or ordering payment to do any act in  
14 addition to the payment of money, but the promise or order  
15 may contain an undertaking or power to give, maintain, or  
16 protect collateral to secure payment, an authorization or  
17 power to the holder to confess judgment or realize on or  
18 dispose of collateral, ~~or~~ a waiver of the benefit of any law  
19 intended for the advantage or protection of an obligor, a term  
20 that specifies the law that governs the promise or order,  
21 or an undertaking to resolve in a specified forum a dispute  
22 concerning the promise or order.

23 Sec. 22. Section 554.3105, subsection 1, Code 2024, is  
24 amended to read as follows:

25 1. "Issue" means:

26 a. the first delivery of an instrument by the maker or  
27 drawer, whether to a holder or nonholder, for the purpose of  
28 giving rights on the instrument to any person; or

29 b. if agreed by the payee, the first transmission by the  
30 drawer to the payee of an image of an item and information  
31 derived from the item that enables the depositary bank to  
32 collect the item by transferring or presenting under federal  
33 law an electronic check.

34 Sec. 23. Section 554.3401, Code 2024, is amended to read as  
35 follows:

1     **554.3401 Signature necessary for liability on instrument.**

2     ~~1.~~ A person is not liable on an instrument unless the person  
3 signed the instrument, or the person is represented by an agent  
4 or representative who signed the instrument and the signature  
5 is binding on the represented person under [section 554.3402](#).

6     ~~2. A signature may be made manually or by means of a device  
7 or machine, and by the use of any name, including a trade or  
8 assumed name, or by a word, mark, or symbol executed or adopted  
9 by a person with present intention to authenticate a writing.~~

10    Sec. 24. Section 554.3604, subsection 1, Code 2024, is  
11 amended to read as follows:

12    1. A person entitled to enforce an instrument, with or  
13 without consideration, may discharge the obligation of a party  
14 to pay the instrument by an intentional voluntary act, such  
15 as surrender of the instrument to the party, destruction,  
16 mutilation, or cancellation of the instrument, cancellation  
17 or striking out of the party's signature, or the addition of  
18 words to the instrument indicating discharge; or by agreeing  
19 not to sue or otherwise renouncing rights against the party  
20 by a signed writing record. The obligation of a party to  
21 pay a check is not discharged solely by destruction of the  
22 check in connection with a process in which information is  
23 extracted from the check and an image of the check is made and,  
24 subsequently, the information and image are transmitted for  
25 payment.

26                                   PART E

27                                   ARTICLE 5

28                                   LETTERS OF CREDIT

29    Sec. 25. Section 554.5104, Code 2024, is amended to read as  
30 follows:

31     **554.5104 Formal requirements.**

32     A letter of credit, confirmation, advice, transfer,  
33 amendment, or cancellation may be issued in any form that is  
34 a signed record and ~~is authenticated by a signature or in~~  
35 ~~accordance with the agreement of the parties or the standard~~

1 ~~practice referred to in section 554.5108, subsection 5.~~

2 Sec. 26. Section 554.5116, Code 2024, is amended to read as  
3 follows:

4 **554.5116 Choice of law and forum.**

5 1. The liability of an issuer, nominated person, or  
6 adviser for action or omission is governed by the law of the  
7 jurisdiction chosen by an agreement in the form of a record  
8 signed ~~or otherwise authenticated~~ by the affected parties in  
9 ~~the manner provided in section 554.5104~~ or by a provision  
10 in the person's letter of credit, confirmation, or other  
11 undertaking. The jurisdiction whose law is chosen need not  
12 bear any relation to the transaction.

13 2. Unless ~~subsection 1~~ applies, the liability of an issuer,  
14 nominated person, or adviser for action or omission is governed  
15 by the law of the jurisdiction in which the person is located.  
16 The person is considered to be located at the address indicated  
17 in the person's undertaking. If more than one address is  
18 indicated, the person is considered to be located at the  
19 address from which the person's undertaking was issued. ~~For~~  
20 ~~the purpose of jurisdiction, choice of law, and recognition~~  
21 ~~of interbranch letters of credit, but not enforcement of a~~  
22 ~~judgment, all branches of a bank are considered separate~~  
23 ~~juridical entities and a bank is considered to be located at~~  
24 ~~the place where its relevant branch is considered to be located~~  
25 ~~under this subsection.~~

26 3. For the purpose of jurisdiction, choice of law,  
27 and recognition of interbranch letters of credit, but  
28 not enforcement of a judgment, all branches of a bank are  
29 considered separate juridical entities and a bank is considered  
30 to be located at the place where its relevant branch is  
31 considered to be located under subsection 4.

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

1     5. Except as otherwise provided in **this subsection**, the  
2 liability of an issuer, nominated person, or adviser is  
3 governed by any rules of custom or practice, such as the  
4 uniform customs and practice for documentary credits, to which  
5 the letter of credit, confirmation, or other undertaking is  
6 expressly made subject. If **this Article** would govern the  
7 liability of an issuer, nominated person, or adviser under  
8 subsection 1 or 2, the relevant undertaking incorporates  
9 rules of custom or practice, and there is conflict between  
10 this Article and those rules as applied to that undertaking,  
11 those rules govern except to the extent of any conflict with  
12 the nonvariable provisions specified in section 554.5103,  
13 subsection 3.

14     ~~4.~~ 6. If there is conflict between **this Article** and Article  
15 3, **4**, **9**, or **12**, **this Article** governs.

16     ~~5.~~ 7. The forum for settling disputes arising out of an  
17 undertaking within **this Article** may be chosen in the manner and  
18 with the binding effect that governing law may be chosen in  
19 accordance with **subsection 1**.

20

PART F

21

ARTICLE 7

22

DOCUMENTS OF TITLE

23     Sec. 27. Section 554.7102, subsection 1, paragraphs j and k,  
24 Code 2024, are amended by striking the paragraphs.

25     Sec. 28. Section 554.7106, Code 2024, is amended to read as  
26 follows:

27     **554.7106 Control of electronic document of title.**

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

33     2. A system satisfies **subsection 1**, and a person ~~is deemed~~  
34 ~~to have~~ has control of an electronic document of title, if the  
35 document is created, stored, and ~~assigned~~ transferred in such

1 a manner that:

2 a. a single authoritative copy of the document exists which  
3 is unique, identifiable, and, except as otherwise provided in  
4 paragraphs "d", "e", and "f", unalterable;

5 b. the authoritative copy identifies the person asserting  
6 control as:

7 (1) the person to which the document was issued; or

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

11 c. the authoritative copy is communicated to and maintained  
12 by the person asserting control or its designated custodian;

13 d. copies or amendments that add or change an identified  
14 assignee transferee of the authoritative copy can be made only  
15 with the consent of the person asserting control;

16 e. each copy of the authoritative copy and any copy of  
17 a copy is readily identifiable as a copy that is not the  
18 authoritative copy; and

19 f. any amendment of the authoritative copy is readily  
20 identifiable as authorized or unauthorized.

21 3. A system satisfies subsection 1, and a person has  
22 control of an electronic document of title, if an authoritative  
23 electronic copy of the document, a record attached to or  
24 logically associated with the electronic copy, or a system in  
25 which the electronic copy is recorded:

26 a. enables the person readily to identify each electronic  
27 copy as either an authoritative copy or a nonauthoritative  
28 copy;

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

33 c. gives the person exclusive power, subject to subsection  
34 4, to:

35 (1) prevent others from adding or changing the person to

1 which each authoritative electronic copy has been issued or  
2 transferred; and

3 (2) transfer control of each authoritative electronic copy.

4 4. Subject to subsection 5, a power is exclusive under  
5 subsection 3, paragraph "c", subparagraphs (1) and (2), even if:

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

12 b. the power is shared with another person.

13 5. A power of a person is not shared with another person  
14 under subsection 4, paragraph "b", and the person's power is not  
15 exclusive if:

16 a. the person can exercise the power only if the power also  
17 is exercised by the other person; and

18 b. the other person:

19 (1) can exercise the power without exercise of the power by  
20 the person; or

21 (2) is the transferor to the person of an interest in the  
22 document of title.

23 6. If a person has the powers specified in subsection  
24 3, paragraph "c", subparagraphs (1) and (2), the powers are  
25 presumed to be exclusive.

26 7. A person has control of an electronic document of title  
27 if another person, other than the transferor to the person of  
28 an interest in the document:

29 a. has control of the document and acknowledges that it has  
30 control on behalf of the person; or

31 b. obtains control of the document after having acknowledged  
32 that it will obtain control of the document on behalf of the  
33 person.

34 8. A person that has control under this section is not  
35 required to acknowledge that it has control on behalf of



1 another person.

2 9. If a person acknowledges that it has or will obtain  
3 control on behalf of another person, unless the person  
4 otherwise agrees or law other than this Article or Article 9  
5 otherwise provides, the person does not owe any duty to the  
6 other person and is not required to confirm the acknowledgment  
7 to any other person.

8 Sec. 29. DIRECTIONS TO CODE EDITOR — ARTICLE 7  
9 RENAMED. The Code editor is directed to change the title of  
10 chapter 554, Article 7, from "Warehouse Receipts, Bills of  
11 Lading, and Other Documents of Title" to "Documents of Title".

12 PART G

13 ARTICLE 8

14 INVESTMENT SECURITIES

15 Sec. 30. Section 554.8102, subsection 1, paragraph f,  
16 subparagraph (1), Code 2024, is amended to read as follows:

17 (1) send a signed ~~writing~~ record; or

18 Sec. 31. Section 554.8102, subsection 2, Code 2024, is  
19 amended to read as follows:

20 2. ~~Other~~ The following definitions applying to in this  
21 Article and the sections in which they appear are other  
22 Articles apply to this Article:

- 23 a. "Appropriate person"..... Section 554.8107
- 24 b. "Control"..... Section 554.8106
- 25 c. "Controllable account"..... Section 554.9102
- 26 d. "Controllable electronic record". Section 554.14102
- 27 e. "Controllable payment intangible". Section 554.9102
- 28 f. "Delivery"..... Section 554.8301
- 29 ~~d.~~ g. "Investment company security". Section 554.8103
- 30 ~~e.~~ h. "Issuer"..... Section 554.8201
- 31 ~~f.~~ i. "Overissue"..... Section 554.8210
- 32 ~~g.~~ j. "Protected purchaser"..... Section 554.8303
- 33 ~~h.~~ k. "Securities account"..... Section 554.8501

34 Sec. 32. Section 554.8103, Code 2024, is amended by adding  
35 the following new subsection:

1 NEW SUBSECTION. 8. A controllable account, controllable  
2 electronic record, or controllable payment intangible is not  
3 a financial asset unless section 554.8102, subsection 1,  
4 paragraph "i", subparagraph (1), subparagraph division (c),  
5 applies.

6 Sec. 33. Section 554.8106, subsection 4, paragraph c, Code  
7 2024, is amended to read as follows:

8 ~~c. another person has control of the security entitlement on~~  
9 ~~behalf of the purchaser or, having previously acquired control~~  
10 ~~of the security entitlement, acknowledges that it has control~~  
11 ~~on behalf of the purchaser, other than the transferor to the~~  
12 purchaser of an interest in the security entitlement:

13 (1) has control of the security entitlement and  
14 acknowledges that it has control on behalf of the purchaser; or

15 (2) obtains control of the security entitlement after  
16 having acknowledged that it will obtain control of the security  
17 entitlement on behalf of the purchaser.

18 Sec. 34. Section 554.8106, Code 2024, is amended by adding  
19 the following new subsections:

20 NEW SUBSECTION. 8. A person that has control under this  
21 section is not required to acknowledge that it has control on  
22 behalf of a purchaser.

23 NEW SUBSECTION. 9. If a person acknowledges that it has or  
24 will obtain control on behalf of a purchaser, unless the person  
25 otherwise agrees or law other than this Article or Article 9  
26 otherwise provides, the person does not owe any duty to the  
27 purchaser and is not required to confirm the acknowledgment to  
28 any other person.

29 Sec. 35. Section 554.8110, Code 2024, is amended by adding  
30 the following new subsection:

31 NEW SUBSECTION. 7. The local law of the issuer's  
32 jurisdiction or the securities intermediary's jurisdiction  
33 governs a matter or transaction specified in subsection 1 or 2  
34 even if the matter or transaction does not bear any relation to  
35 the jurisdiction.

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PART H

ARTICLE 9

SECURED TRANSACTIONS

Sec. 36. Section 554.9102, subsection 1, paragraphs b, c, d, ab, ac, as, ax, bf, and br, Code 2024, are amended to read as follows:

b. *“Account”*, except as used in *“account for”*, *“account statement”*, *“account to”*, *“commodity account”* in paragraph *“n”*, *“customer’s account”*, *“deposit account”* in paragraph *“ae”*, *“on account of”*, and ~~paragraph *“ae”*~~ *“statement of account”*, means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of; (ii) for services rendered or to be rendered; (iii) for a policy of insurance issued or to be issued; (iv) for a secondary obligation incurred or to be incurred; (v) for energy provided or to be provided; (vi) for the use or hire of a vessel under a charter or other contract; (vii) arising out of the use of a credit or charge card or information contained on or for use with the card; or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes controllable accounts and health care insurance receivables. The term does not include (i) chattel paper, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card, or (vii) rights to payment evidenced by an instrument.

c. *“Account debtor”* means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the negotiable instrument constitutes part of evidences

1 chattel paper.

2 *d. "Accounting",* except as used in *"accounting for",* means a  
3 record:

4 (1) ~~authenticated~~ signed by a secured party;

5 (2) indicating the aggregate unpaid secured obligations as  
6 of a date not more than thirty-five days earlier or thirty-five  
7 days later than the date of the record; and

8 (3) identifying the components of the obligations in  
9 reasonable detail.

10 *ab. "Controllable account"* means an account evidenced by a  
11 controllable electronic record that provides that the account  
12 debtor undertakes to pay the person that has control under  
13 section 554.14105 ~~has control~~ of the controllable electronic  
14 record.

15 *ac. "Controllable payment intangible"* means a payment  
16 intangible evidenced by a controllable electronic record that  
17 provides that the account debtor undertakes to pay the person  
18 that has control under [section 554.14105](#) ~~has control~~ of the  
19 controllable electronic record.

20 *as. "General intangible"* means any personal property,  
21 including things in action, other than accounts, chattel paper,  
22 commercial tort claims, deposit accounts, documents, goods,  
23 instruments, investment property, letter-of-credit rights,  
24 letters of credit, money, and oil, gas, or other minerals  
25 before extraction. The term includes controllable electronic  
26 records, payment intangibles, and software.

27 *ax. "Instrument"* means a negotiable instrument or any  
28 other writing that evidences a right to the payment of a  
29 monetary obligation, is not itself a security agreement or  
30 lease, and is of a type that in ordinary course of business  
31 is transferred by delivery with any necessary indorsement or  
32 assignment. The term does not include (i) investment property,  
33 (ii) letters of credit, ~~or~~ (iii) writings that evidence a right  
34 to payment arising out of the use of a credit or charge card  
35 or information contained on or for use with the card, or (iv)

1 writings that evidence chattel paper.

2 *bf.* "Money" has the meaning provided in section 554.1201,  
3 subsection 2, paragraph "y", but does not include (i) a deposit  
4 account or (ii) money in an electronic form that cannot be  
5 subjected to control under section 554.9105A.

6 *br.* "Proposal" means a record authenticated signed by a  
7 secured party which includes the terms on which the secured  
8 party is willing to accept collateral in full or partial  
9 satisfaction of the obligation it secures pursuant to sections  
10 554.9620, 554.9621, and 554.9622.

11 Sec. 37. Section 554.9102, subsection 1, Code 2024, is  
12 amended by adding the following new paragraphs:

13 NEW PARAGRAPH. *0g.* "Assignee", except as used in "assignee  
14 for benefit of creditors", means a person (i) in whose favor  
15 a security interest that secures an obligation is created or  
16 provided for under a security agreement, whether or not the  
17 obligation is outstanding or (ii) to which an account, chattel  
18 paper, payment intangible, or promissory note has been sold.  
19 The term includes a person to which a security interest has  
20 been transferred by a secured party.

21 NEW PARAGRAPH. *00g.* "Assignor" means a person that (i)  
22 under a security agreement creates or provides for a security  
23 interest that secures an obligation or (ii) sells an account,  
24 chattel paper, payment intangible, or promissory note. The  
25 term includes a secured party that has transferred a security  
26 interest to another person.

27 Sec. 38. Section 554.9102, subsection 1, paragraphs g, ag,  
28 ca, and ce, Code 2024, are amended by striking the paragraphs.

29 Sec. 39. Section 554.9102, subsection 1, paragraph k, Code  
30 2024, is amended by striking the paragraph and inserting in  
31 lieu thereof the following:

32 *k.* (1) "Chattel paper" means:

33 (a) a right to payment of a monetary obligation secured by  
34 specific goods, if the right to payment and security agreement  
35 are evidenced by a record; or

1 (b) a right to payment of a monetary obligation owed by a  
2 lessee under a lease agreement with respect to specific goods  
3 and a monetary obligation owed by the lessee in connection with  
4 the transaction giving rise to the lease, if:

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

7 (ii) the predominant purpose of the transaction giving rise  
8 to the lease was to give the lessee the right to possession and  
9 use of the goods.

10 (2) "*Chattel paper*" does not include a right to payment  
11 arising out of a charter or other contract involving the use or  
12 hire of a vessel or a right to payment arising out of the use of  
13 a credit or charge card or information contained on or for use  
14 with the card.

15 Sec. 40. Section 554.9102, subsection 2, Code 2024, is  
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *Oae.* "*Protected purchaser*" ... Section  
18 554.8303.

19 Sec. 41. Section 554.9104, subsection 1, Code 2024, is  
20 amended to read as follows:

21 1. *Requirements for control.* A secured party has control  
22 of a deposit account if:

23 a. the secured party is the bank with which the deposit  
24 account is maintained;

25 b. the debtor, secured party, and bank have agreed in  
26 ~~an authenticated~~ a signed record that the bank will comply  
27 with instructions originated by the secured party directing  
28 disposition of the funds in the deposit account without further  
29 consent by the debtor; ~~or~~

30 c. the secured party becomes the bank's customer with  
31 respect to the deposit account; or

32 d. another person, other than the debtor:

33 (1) has control of the deposit account and acknowledges that  
34 it has control on behalf of the secured party; or

35 (2) obtains control of the deposit account after having

1 acknowledged that it will obtain control of the deposit account  
2 on behalf of the secured party.

3 Sec. 42. Section 554.9105, Code 2024, is amended by striking  
4 the section and inserting in lieu thereof the following:

5 **554.9105 Control of electronic copy of record evidencing**  
6 **chattel paper.**

7 1. *General rule: control of electronic copy of record*  
8 *evidencing chattel paper.* A purchaser has control of an  
9 authoritative electronic copy of a record evidencing chattel  
10 paper if a system employed for evidencing the assignment  
11 of interests in the chattel paper reliably establishes the  
12 purchaser as the person to which the authoritative electronic  
13 copy was assigned.

14 2. *Single authoritative copy.* A system satisfies subsection  
15 1 if the record or records evidencing the chattel paper are  
16 created, stored, and assigned in a manner that:

17 a. a single authoritative copy of the record or records  
18 exists which is unique, identifiable, and, except as otherwise  
19 provided in paragraphs "d", "e", and "f", unalterable;

20 b. the authoritative copy identifies the purchaser as the  
21 assignee of the record or records;

22 c. the authoritative copy is communicated to and maintained  
23 by the purchaser or its designated custodian;

24 d. copies or amendments that add or change an identified  
25 assignee of the authoritative copy can be made only with the  
26 consent of the purchaser;

27 e. each copy of the authoritative copy and any copy of  
28 a copy is readily identifiable as a copy that is not the  
29 authoritative copy; and

30 f. any amendment of the authoritative copy is readily  
31 identifiable as authorized or unauthorized.

32 3. *One or more authoritative copies.* A system satisfies  
33 subsection 1, and a purchaser has control of an authoritative  
34 electronic copy of a record evidencing chattel paper, if the  
35 electronic copy, a record attached to or logically associated

1 with the electronic copy, or a system in which the electronic  
2 copy is recorded:

3     *a.* enables the purchaser readily to identify each electronic  
4 copy as either an authoritative copy or a nonauthoritative  
5 copy;

6     *b.* enables the purchaser readily to identify itself in any  
7 way, including by name, identifying number, cryptographic key,  
8 office, or account number, as the assignee of the authoritative  
9 electronic copy; and

10     *c.* gives the purchaser exclusive power, subject to  
11 subsection 4, to:

12         (1) prevent others from adding or changing an identified  
13 assignee of the authoritative electronic copy; and

14         (2) transfer control of the authoritative electronic copy.

15     4. *Meaning of exclusive.* Subject to subsection 5, a power  
16 is exclusive under subsection 3, paragraph "c", subparagraphs  
17 (1) and (2), even if:

18         *a.* the authoritative electronic copy, a record attached  
19 to or logically associated with the authoritative electronic  
20 copy, or a system in which the authoritative electronic copy is  
21 recorded limits the use of the authoritative electronic copy  
22 or has a protocol programmed to cause a change, including a  
23 transfer or loss of control; or

24         *b.* the power is shared with another person.

25     5. *When power not shared with another person.* A power of a  
26 purchaser is not shared with another person under subsection 4,  
27 paragraph "b", and the purchaser's power is not exclusive if:

28         *a.* the purchaser can exercise the power only if the power  
29 also is exercised by the other person; and

30         *b.* the other person:

31             (1) can exercise the power without exercise of the power by  
32 the purchaser; or

33             (2) is the transferor to the purchaser of an interest in the  
34 chattel paper.

35     6. *Presumption of exclusivity of certain powers.* If a



1 purchaser has the powers specified in subsection 3, paragraph  
2 "c", subparagraphs (1) and (2), the powers are presumed to be  
3 exclusive.

4 7. *Obtaining control through another person.* A purchaser  
5 has control of an authoritative electronic copy of a record  
6 evidencing chattel paper if another person, other than the  
7 transferor to the purchaser of an interest in the chattel  
8 paper:

9 a. has control of the authoritative electronic copy and  
10 acknowledges that it has control on behalf of the purchaser; or

11 b. obtains control of the authoritative electronic copy  
12 after having acknowledged that it will obtain control of the  
13 electronic copy on behalf of the purchaser.

14 Sec. 43. Section 554.9105A, Code 2024, is amended to read  
15 as follows:

16 **554.9105A Control of electronic money.**

17 1. *General rule:* — *control of electronic money.* A person  
18 has control of electronic money if:

19 a. the electronic money, a record attached to or logically  
20 associated with the electronic money, or a system in which the  
21 electronic money is recorded gives the person:

22 (1) ~~the~~ power to avail itself of substantially all the  
23 benefit from the electronic money; and

24 (2) exclusive power, subject to [subsection 2](#), to:

25 (a) prevent others from availing themselves of  
26 substantially all the benefit from the electronic money; and

27 (b) transfer control of the electronic money to another  
28 person or cause another person to obtain control of other  
29 electronic money as a result of the transfer of the electronic  
30 money; and

31 b. the electronic money, a record attached to or logically  
32 associated with the electronic money, or a system in which  
33 the electronic money is recorded enables the person readily  
34 to identify itself in any way, including by name, identifying  
35 number, cryptographic key, office, or account number, as having

1 the powers under paragraph "a".

2 2. Meaning of exclusive. Subject to subsection 3, a power  
3 is exclusive under subsection 1, paragraph "a", subparagraph  
4 (2), subparagraph divisions (a) and (b) even if:

5 a. the electronic money, a record attached to or logically  
6 associated with the electronic money, or a system in which the  
7 electronic money is recorded limits the use of the electronic  
8 money or has a protocol programmed to cause a change, including  
9 a transfer or loss of control; or

10 b. the power is shared with another person.

11 3. When power not shared with another person. A power of a  
12 person is not shared with another person under subsection 2,  
13 paragraph "b" and the person's power is not exclusive if:

14 a. the person can exercise the power only if the power also  
15 is exercised by the other person; and

16 b. the other person:

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

19 (2) is the transferor to the person of an interest in the  
20 electronic money.

21 4. Presumption of exclusivity of certain powers. If a  
22 person has the powers specified in subsection 1, paragraph "a",  
23 subparagraph (2), subparagraph divisions (a) and (b) the powers  
24 are presumed to be exclusive.

25 ~~2-~~ 5. Control through another person. A person has  
26 control of electronic money if another person, other than the  
27 transferor of an interest in the electronic money:

28 a. has control of the electronic money and acknowledges that  
29 it has control on behalf of the person, or

30 b. obtains control of the electronic money after having  
31 acknowledged that it will obtain control of the electronic  
32 money on behalf of the person.

33 ~~3. Meaning of exclusive.~~ A power is exclusive under  
34 ~~subsection 1,~~ paragraph "a", subparagraph (2), even if:

35 ~~a. the electronic money or a system in which the electronic~~

~~1 money is recorded limits the use of the electronic money or has  
2 a protocol programmed to transfer control; or  
3 b. the person has agreed to share the power with another  
4 person.~~

5 Sec. 44. NEW SECTION. 554.9107B No requirement to  
6 acknowledge or confirm; no duties.

7 1. *No requirement to acknowledge.* A person that has control  
8 under section 554.9104, 554.9105, or 554.9105A is not required  
9 to acknowledge that it has control on behalf of another person.

10 2. *No duties or confirmation.* If a person acknowledges  
11 that it has or will obtain control on behalf of another  
12 person, unless the person otherwise agrees or law other than  
13 this Article otherwise provides, the person does not owe any  
14 duty to the other person and is not required to confirm the  
15 acknowledgment to any other person.

16 Sec. 45. Section 554.9203, subsection 2, Code 2024, is  
17 amended to read as follows:

18 2. *Enforceability.* Except as otherwise provided in  
19 subsections 3 through ~~10~~ 9, a security interest is enforceable  
20 against the debtor and third parties with respect to the  
21 collateral only if:

22 a. value has been given;

23 b. the debtor has rights in the collateral or the power to  
24 transfer rights in the collateral to a secured party; and

25 c. one of the following conditions is met:

26 (1) the debtor has ~~authenticated~~ signed a security  
27 agreement that provides a description of the collateral and, if  
28 the security interest covers timber to be cut, a description  
29 of the land concerned;

30 (2) the collateral is not a certificated security and is  
31 in the possession of the secured party under [section 554.9313](#)  
32 pursuant to the debtor's security agreement;

33 (3) the collateral is a certificated security in registered  
34 form and the security certificate has been delivered to the  
35 secured party under [section 554.8301](#) pursuant to the debtor's

1 security agreement; ~~or~~

2 (4) the collateral is controllable accounts, controllable  
3 electronic records, controllable payment intangibles, deposit  
4 accounts, ~~electronic chattel paper~~, electronic documents,  
5 electronic money, investment property, or letter-of-credit  
6 rights, and the secured party has control under section  
7 554.7106, 554.9104, ~~554.9105~~, 554.9105A, 554.9106, 554.9107, or  
8 554.9107A pursuant to the debtor's security agreement; or

9 (5) the collateral is chattel paper and the secured party  
10 has possession and control under section 554.9314A pursuant to  
11 the debtor's security agreement.

12 Sec. 46. Section 554.9203, subsection 10, Code 2024, is  
13 amended by striking the subsection.

14 Sec. 47. Section 554.9204, subsection 2, Code 2024, is  
15 amended to read as follows:

16 2. *When after-acquired property clause not effective.* A  
17 Subject to subsection 4, a security interest does not attach  
18 under a term constituting an after-acquired property clause to:

19 a. consumer goods, other than an accession when given as  
20 additional security, unless the debtor acquires rights in them  
21 within ten days after the secured party gives value; or

22 b. a commercial tort claim.

23 Sec. 48. Section 554.9204, Code 2024, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. 4. *Limitation on subsection 2.* Subsection  
26 2 does not prevent a security interest from attaching:

27 a. to consumer goods as proceeds under section 554.9315,  
28 subsection 1, or commingled goods under section 554.9336,  
29 subsection 3;

30 b. to a commercial tort claim as proceeds under section  
31 554.9315, subsection 1; or

32 c. under an after-acquired property clause to property that  
33 is proceeds of consumer goods or a commercial tort claim.

34 Sec. 49. Section 554.9208, subsection 2, Code 2024, is  
35 amended to read as follows:

1     2. *Duties of secured party after receiving demand from*  
2 *debtor.* Within ten days after receiving an ~~authenticated a~~  
3 ~~signed~~ demand by the debtor:

4     a. a secured party having control of a deposit account  
5 under [section 554.9104, subsection 1](#), paragraph "b", shall  
6 send to the bank with which the deposit account is maintained  
7 ~~an authenticated statement~~ a signed record that releases the  
8 bank from any further obligation to comply with instructions  
9 originated by the secured party;

10    b. a secured party having control of a deposit account under  
11 [section 554.9104, subsection 1](#), paragraph "c", shall:

12     (1) pay the debtor the balance on deposit in the deposit  
13 account; or

14     (2) transfer the balance on deposit into a deposit account  
15 in the debtor's name;

16    c. a secured party, other than a buyer, having control of  
17 ~~electronic chattel paper~~ under [section 554.9105](#) shall: of an  
18 authoritative electronic copy of a record evidencing chattel  
19 paper shall transfer control of the electronic copy to the  
20 debtor or a person designated by the debtor;

21     ~~(1) communicate the authoritative copy of the electronic~~  
22 ~~chattel paper to the debtor or its designated custodian;~~

23     ~~(2) if the debtor designates a custodian that is the~~  
24 ~~designated custodian with which the authoritative copy of~~  
25 ~~the electronic chattel paper is maintained for the secured~~  
26 ~~party, communicate to the custodian an authenticated record~~  
27 ~~releasing the designated custodian from any further obligation~~  
28 ~~to comply with instructions originated by the secured party~~  
29 ~~and instructing the custodian to comply with instructions~~  
30 ~~originated by the debtor; and~~

31     ~~(3) take appropriate action to enable the debtor or its~~  
32 ~~designated custodian to make copies of or revisions to the~~  
33 ~~authoritative copy which add or change an identified assignee~~  
34 ~~of the authoritative copy without the consent of the secured~~  
35 ~~party;~~

1     *d.* a secured party having control of investment property  
2 under [section 554.8106, subsection 4](#), paragraph "b", or  
3 section 554.9106, subsection 2, shall send to the securities  
4 intermediary or commodity intermediary with which the  
5 security entitlement or commodity contract is maintained an  
6 ~~authenticated~~ a signed record that releases the securities  
7 intermediary or commodity intermediary from any further  
8 obligation to comply with entitlement orders or directions  
9 originated by the secured party;

10    *e.* a secured party having control of a letter-of-credit  
11 right under [section 554.9107](#) shall send to each person having  
12 an unfulfilled obligation to pay or deliver proceeds of the  
13 letter of credit to the secured party ~~an authenticated~~ a signed  
14 release from any further obligation to pay or deliver proceeds  
15 of the letter of credit to the secured party;

16    *f.* a secured party having control under section 554.7106  
17 of an authoritative electronic copy of an electronic document  
18 shall ~~transfer control of the electronic copy to the debtor or~~  
19 a person designated by the debtor;

20     ~~(1) give control of the electronic document to the debtor or~~  
21 ~~its designated custodian;~~

22     ~~(2) if the debtor designates a custodian that is the~~  
23 ~~designated custodian with which the authoritative copy of~~  
24 ~~the electronic document is maintained for the secured party,~~  
25 ~~communicate to the custodian an authenticated record releasing~~  
26 ~~the designated custodian from any further obligation to~~  
27 ~~comply with instructions originated by the secured party~~  
28 ~~and instructing the custodian to comply with instructions~~  
29 ~~originated by the debtor; and~~

30     ~~(3) take appropriate action to enable the debtor or its~~  
31 ~~designated custodian to make copies of or revisions to the~~  
32 ~~authoritative copy which add or change an identified assignee~~  
33 ~~of the authoritative copy without the consent of the secured~~  
34 ~~party;~~

35    *g.* a secured party having control under [section 554.9105A](#) of

1 electronic money shall transfer control of the electronic money  
2 to the debtor or a person designated by the debtor; and

3 *h.* a secured party having control under [section 554.14105](#)  
4 of a controllable electronic record, other than a buyer of  
5 a controllable account or controllable payment intangible  
6 evidenced by the controllable electronic record, shall transfer  
7 control of the controllable electronic record to the debtor or  
8 a person designated by the debtor.

9 Sec. 50. Section 554.9209, subsection 2, Code 2024, is  
10 amended to read as follows:

11 *2. Duties of secured party after receiving demand from*  
12 *debtor.* Within ten days after receiving an ~~authenticated~~ a  
13 signed demand by the debtor, a secured party shall send to an  
14 account debtor that has received notification under section  
15 554.9406, subsection 1, or section 554.14106, subsection 2, of  
16 an assignment to the secured party as assignee ~~under section~~  
17 ~~554.9406, subsection 1,~~ an authenticated a signed record that  
18 releases the account debtor from any further obligation to the  
19 secured party.

20 Sec. 51. Section 554.9210, subsections 1, 2, 3, 4, and 5,  
21 Code 2024, are amended to read as follows:

22 *1. Definitions.* In [this section](#):

23 *a.* "Request" means a record of a type described in paragraph  
24 "b", "c", or "d".

25 *b.* "Request for an accounting" means a record ~~authenticated~~  
26 signed by a debtor requesting that the recipient provide an  
27 accounting of the unpaid obligations secured by collateral and  
28 reasonably identifying the transaction or relationship that is  
29 the subject of the request.

30 *c.* "Request regarding a list of collateral" means a record  
31 ~~authenticated~~ signed by a debtor requesting that the recipient  
32 approve or correct a list of what the debtor believes to be the  
33 collateral securing an obligation and reasonably identifying  
34 the transaction or relationship that is the subject of the  
35 request.

1     *d. "Request regarding a statement of account"* means a record  
2 ~~authenticated~~ signed by a debtor requesting that the recipient  
3 approve or correct a statement indicating what the debtor  
4 believes to be the aggregate amount of unpaid obligations  
5 secured by collateral as of a specified date and reasonably  
6 identifying the transaction or relationship that is the subject  
7 of the request.

8     2. *Duty to respond to requests.* Subject to subsections 3,  
9 4, 5, and 6, a secured party, other than a buyer of accounts,  
10 chattel paper, payment intangibles, or promissory notes or a  
11 consignor, shall comply with a request within fourteen days  
12 after receipt:

13     *a.* in the case of a request for an accounting, by  
14 ~~authenticating~~ signing and sending to the debtor an accounting;  
15 and

16     *b.* in the case of a request regarding a list of  
17 collateral or a request regarding a statement of account, by  
18 ~~authenticating~~ signing and sending to the debtor an approval  
19 or correction.

20     3. *Request regarding list of collateral — statement*  
21 *concerning type of collateral.* A secured party that claims a  
22 security interest in all of a particular type of collateral  
23 owned by the debtor may comply with a request regarding a  
24 list of collateral by sending to the debtor ~~an authenticated~~  
25 a signed record including a statement to that effect within  
26 fourteen days after receipt.

27     4. *Request regarding list of collateral — no interest*  
28 *claimed.* A person that receives a request regarding a list  
29 of collateral, claims no interest in the collateral when  
30 it receives the request, and claimed an interest in the  
31 collateral at an earlier time shall comply with the request  
32 within fourteen days after receipt by sending to the debtor ~~an~~  
33 ~~authenticated~~ a signed record:

34     *a.* disclaiming any interest in the collateral; and

35     *b.* if known to the recipient, providing the name and mailing



1 address of any assignee of or successor to the recipient's  
2 interest in the collateral.

3 5. *Request for accounting or regarding statement of account*  
4 *— no interest in obligation claimed.* A person that receives a  
5 request for an accounting or a request regarding a statement of  
6 account, claims no interest in the obligations when it receives  
7 the request, and claimed an interest in the obligations at an  
8 earlier time shall comply with the request within fourteen  
9 days after receipt by sending to the debtor an ~~authenticated~~ a  
10 signed record:

11 a. disclaiming any interest in the obligations; and  
12 b. if known to the recipient, providing the name and mailing  
13 address of any assignee of or successor to the recipient's  
14 interest in the obligations.

15 Sec. 52. Section 554.9301, unnumbered paragraph 1, Code  
16 2024, is amended to read as follows:

17 Except as otherwise provided in sections 554.9303, 554.9304,  
18 554.9305, and 554.9306 through 554.9306B, the following  
19 rules determine the law governing perfection, the effect of  
20 perfection or nonperfection, and the priority of a security  
21 interest in collateral:

22 Sec. 53. Section 554.9301, subsection 3, unnumbered  
23 paragraph 1, Code 2024, is amended to read as follows:

24 Except as otherwise provided in subsection 4, while ~~tangible~~  
25 negotiable tangible documents, goods, instruments, or tangible  
26 money, ~~or tangible chattel paper~~ is located in a jurisdiction,  
27 the local law of that jurisdiction governs:

28 Sec. 54. Section 554.9304, subsection 1, Code 2024, is  
29 amended to read as follows:

30 1. *Law of bank's jurisdiction governs.* The local law  
31 of a bank's jurisdiction governs perfection, the effect of  
32 perfection or nonperfection, and the priority of a security  
33 interest in a deposit account maintained with that bank even  
34 if the transaction does not bear any relation to the bank's  
35 jurisdiction.

1     Sec. 55. Section 554.9305, subsection 1, Code 2024, is  
2 amended by adding the following new paragraph:

3     NEW PARAGRAPH. *e.* Paragraphs “b”, “c”, and “d” apply  
4 even if the transaction does not bear any relation to the  
5 jurisdiction.

6     Sec. 56. Section 554.9306A, Code 2024, is amended by  
7 striking the section and inserting in lieu thereof the  
8 following:

9     **554.9306A Law governing perfection and priority of security**  
10 **interests in chattel paper.**

11     1. *Chattel paper evidenced by authoritative electronic*  
12 *copy.* Except as provided in subsection 4, if chattel paper  
13 is evidenced only by an authoritative electronic copy of the  
14 chattel paper or is evidenced by an authoritative electronic  
15 copy and an authoritative tangible copy, the local law of the  
16 chattel paper’s jurisdiction governs perfection, the effect of  
17 perfection or nonperfection, and the priority of a security  
18 interest in the chattel paper, even if the transaction does not  
19 bear any relation to the chattel paper’s jurisdiction.

20     2. *Chattel paper’s jurisdiction.* The following rules  
21 determine the chattel paper’s jurisdiction under this section:

22     *a.* If the authoritative electronic copy of the record  
23 evidencing chattel paper, or a record attached to or logically  
24 associated with the electronic copy and readily available for  
25 review, expressly provides that a particular jurisdiction is  
26 the chattel paper’s jurisdiction for purposes of this section,  
27 this part, this Article, or this chapter, that jurisdiction is  
28 the chattel paper’s jurisdiction.

29     *b.* If paragraph “a” does not apply and the rules of the  
30 system in which the authoritative electronic copy is recorded  
31 are readily available for review and expressly provide that a  
32 particular jurisdiction is the chattel paper’s jurisdiction  
33 for purposes of this section, this part, this Article, or this  
34 chapter that jurisdiction is the chattel paper’s jurisdiction.

35     *c.* If paragraphs “a” and “b” do not apply and the

1 authoritative electronic copy, or a record attached to or  
2 logically associated with the electronic copy and readily  
3 available for review, expressly provides that the chattel paper  
4 is governed by the law of a particular jurisdiction, that  
5 jurisdiction is the chattel paper's jurisdiction.

6 *d.* If paragraphs "a", "b", and "c" do not apply and the  
7 rules of the system in which the authoritative electronic copy  
8 is recorded are readily available for review and expressly  
9 provide that the chattel paper or the system is governed by  
10 the law of a particular jurisdiction, that jurisdiction is the  
11 chattel paper's jurisdiction.

12 *e.* If paragraphs "a" through "d" do not apply, the chattel  
13 paper's jurisdiction is the jurisdiction in which the debtor  
14 is located.

15 3. *Chattel paper evidenced by authoritative tangible*  
16 *copy.* If an authoritative tangible copy of a record evidences  
17 chattel paper and the chattel paper is not evidenced by an  
18 authoritative electronic copy, while the authoritative tangible  
19 copy of the record evidencing chattel paper is located in a  
20 jurisdiction, the local law of that jurisdiction governs:

21 *a.* perfection of a security interest in the chattel paper by  
22 possession under section 554.9314A; and

23 *b.* the effect of perfection or nonperfection and the  
24 priority of a security interest in the chattel paper.

25 4. *When perfection governed by law of jurisdiction where*  
26 *debtor located.* The local law of the jurisdiction in which the  
27 debtor is located governs perfection of a security interest in  
28 chattel paper by filing.

29 Sec. 57. NEW SECTION. 554.9306B Law governing perfection  
30 and priority of security interests in controllable accounts,  
31 controllable electronic records, and controllable payment  
32 intangibles.

33 1. *Governing law: general rules.* Except as provided in  
34 subsection 2, the local law of the controllable electronic  
35 record's jurisdiction specified in section 554.14107,

1 subsections 3 and 4 governs perfection, the effect of  
2 perfection or nonperfection, and the priority of a security  
3 interest in a controllable electronic record and a security  
4 interest in a controllable account or controllable payment  
5 intangible evidenced by the controllable electronic record.

6 2. *When perfection governed by law of jurisdiction where*  
7 *debtor located.* The local law of the jurisdiction in which the  
8 debtor is located governs:

9 a. perfection of a security interest in a controllable  
10 account, controllable electronic record, or controllable  
11 payment intangible by filing; and

12 b. automatic perfection of a security interest in a  
13 controllable payment intangible created by a sale of the  
14 controllable payment intangible.

15 Sec. 58. Section 554.9308, subsection 8, Code 2024, is  
16 amended by striking the subsection.

17 Sec. 59. Section 554.9310, subsection 2, paragraph h, Code  
18 2024, is amended to read as follows:

19 h. in controllable accounts, controllable electronic  
20 records, controllable payment intangibles, deposit accounts,  
21 ~~electronic chattel paper~~, electronic documents, investment  
22 property, or letter-of-credit rights which ~~is~~ are perfected by  
23 control under [section 554.9314](#);

24 Sec. 60. Section 554.9310, subsection 2, Code 2024, is  
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. *0i.* in chattel paper which is perfected by  
27 possession and control under section 554.9314A;

28 Sec. 61. Section 554.9312, Code 2024, is amended to read as  
29 follows:

30 **554.9312 Perfection of security interests in chattel**  
31 **paper, controllable accounts, controllable electronic records,**  
32 **controllable payment intangibles, ~~chattel paper~~, deposit**  
33 **accounts, negotiable documents, goods covered by documents,**  
34 **instruments, investment property, letter-of-credit rights, and**  
35 **money — perfection by permissive filing — temporary perfection**

1 without filing or transfer of possession.

2 1. *Perfection by filing permitted.* A security interest in  
3 chattel paper, controllable accounts, controllable electronic  
4 records, controllable payment intangibles, ~~chattel paper~~,  
5 ~~negotiable documents~~, instruments, or investment property, or  
6 negotiable documents may be perfected by filing.

7 2. *Control or possession of certain collateral.* Except as  
8 otherwise provided in [section 554.9315](#), [subsections 3 and 4](#),  
9 for proceeds:

10 a. a security interest in a deposit account may be perfected  
11 only by control under [section 554.9314](#);

12 b. and except as otherwise provided in [section 554.9308](#),  
13 subsection 4, a security interest in a letter-of-credit right  
14 may be perfected only by control under [section 554.9314](#);

15 c. a security interest in tangible money may be perfected  
16 only by the secured party's taking possession under [section](#)  
17 [554.9313](#); and

18 d. a security interest in electronic money may be perfected  
19 only by control under [section 554.9314](#).

20 3. *Goods covered by negotiable document.* While goods are  
21 in the possession of a bailee that has issued a negotiable  
22 document covering the goods:

23 a. a security interest in the goods may be perfected by  
24 perfecting a security interest in the document; and

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

28 4. *Goods covered by nonnegotiable document.* While goods are  
29 in the possession of a bailee that has issued a nonnegotiable  
30 document covering the goods, a security interest in the goods  
31 may be perfected by:

32 a. issuance of a document in the name of the secured party;

33 b. the bailee's receipt of notification of the secured  
34 party's interest; or

35 c. filing as to the goods.

1     5. *Temporary perfection — new value.* A security  
2 interest in certificated securities, negotiable documents,  
3 or instruments is perfected without filing or the taking of  
4 possession or control for a period of twenty days from the time  
5 it attaches to the extent that it arises for new value given  
6 under ~~an authenticated~~ a signed security agreement.

7     6. *Temporary perfection — goods or documents made available*  
8 *to debtor.* A perfected security interest in a negotiable  
9 document or goods in possession of a bailee, other than one  
10 that has issued a negotiable document for the goods, remains  
11 perfected for twenty days without filing if the secured  
12 party makes available to the debtor the goods or documents  
13 representing the goods for the purpose of:

14     a. ultimate sale or exchange; or

15     b. loading, unloading, storing, shipping, transshipping,  
16 manufacturing, processing, or otherwise dealing with them in a  
17 manner preliminary to their sale or exchange.

18     7. *Temporary perfection — delivery of security certificate*  
19 *or instrument to debtor.* A perfected security interest in  
20 a certificated security or instrument remains perfected for  
21 twenty days without filing if the secured party delivers the  
22 security certificate or instrument to the debtor for the  
23 purpose of:

24     a. ultimate sale or exchange; or

25     b. presentation, collection, enforcement, renewal, or  
26 registration of transfer.

27     8. *Expiration of temporary perfection.* After the twenty-day  
28 period specified in [subsection 5, 6, or 7](#) expires, perfection  
29 depends upon compliance with [this Article](#).

30     Sec. 62. Section 554.9313, subsections 1, 3, and 4, Code  
31 2024, are amended to read as follows:

32     1. *Perfection by possession or delivery.* Except as otherwise  
33 provided in [subsection 2](#), a secured party may perfect a  
34 security interest in ~~tangible negotiable documents~~, goods,  
35 instruments, negotiable tangible documents, or tangible

1 money, ~~or tangible chattel paper~~ by taking possession of the  
2 collateral. A secured party may perfect a security interest in  
3 certificated securities by taking delivery of the certificated  
4 securities under [section 554.8301](#).

5 3. *Collateral in possession of person other than*  
6 *debtor.* With respect to collateral other than certificated  
7 securities and goods covered by a document, a secured party  
8 takes possession of collateral in the possession of a person  
9 other than the debtor, the secured party, or a lessee of  
10 the collateral from the debtor in the ordinary course of the  
11 debtor's business, when:

12 a. the person in possession ~~authenticates~~ signs a record  
13 acknowledging that it holds possession of the collateral for  
14 the secured party's benefit; or

15 b. the person takes possession of the collateral after  
16 having ~~authenticated~~ signed a record acknowledging that it  
17 will hold possession of the collateral for the secured party's  
18 benefit.

19 4. *Time of perfection by possession — continuation of*  
20 *perfection.* If perfection of a security interest depends upon  
21 possession of the collateral by a secured party, perfection  
22 occurs ~~no~~ not earlier than the time the secured party takes  
23 possession and continues only while the secured party retains  
24 possession.

25 Sec. 63. Section 554.9314, subsections 1, 2, and 3, Code  
26 2024, are amended to read as follows:

27 1. *Perfection by control.* A security interest in  
28 controllable accounts, controllable electronic records,  
29 controllable payment intangibles, deposit accounts, ~~electronic~~  
30 ~~chattel paper~~, electronic documents, electronic money,  
31 investment property, or letter-of-credit rights may be  
32 perfected by control of the collateral under [section 554.7106](#),  
33 [554.9104](#), ~~[554.9105](#)~~, [554.9105A](#), [554.9106](#), [554.9107](#), or  
34 [554.9107A](#).

35 2. *Specified collateral — time of perfection by control —*

1 *continuation of perfection.* A security interest in controllable  
2 accounts, controllable electronic records, controllable payment  
3 intangibles, deposit accounts, ~~electronic chattel paper,~~  
4 electronic documents, electronic money, or letter-of-credit  
5 rights is perfected by control under [section 554.7106](#),  
6 [554.9104](#), ~~[554.9105](#)~~, [554.9105A](#), [554.9107](#), or [554.9107A](#) when  
7 not earlier than the time the secured party obtains control  
8 and remains perfected by control only while the secured party  
9 retains control.

10 3. *Investment property — time of perfection by control —*  
11 *continuation of perfection.* A security interest in investment  
12 property is perfected by control under [section 554.9106](#) ~~from~~  
13 not earlier than the time the secured party obtains control and  
14 remains perfected by control until:

15 a. the secured party does not have control; and

16 b. one of the following occurs:

17 (1) if the collateral is a certificated security, the debtor  
18 has or acquires possession of the security certificate;

19 (2) if the collateral is an uncertificated security, the  
20 issuer has registered or registers the debtor as the registered  
21 owner; or

22 (3) if the collateral is a security entitlement, the debtor  
23 is or becomes the entitlement holder.

24 Sec. 64. NEW SECTION. **554.9314A Perfection by possession**  
25 **and control of chattel paper.**

26 1. *Perfection by possession and control.* A secured party  
27 may perfect a security interest in chattel paper by taking  
28 possession of each authoritative tangible copy of the record  
29 evidencing the chattel paper and obtaining control of each  
30 authoritative electronic copy of the electronic record  
31 evidencing the chattel paper.

32 2. *Time of perfection; continuation of perfection.* A  
33 security interest is perfected under subsection 1 not earlier  
34 than the time the secured party takes possession and obtains  
35 control and remains perfected under subsection 1 only while the



1 secured party retains possession and control.

2 3. *Application of section 554.9313 to perfection by*  
3 *possession of chattel paper.* Section 554.9313, subsections  
4 3 and 6 through 9, apply to perfection by possession of an  
5 authoritative tangible copy of a record evidencing chattel  
6 paper.

7 Sec. 65. Section 554.9316, subsections 1 and 6, Code 2024,  
8 are amended to read as follows:

9 1. *General rule — effect on perfection of change in*  
10 *governing law.* A security interest perfected pursuant to  
11 the law of the jurisdiction designated in section 554.9301,  
12 subsection 1, ~~or section 554.9305, subsection 3, section~~  
13 554.9306A, subsection 4, or section 554.9306B, subsection 2,  
14 remains perfected until the earliest of:

15 a. the time perfection would have ceased under the law of  
16 that jurisdiction;

17 b. the expiration of four months after a change of the  
18 debtor's location to another jurisdiction; or

19 c. the expiration of one year after a transfer of collateral  
20 to a person that thereby becomes a debtor and is located in  
21 another jurisdiction.

22 6. *Change in jurisdiction of chattel paper, controllable*  
23 *electronic record, bank, issuer, nominated person, securities*  
24 *intermediary, or commodity intermediary.* A security interest in  
25 chattel paper, controllable accounts, controllable electronic  
26 records, controllable payment intangibles, deposit accounts,  
27 letter-of-credit rights, or investment property which is  
28 perfected under the law of the chattel paper's jurisdiction,  
29 the controllable electronic record's jurisdiction, the bank's  
30 jurisdiction, the issuer's jurisdiction, a nominated person's  
31 jurisdiction, the securities intermediary's jurisdiction, or  
32 the commodity intermediary's jurisdiction, as applicable,  
33 remains perfected until the earlier of:

34 a. the time the security interest would have become  
35 unperfected under the law of that jurisdiction; or

1     *b.* the expiration of four months after a change of the  
2 applicable jurisdiction to another jurisdiction.

3     Sec. 66. Section 554.9317, subsections 2 and 4, Code 2024,  
4 are amended to read as follows:

5     2. *Buyers that receive delivery.* Except as otherwise  
6 provided in subsection 5, a buyer, other than a secured  
7 party, of ~~tangible chattel paper, tangible documents,~~ goods,  
8 instruments, tangible documents, or a ~~certificated~~ security  
9 certificate takes free of a security interest or agricultural  
10 lien if the buyer gives value and receives delivery of the  
11 collateral without knowledge of the security interest or  
12 agricultural lien and before it is perfected.

13     4. *Licensees and buyers of certain collateral.* A Subject to  
14 subsections 6 through 9, a licensee of a general intangible or  
15 a buyer, other than a secured party, of collateral other than  
16 ~~tangible chattel paper, tangible documents,~~ electronic money,  
17 goods, instruments, tangible documents, or a certificated  
18 security takes free of a security interest if the licensee or  
19 buyer gives value without knowledge of the security interest  
20 and before it is perfected.

21     Sec. 67. Section 554.9317, Code 2024, is amended by adding  
22 the following new subsections:

23     NEW SUBSECTION. 6. *Buyers of chattel paper.* A buyer, other  
24 than a secured party, of chattel paper takes free of a security  
25 interest if, without knowledge of the security interest and  
26 before it is perfected, the buyer gives value and:

27     *a.* receives delivery of each authoritative tangible copy of  
28 the record evidencing the chattel paper; and

29     *b.* if each authoritative electronic copy of the record  
30 evidencing the chattel paper can be subjected to control  
31 under section 554.9105, obtains control of each authoritative  
32 electronic copy.

33     NEW SUBSECTION. 7. *Buyers of electronic documents.* A buyer  
34 of an electronic document takes free of a security interest  
35 if, without knowledge of the security interest and before it

1 is perfected, the buyer gives value and, if each authoritative  
2 electronic copy of the document can be subjected to control  
3 under section 554.7106, obtains control of each authoritative  
4 electronic copy.

5 NEW SUBSECTION. 8. *Buyers of controllable electronic*  
6 *records.* A buyer of a controllable electronic record takes free  
7 of a security interest if, without knowledge of the security  
8 interest and before it is perfected, the buyer gives value and  
9 obtains control of the controllable electronic record.

10 NEW SUBSECTION. 9. *Buyers of controllable accounts and*  
11 *controllable payment intangibles.* A buyer, other than a secured  
12 party, of a controllable account or a controllable payment  
13 intangible takes free of a security interest if, without  
14 knowledge of the security interest and before it is perfected,  
15 the buyer gives value and obtains control of the controllable  
16 account or controllable payment intangible.

17 Sec. 68. Section 554.9323, subsections 4 and 6, Code 2024,  
18 are amended to read as follows:

19 4. *Buyer of goods.* Except as otherwise provided in  
20 subsection 5, a buyer of goods ~~other than a buyer in ordinary~~  
21 ~~course of business~~ takes free of a security interest to the  
22 extent that it secures advances made after the earlier of:

- 23 a. the time the secured party acquires knowledge of the  
24 buyer's purchase; or  
25 b. forty-five days after the purchase.

26 6. *Lessee of goods.* Except as otherwise provided in  
27 subsection 7, a lessee of goods, ~~other than a lessee in~~  
28 ~~ordinary course of business,~~ takes the leasehold interest free  
29 of a security interest to the extent that it secures advances  
30 made after the earlier of:

- 31 a. the time the secured party acquires knowledge of the  
32 lease; or  
33 b. forty-five days after the lease contract becomes  
34 enforceable.

35 Sec. 69. Section 554.9324, subsection 2, paragraph b, Code

1 2024, is amended to read as follows:

2 *b.* the purchase-money secured party sends an ~~authenticated~~  
3 signed notification to the holder of the conflicting security  
4 interest;

5 Sec. 70. Section 554.9324, subsection 4, paragraph b, Code  
6 2024, is amended to read as follows:

7 *b.* the purchase-money secured party sends ~~an authenticated~~  
8 a signed notification to the holder of the conflicting security  
9 interest;

10 Sec. 71. Section 554.9330, subsections 1, 2, and 6, Code  
11 2024, are amended to read as follows:

12 1. *Purchaser's priority — security interest claimed merely*  
13 *as proceeds.* A purchaser of chattel paper has priority over a  
14 security interest in the chattel paper which is claimed merely  
15 as proceeds of inventory subject to a security interest if:

16 *a.* in good faith and in the ordinary course of the  
17 purchaser's business, the purchaser gives new value, ~~and~~ takes  
18 possession of each authoritative tangible copy of the record  
19 evidencing the chattel paper or, and obtains control of under  
20 section 554.9105 of each authoritative electronic copy of the  
21 record evidencing the chattel paper under ~~section 554.9105~~; and

22 *b.* the ~~chattel paper does~~ authoritative copies of the  
23 record evidencing the chattel paper do not indicate that ~~it~~ the  
24 chattel paper has been assigned to an identified assignee other  
25 than the purchaser.

26 2. *Purchaser's priority — other security interests.* A  
27 purchaser of chattel paper has priority over a security  
28 interest in the chattel paper which is claimed other than  
29 merely as proceeds of inventory subject to a security interest  
30 if the purchaser gives new value, ~~and~~ takes possession of  
31 each authoritative tangible copy of the record evidencing the  
32 chattel paper or, and obtains control of under section 554.9105  
33 of each authoritative electronic copy of the record evidencing  
34 the chattel paper under ~~section 554.9105~~ in good faith, in  
35 the ordinary course of the purchaser's business, and without

1 knowledge that the purchase violates the rights of the secured  
2 party.

3 6. *Indication of assignment gives knowledge.* For purposes of  
4 subsections 2 and 4, if the authoritative copies of the record  
5 evidencing chattel paper or an instrument indicates indicate  
6 that it the chattel paper or instrument has been assigned to an  
7 identified secured party other than the purchaser, a purchaser  
8 of the chattel paper or instrument has knowledge that the  
9 purchase violates the rights of the secured party.

10 Sec. 72. Section 554.9331, Code 2024, is amended to read as  
11 follows:

12 554.9331 Priority of rights of purchasers of controllable  
13 accounts, controllable electronic records, controllable payment  
14 intangibles, documents, instruments, and securities under  
15 other Articles — priority of interests in financial assets  
16 and security entitlements and ~~protections~~ protection against  
17 ~~assertions~~ assertion of claims under Articles 8 and 14.

18 1. *Rights under Articles 3, 7, 8, and 14 not limited.* This  
19 Article does not limit the rights of a holder in due course of a  
20 negotiable instrument, a holder to which a negotiable document  
21 of title has been duly negotiated, a protected purchaser of a  
22 security, or a qualifying purchaser of a controllable account,  
23 controllable electronic record, or controllable payment  
24 intangible. These holders or purchasers take priority over an  
25 earlier security interest, even if perfected, to the extent  
26 provided in [Articles 3, 7, 8, and 14](#).

27 2. *Protection under Articles 8 and 14.* [This Article](#) does  
28 not limit the rights of or impose liability on a person to the  
29 extent that the person is protected against the assertion of  
30 a claim under [Article 8](#) or [14](#).

31 3. *Filing not notice.* Filing under [this Article](#) does  
32 not constitute notice of a claim or defense to the holders,  
33 purchasers, or persons described in [subsections 1 and 2](#).

34 Sec. 73. Section 554.9332, Code 2024, is amended to read as  
35 follows:

1     554.9332 Transfer of money — transfer of funds from deposit  
2 account.

3     1. *Transferee of tangible money.* A transferee of tangible  
4 money takes the money free of a security interest ~~in the money~~  
5 if the transferee ~~when receiving delivery~~ receives possession  
6 of the money ~~does not act~~ without acting in collusion with the  
7 debtor in violating the rights of the secured party.

8     ~~2. *Transferee of electronic money.* A transferee of~~  
9 ~~electronic money takes the money free of a security interest~~  
10 ~~in the money if the transferee when obtaining control of the~~  
11 ~~money does not act in collusion with the debtor in violating~~  
12 ~~the rights of the secured party.~~

13     ~~3.~~ 2. *Transferee of funds from deposit account.* A  
14 transferee of funds from a deposit account takes the funds free  
15 of a security interest in the deposit account if the transferee  
16 ~~when receiving~~ receives the funds ~~does not act~~ without acting  
17 in collusion with the debtor in violating the rights of the  
18 secured party.

19     3. *Transferee of electronic money.* A transferee of  
20 electronic money takes the money free of a security interest  
21 if the transferee obtains control of the money without acting  
22 in collusion with the debtor in violating the rights of the  
23 secured party.

24     Sec. 74. Section 554.9334, subsection 6, paragraph a, Code  
25 2024, is amended to read as follows:

26     a. the encumbrancer or owner has, in an ~~authenticated~~ a  
27 signed record, consented to the security interest or disclaimed  
28 an interest in the goods as fixtures; or

29     Sec. 75. Section 554.9341, unnumbered paragraph 1, Code  
30 2024, is amended to read as follows:

31     Except as otherwise provided in section 554.9340, subsection  
32 3, and unless the bank otherwise agrees in an ~~authenticated~~ a  
33 signed record, a bank's rights and duties with respect to a  
34 deposit account maintained with the bank are not terminated,  
35 suspended, or modified by:

1     Sec. 76. Section 554.9404, subsection 1, paragraph b, Code  
2 2024, is amended to read as follows:

3     *b.* any other defense or claim of the account debtor against  
4 the assignor which accrues before the account debtor receives  
5 a notification of the assignment ~~authenticated~~ signed by the  
6 assignor or the assignee.

7     Sec. 77. Section 554.9406, subsections 1, 4, 6, 7, and 11,  
8 Code 2024, are amended to read as follows:

9     1. *Discharge of account debtor — effect of*  
10 *notification.* Subject to subsections 2 through 9 and  
11 11, an account debtor on an account, chattel paper, or a  
12 payment intangible may discharge its obligation by paying the  
13 assignor until, but not after, the account debtor receives  
14 a notification, ~~authenticated~~ signed by the assignor or  
15 the assignee, that the amount due or to become due has been  
16 assigned and that payment is to be made to the assignee. After  
17 receipt of the notification, the account debtor may discharge  
18 its obligation by paying the assignee and may not discharge the  
19 obligation by paying the assignor.

20     4. *Term restricting assignment generally ineffective.* In  
21 this subsection, “promissory note” includes a negotiable  
22 instrument that evidences chattel paper. Except as otherwise  
23 provided in subsection subsections 5 and 10A and sections  
24 554.9407 and 554.13303, and subject to subsection 8, a term in  
25 an agreement between an account debtor and an assignor or in a  
26 promissory note is ineffective to the extent that it:

27     *a.* prohibits, restricts, or requires the consent of the  
28 account debtor or person obligated on the promissory note to  
29 the assignment or transfer of, or the creation, attachment,  
30 perfection, or enforcement of a security interest in, the  
31 account, chattel paper, payment intangible, or promissory note;  
32 or

33     *b.* provides that the assignment or transfer or the creation,  
34 attachment, perfection, or enforcement of the security interest  
35 may give rise to a default, breach, right of recoupment, claim,

1 defense, termination, right of termination, or remedy under the  
2 account, chattel paper, payment intangible, or promissory note.

3 6. Legal restrictions on assignment generally ineffective.  
4 Except as otherwise provided in subsection 10A and sections  
5 554.9407 and 554.13303 and subject to subsections 8 and 9, a  
6 rule of law, statute, or regulation that prohibits, restricts,  
7 or requires the consent of a government, governmental body or  
8 official, or account debtor to the assignment or transfer of,  
9 or creation of a security interest in, an account or chattel  
10 paper is ineffective to the extent that the rule of law,  
11 statute, or regulation:

12 a. prohibits, restricts, or requires the consent of the  
13 government, governmental body or official, or account debtor  
14 to the assignment or transfer of, or the creation, attachment,  
15 perfection, or enforcement of a security interest in the  
16 account or chattel paper; or

17 b. provides that the assignment or transfer or the creation,  
18 attachment, perfection, or enforcement of the security interest  
19 may give rise to a default, breach, right of recoupment, claim,  
20 defense, termination, right of termination, or remedy under the  
21 account or chattel paper.

22 7. *Subsection 2, paragraph "c", not waivable.* Subject to  
23 subsection subsections 8 and 11, an account debtor ~~may~~ shall  
24 not waive or vary its option under subsection 2, paragraph "c".

25 11. *Inapplicability of certain subsections.* Subsections 1  
26 ~~through, 2, 3,~~ and 7 do not apply to a controllable account or  
27 controllable payment intangible.

28 Sec. 78. Section 554.9406, Code 2024, is amended by adding  
29 the following new subsection:

30 NEW SUBSECTION. 10A. *Inapplicability to interests in certain*  
31 *entities.* Subsections 4, 6, and 10 do not apply to a security  
32 interest in an ownership interest in a general partnership,  
33 limited partnership, or limited liability company.

34 Sec. 79. Section 554.9408, subsection 1, unnumbered  
35 paragraph 1, Code 2024, is amended to read as follows:



1 Except as otherwise provided in ~~subsection 2~~ subsections 2  
2 and 6, a term in a promissory note or in an agreement between  
3 an account debtor and a debtor which relates to a health  
4 care insurance receivable or a general intangible, including  
5 a contract, permit, license, or franchise, and which term  
6 prohibits, restricts, or requires the consent of the person  
7 obligated on the promissory note or the account debtor to,  
8 the assignment or transfer of, or creation, attachment, or  
9 perfection of a security interest in, the promissory note,  
10 health care insurance receivable, or general intangible, is  
11 ineffective to the extent that the term:

12 Sec. 80. Section 554.9408, subsection 3, unnumbered  
13 paragraph 1, Code 2024, is amended to read as follows:

14 A Except as otherwise provided in subsection 6, a rule  
15 of law, statute, or regulation that prohibits, restricts, or  
16 requires the consent of a government, governmental body or  
17 official, person obligated on a promissory note, or account  
18 debtor to the assignment or transfer of, or creation of a  
19 security interest in, a promissory note, health care insurance  
20 receivable, or general intangible, including a contract,  
21 permit, license, or franchise between an account debtor and  
22 a debtor, is ineffective to the extent that the rule of law,  
23 statute, or regulation:

24 Sec. 81. Section 554.9408, Code 2024, is amended by adding  
25 the following new subsections:

26 NEW SUBSECTION. 6. *Inapplicability to interests in certain*  
27 *entities.* This section does not apply to a security interest  
28 in an ownership interest in a general partnership, limited  
29 partnership, or limited liability company.

30 NEW SUBSECTION. 7. *Promissory note.* In this section,  
31 "*promissory note*" includes a negotiable instrument that  
32 evidences chattel paper.

33 Sec. 82. Section 554.9509, subsections 1 and 2, Code 2024,  
34 are amended to read as follows:

35 1. *Person entitled to file record.* A person may file an

1 initial financing statement, amendment that adds collateral  
2 covered by a financing statement, or amendment that adds a  
3 debtor to a financing statement only if:

4     *a.* the debtor authorizes the filing in ~~an authenticated a~~  
5 signed record or pursuant to subsection 2 or 3; or

6     *b.* the person holds an agricultural lien that has  
7 become effective at the time of filing and the financing  
8 statement covers only collateral in which the person holds an  
9 agricultural lien.

10     2. *Security agreement as authorization.* By authenticating  
11 signing or becoming bound as debtor by a security agreement,  
12 a debtor or new debtor authorizes the filing of an initial  
13 financing statement, and an amendment, covering:

14     *a.* the collateral described in the security agreement; and

15     *b.* property that becomes collateral under section 554.9315,  
16 subsection 1, paragraph "b", whether or not the security  
17 agreement expressly covers proceeds.

18     Sec. 83. Section 554.9513, subsections 2 and 3, Code 2024,  
19 are amended to read as follows:

20     2. *Time for compliance with subsection 1.* To comply with  
21 subsection 1, a secured party shall cause the secured party of  
22 record to file the termination statement:

23     *a.* within one month after there is no obligation secured  
24 by the collateral covered by the financing statement and  
25 no commitment to make an advance, incur an obligation, or  
26 otherwise give value; or

27     *b.* if earlier, within twenty days after the secured party  
28 receives ~~an authenticated a~~ signed demand from a debtor.

29     3. *Other collateral.* In cases not governed by subsection  
30 1, within twenty days after a secured party receives ~~an~~  
31 authenticated a signed demand from a debtor, the secured  
32 party shall cause the secured party of record for a financing  
33 statement to send to the debtor a termination statement for the  
34 financing statement or file the termination statement in the  
35 filing office if:

1 a. except in the case of a financing statement covering  
2 accounts or chattel paper that has been sold or goods that  
3 are the subject of a consignment, there is no obligation  
4 secured by the collateral covered by the financing statement  
5 and no commitment to make an advance, incur an obligation, or  
6 otherwise give value;

7 b. the financing statement covers accounts or chattel paper  
8 that has been sold but as to which the account debtor or other  
9 person obligated has discharged its obligation;

10 c. the financing statement covers goods that were the  
11 subject of a consignment to the debtor but are not in the  
12 debtor's possession; or

13 d. the debtor did not authorize the filing of the initial  
14 financing statement.

15 Sec. 84. Section 554.9605, Code 2024, is amended to read as  
16 follows:

17 **554.9605 Unknown debtor or secondary obligor.**

18 1. ~~Duties to unknown persons — general rule~~ In general: no  
19 duty owed by a secured party. Except as provided in subsection  
20 2, a secured party does not owe a duty based on its status as  
21 secured party:

22 a. to a person that is a debtor or obligor, unless the  
23 secured party knows:

24 (1) that the person is a debtor or obligor;

25 (2) the identity of the person; and

26 (3) how to communicate with the person; or

27 b. to a secured party or lienholder that has filed a  
28 financing statement against a person, unless the secured party  
29 knows:

30 (1) that the person is a debtor; and

31 (2) the identity of the person.

32 2. ~~When secured party owes duty to debtor notwithstanding~~  
33 subsection 1 Exception: secured party owes a duty to debtor  
34 or obligor. A secured party owes a duty based on its status  
35 as a secured party to a person ~~that is a debtor~~ if, at the

1 time the secured party obtains control of collateral that is  
2 a controllable account, controllable electronic record, or  
3 controllable payment intangible, or at the time the security  
4 interest attaches to the collateral, whichever is later:

5 a. the person is a debtor or obligor; and

6 b. the secured party ~~has knowledge~~ knows that the nature  
7 ~~of the collateral or a system in which the collateral is~~  
8 ~~recorded would prevent the secured party from acquiring the~~  
9 ~~knowledge specified information in subsection 1, paragraph "a",~~  
10 subparagraph (1), (2), or (3) relating to the person is not  
11 provided by the collateral, a record attached to or logically  
12 associated with the collateral, or the system in which the  
13 collateral is recorded.

14 Sec. 85. Section 554.9608, subsection 1, paragraph a,  
15 subparagraph (3), Code 2024, is amended to read as follows:

16 (3) the satisfaction of obligations secured by any  
17 subordinate security interest in or other lien on the  
18 collateral subject to the security interest or agricultural  
19 lien under which the collection or enforcement is made if the  
20 secured party receives ~~an authenticated~~ a signed demand for  
21 proceeds before distribution of the proceeds is completed.

22 Sec. 86. Section 554.9611, subsection 1, paragraph a, Code  
23 2024, is amended to read as follows:

24 a. a secured party sends to the debtor and any secondary  
25 obligor ~~an authenticated~~ a signed notification of disposition;  
26 or

27 Sec. 87. Section 554.9611, subsections 2 and 3, Code 2024,  
28 are amended to read as follows:

29 *2. Notification of disposition required.* Except as otherwise  
30 provided in subsection 4, a secured party that disposes of  
31 collateral under section 554.9610 shall send to the persons  
32 specified in subsection 3 a reasonable ~~authenticated~~ signed  
33 notification of disposition.

34 *3. Persons to be notified.* To comply with subsection 2, the  
35 secured party shall send ~~an authenticated~~ a signed notification

1 of disposition to:

2     *a.* the debtor;

3     *b.* any secondary obligor; and

4     *c.* if the collateral is other than consumer goods:

5         (1) any other person from which the secured party has  
6 received, before the notification date, ~~an authenticated~~  
7 a signed notification of a claim of an interest in the  
8 collateral;

9         (2) any other secured party or lienholder that, ten days  
10 before the notification date, held a security interest in or  
11 other lien on the collateral perfected by the filing of a  
12 financing statement that:

13             (a) identified the collateral;

14             (b) was indexed under the debtor's name as of that date; and

15             (c) was filed in the office in which to file a financing  
16 statement against the debtor covering the collateral as of that  
17 date; and

18         (3) any other secured party that, ten days before the  
19 notification date, held a security interest in the collateral  
20 perfected by compliance with a statute, regulation, or treaty  
21 described in [section 554.9311, subsection 1.](#)

22     Sec. 88. Section 554.9611, subsection 5, paragraph b,  
23 subparagraph (2), Code 2024, is amended to read as follows:

24         (2) received a response to the request for information and  
25 sent ~~an authenticated~~ a signed notification of disposition to  
26 each secured party or other lienholder named in that response  
27 whose financing statement covered the collateral.

28     Sec. 89. Section 554.9613, Code 2024, is amended by striking  
29 the section and inserting in lieu thereof the following:

30     **554.9613 Contents and form of notification before disposition**  
31 **of collateral — general.**

32     1. *Contents and form of notification.* Except in a  
33 consumer-goods transaction, the following rules apply:

34         *a.* The contents of a notification of disposition are  
35 sufficient if the notification:

1 (1) describes the debtor and the secured party;

2 (2) describes the collateral that is the subject of the  
3 intended disposition;

4 (3) states the method of intended disposition;

5 (4) states that the debtor is entitled to an accounting of  
6 the unpaid indebtedness and states the charge, if any, for an  
7 accounting; and

8 (5) states the time and place of a public disposition or the  
9 time after which any other disposition is to be made.

10 *b.* Whether the contents of a notification that lacks any  
11 of the information specified in paragraph "a" are nevertheless  
12 sufficient is a question of fact.

13 *c.* The contents of a notification providing substantially  
14 the information specified in paragraph "a" are sufficient, even  
15 if the notification includes:

16 (1) information not specified by that paragraph; or

17 (2) minor errors that are not seriously misleading.

18 *d.* A particular phrasing of the notification is not  
19 required.

20 *e.* The following form of notification and the form appearing  
21 in section 554.9614, subsection 1, paragraph "c", when  
22 completed in accordance with the instructions in subsection 2  
23 and section 554.9614, subsection 2, each provides sufficient  
24 information:

25 NOTIFICATION OF DISPOSITION

26 OF COLLATERAL

27 To: (Name of debtor, obligor, or other person to which the  
28 notification is sent)

29 From: (Name, address, and telephone number of secured party)

30 {1} Name of any debtor that is not an addressee: (Name of  
31 each debtor)

32 {2} We will sell (describe collateral) (to the highest  
33 qualified bidder) at public sale. A sale could include a lease  
34 or license. The sale will be held as follows:

35 (Date)

1 (Time)

2 (Place)

3 {3} We will sell (describe collateral) at private sale  
4 sometime after (date). A sale could include a lease or  
5 license.

6 {4} You are entitled to an accounting of the unpaid  
7 indebtedness secured by the property that we intend to sell or,  
8 as applicable, lease or license.

9 {5} If you request an accounting you must pay a charge of  
10 \$(amount).

11 {6} You may request an accounting by calling us at (telephone  
12 number).

13 [End of Form]

14 2. *Instructions for form of notification.* The following  
15 instructions apply to the form of notification in subsection  
16 1, paragraph "e":

17 a. The instructions in this subsection refer to the  
18 numbers in braces before items in the form of notification in  
19 subsection 1, paragraph "e". Do not include the numbers or  
20 braces in the notification. The numbers and braces are used  
21 only for the purpose of these instructions.

22 b. Include and complete item {1} only if there is a debtor  
23 that is not an addressee of the notification and list the name  
24 or names.

25 c. Include and complete either item {2}, if the notification  
26 relates to a public disposition of the collateral, or item {3},  
27 if the notification relates to a private disposition of the  
28 collateral. If item {2} is included, include the words "to the  
29 highest qualified bidder" only if applicable.

30 d. Include and complete items {4} and {6}.

31 e. Include and complete item {5} only if the sender will  
32 charge the recipient for an accounting.

33 Sec. 90. Section 554.9614, Code 2024, is amended by striking  
34 the section and inserting in lieu thereof the following:

35 **554.9614 Contents and form of notification before disposition**

1 of collateral — consumer-goods transaction.

2 1. *Contents and form of notification.* In a consumer-goods  
3 transaction, the following rules apply:

4 a. A notification of disposition must provide the following  
5 information:

6 (1) the information specified in section 554.9613,  
7 subsection 1, paragraph "a";

8 (2) a description of any liability for a deficiency of the  
9 person to which the notification is sent;

10 (3) a telephone number from which the amount that must  
11 be paid to the secured party to redeem the collateral under  
12 section 554.9623 is available; and

13 (4) a telephone number or mailing address from which  
14 additional information concerning the disposition and the  
15 obligation secured is available.

16 b. A particular phrasing of the notification is not  
17 required.

18 c. The following form of notification, when completed in  
19 accordance with the instructions in paragraph "b", provides  
20 sufficient information:

21 NOTICE OF OUR PLAN TO SELL PROPERTY

22 (Name and address of any obligor who is also a debtor)

23 Subject: (Identify transaction)

24 We have your (describe collateral), because you broke  
25 promises in our agreement.

26 {1} We will sell (describe collateral) at public sale. A  
27 sale could include a lease or license. The sale will be held  
28 as follows:

29 (Date)

30 (Time)

31 (Place)

32 You may attend the sale and bring bidders if you want.

33 {2} We will sell (describe collateral) at private sale  
34 sometime after (date). A sale could include a lease or  
35 license.



1 {3} The money that we get from the sale, after paying our  
2 costs, will reduce the amount you owe. If we get less money  
3 than you owe, you (will or will not, as applicable) still owe  
4 us the difference. If we get more money than you owe, you will  
5 get the extra money, unless we must pay it to someone else.

6 {4} You can get the property back at any time before we sell  
7 it by paying us the full amount you owe, not just the past due  
8 payments, including our expenses. To learn the exact amount  
9 you must pay, call us at (telephone number).

10 {5} If you want us to explain to you in (writing) (writing  
11 or in (description of electronic record)) (description of  
12 electronic record) how we have figured the amount that you  
13 owe us, {6} call us at (telephone number) (or) (write us at  
14 (secured party's address)) (or contact us by (description  
15 of electronic communication method)) {7} and request (a  
16 written explanation) (a written explanation or an explanation  
17 in (description of electronic record)) (an explanation in  
18 (description of electronic record)).

19 {8} We will charge you \$(amount) for the explanation if we  
20 sent you another written explanation of the amount you owe us  
21 within the last six months.

22 {9} If you need more information about the sale (call us  
23 at (telephone number)) (or) (write us at (secured party's  
24 address)) (or contact us by (description of electronic  
25 communication method)).

26 {10} We are sending this notice to the following other people  
27 who have an interest in (describe collateral) or who owe money  
28 under your agreement:

29 (Names of all other debtors and obligors, if any)

30 [End of Form]

31 2. *Instructions for form of notification.* The following  
32 instructions apply to the form of notification in subsection  
33 1, paragraph "c":

34 a. The instructions in this subsection refer to the  
35 numbers in braces before items in the form of notification in

1 subsection 1, paragraph "c". Do not include the numbers or  
2 braces in the notification. The numbers and braces are used  
3 only for the purpose of these instructions.

4 *b.* Include and complete either item {1}, if the notification  
5 relates to a public disposition of the collateral, or item {2},  
6 if the notification relates to a private disposition of the  
7 collateral.

8 *c.* Include and complete items {3}, {4}, {5}, {6}, and {7}.

9 *d.* In item {5}, include and complete any one of the three  
10 alternative methods for the explanation — writing, writing or  
11 electronic record, or electronic record.

12 *e.* In item {6}, include the telephone number. In addition,  
13 the sender may include and complete either or both of the two  
14 additional alternative methods of communication — writing  
15 or electronic communication — for the recipient of the  
16 notification to communicate with the sender. Neither of the  
17 two additional methods of communication is required to be  
18 included.

19 *f.* In item {7}, include and complete the method or methods  
20 for the explanation — writing, writing or electronic record,  
21 or electronic record — included in item {5}.

22 *g.* Include and complete item {8} only if a written  
23 explanation is included in item {5} as a method for  
24 communicating the explanation and the sender will charge the  
25 recipient for another written explanation.

26 *h.* In item {9}, include either the telephone number or  
27 the address or both the telephone number and the address. In  
28 addition, the sender may include and complete the additional  
29 method of communication — electronic communication — for the  
30 recipient of the notification to communicate with the sender.  
31 The additional method of electronic communication is not  
32 required to be included.

33 *i.* If item {10} does not apply, insert "None" after  
34 "agreement:".

35 Sec. 91. Section 554.9615, subsection 1, paragraph c,

1 subparagraph (1), Code 2024, is amended to read as follows:

2 (1) the secured party receives from the holder of the  
3 subordinate security interest or other lien ~~an authenticated a~~  
4 signed demand for proceeds before distribution of the proceeds  
5 is completed; and

6 Sec. 92. Section 554.9615, subsection 1, paragraph d, Code  
7 2024, is amended to read as follows:

8 *d.* a secured party that is a consignor of the collateral if  
9 the secured party receives from the consignor ~~an authenticated~~  
10 a signed demand for proceeds before distribution of the  
11 proceeds is completed.

12 Sec. 93. Section 554.9616, subsection 1, paragraph a,  
13 unnumbered paragraph 1, Code 2024, is amended to read as  
14 follows:

15 "Explanation" means a writing record that:

16 Sec. 94. Section 554.9616, subsection 1, paragraph b,  
17 subparagraph (1), Code 2024, is amended to read as follows:

18 (1) ~~authenticated signed~~ signed by a debtor or consumer obligor;

19 Sec. 95. Section 554.9616, subsection 2, paragraph a,  
20 subparagraph (1), Code 2024, is amended to read as follows:

21 (1) before or when the secured party accounts to the debtor  
22 and pays any surplus or first makes ~~written demand~~ in a record  
23 on the consumer obligor after the disposition for payment of  
24 the deficiency; and

25 Sec. 96. Section 554.9616, subsection 3, unnumbered  
26 paragraph 1, Code 2024, is amended to read as follows:

27 To comply with subsection 1, paragraph "a", subparagraph (2),  
28 ~~a writing an explanation~~ must provide the following information  
29 in the following order:

30 Sec. 97. Section 554.9619, subsection 1, unnumbered  
31 paragraph 1, Code 2024, is amended to read as follows:

32 In this section, "*transfer statement*" means a record  
33 ~~authenticated signed~~ signed by a secured party stating:

34 Sec. 98. Section 554.9620, subsection 1, paragraph b,  
35 unnumbered paragraph 1, Code 2024, is amended to read as

1 follows:

2 the secured party does not receive, within the time set forth  
3 in [subsection 4](#), a notification of objection to the proposal  
4 ~~authenticated~~ signed by:

5 Sec. 99. Section 554.9620, subsection 2, paragraph a, Code  
6 2024, is amended to read as follows:

7 a. the secured party consents to the acceptance in an  
8 ~~authenticated~~ a signed record or sends a proposal to the  
9 debtor; and

10 Sec. 100. Section 554.9620, subsection 3, Code 2024, is  
11 amended to read as follows:

12 3. *Debtor's consent.* For purposes of [this section](#):

13 a. a debtor consents to an acceptance of collateral in  
14 partial satisfaction of the obligation it secures only if  
15 the debtor agrees to the terms of the acceptance in a record  
16 ~~authenticated~~ signed after default; and

17 b. a debtor consents to an acceptance of collateral in full  
18 satisfaction of the obligation it secures only if the debtor  
19 agrees to the terms of the acceptance in a record ~~authenticated~~  
20 signed after default or the secured party:

21 (1) sends to the debtor after default a proposal that is  
22 unconditional or subject only to a condition that collateral  
23 not in the possession of the secured party be preserved or  
24 maintained;

25 (2) in the proposal, proposes to accept collateral in full  
26 satisfaction of the obligation it secures; and

27 (3) does not receive a notification of objection  
28 ~~authenticated~~ signed by the debtor within twenty days after the  
29 proposal is sent.

30 Sec. 101. Section 554.9620, subsection 6, paragraph b, Code  
31 2024, is amended to read as follows:

32 b. within any longer period to which the debtor and all  
33 secondary obligors have agreed in an agreement to that effect  
34 entered into and ~~authenticated~~ signed after default.

35 Sec. 102. Section 554.9621, subsection 1, paragraph a, Code

1 2024, is amended to read as follows:

2     a. any person from which the secured party has received,  
3 before the debtor consented to the acceptance, ~~an authenticated~~  
4 a signed notification of a claim of an interest in the  
5 collateral;

6     Sec. 103. Section 554.9624, Code 2024, is amended to read  
7 as follows:

8     **554.9624 Waiver.**

9     1. *Waiver of disposition notification.* A debtor or secondary  
10 obligor may waive the right to notification of disposition of  
11 collateral under [section 554.9611](#) only by an agreement to that  
12 effect entered into and ~~authenticated~~ signed after default.

13     2. *Waiver of mandatory disposition.* A debtor may waive  
14 the right to require disposition of collateral under section  
15 554.9620, subsection 5, only by an agreement to that effect  
16 entered into and ~~authenticated~~ signed after default.

17     3. *Waiver of redemption right.* Except in a consumer-goods  
18 transaction, a debtor or secondary obligor may waive the  
19 right to redeem collateral under [section 554.9623](#) only by an  
20 agreement to that effect entered into and ~~authenticated~~ signed  
21 after default.

22     Sec. 104. Section 554.9628, subsection 1, unnumbered  
23 paragraph 1, Code 2024, is amended to read as follows:

24     ~~Unless~~ Subject to subsection 6, unless a secured party knows  
25 that a person is a debtor or obligor, knows the identity of the  
26 person, and knows how to communicate with the person:

27     Sec. 105. Section 554.9628, subsection 6, Code 2024, is  
28 amended by striking the subsection and inserting in lieu  
29 thereof the following:

30     6. *Exception: limitation of liability under subsections*  
31 *1 and 2 does not apply.* Subsections 1 and 2 do not apply to  
32 limit the liability of a secured party to a person if, at the  
33 time the secured party obtains control of collateral that is  
34 a controllable account, controllable electronic record, or  
35 controllable payment intangible or at the time the security

1 interest attaches to the collateral, whichever is later:

2     a. the person is a debtor or obligor; and

3     b. the secured party knows that the information in  
4 subsection 2, paragraph "a", subparagraph (1), (2), or (3),  
5 relating to the person is not provided by the collateral, a  
6 record attached to or logically associated with the collateral,  
7 or the system in which the collateral is recorded.

8

PART I

9

ARTICLE 12

10

FUNDS TRANSFERS

11     Sec. 106. Section 554.12103, Code 2024, is amended to read  
12 as follows:

13     **554.12103 Payment order — definitions.**

14     1. In **this Article** ~~unless the context otherwise requires:~~

15     ~~1. a. "Payment order" means an instruction of a sender to~~  
16 ~~a receiving bank, transmitted orally, electronically, or in~~  
17 ~~writing or in a record, to pay, or to cause another bank to pay,~~  
18 ~~a fixed or determinable amount of money to a beneficiary if all~~  
19 ~~of the following apply:~~

20         (1) The instruction does not state a condition to payment to  
21 the beneficiary other than time of payment.

22         (2) The receiving bank is to be reimbursed by debiting an  
23 account of, or otherwise receiving payment from, the sender,  
24 and

25         (3) The instruction is transmitted by the sender directly to  
26 the receiving bank or to an agent, funds-transfer system, or  
27 communication system for transmittal to the receiving bank.

28     ~~b. A payment order instructing more than one payment to be~~  
29 ~~made to a beneficiary is a separate payment order with respect~~  
30 ~~to each payment.~~

31     ~~c. A payment order is issued when it is sent to the~~  
32 ~~receiving bank.~~

33     ~~2. b. "Beneficiary" means the person to be paid by the~~  
34 ~~beneficiary's bank.~~

35     ~~3. c. "Beneficiary's bank" means the bank identified in a~~

1 payment order in which an account of the beneficiary is to be  
2 credited pursuant to the order or which otherwise is to make  
3 payment to the beneficiary if the order does not provide for  
4 payment to an account.

5 ~~4.~~ d. "*Receiving bank*" means the bank to which the sender's  
6 instruction is addressed.

7 ~~5.~~ e. "*Sender*" means the person giving the instruction to  
8 the receiving bank.

9 2. If an instruction complying with subsection 1, paragraph  
10 "a", is to make more than one payment to a beneficiary, the  
11 instruction is a separate payment order with respect to each  
12 payment.

13 3. A payment order is issued when it is sent to the  
14 receiving bank.

15 Sec. 107. Section 554.12201, Code 2024, is amended to read  
16 as follows:

17 **554.12201 Security procedure.**

18 "*Security procedure*" means a procedure established by  
19 agreement between a customer and a receiving bank for the  
20 purpose of verifying that a payment order or communication  
21 amending or canceling a payment order is that of the customer,  
22 or detecting error in the transmission or the content of the  
23 payment order or communication. A security procedure may  
24 impose an obligation on the receiving bank or the customer and  
25 may require the use of algorithms or other codes, identifying  
26 words, ~~or~~ numbers, symbols, sounds, biometrics, encryption,  
27 callback procedures, or similar security devices. Comparison  
28 of a signature on a payment order or communication with an  
29 authorized specimen signature of the customer or requiring a  
30 payment order to be sent from a known electronic mail address,  
31 internet protocol address, or telephone number is not by itself  
32 a security procedure.

33 Sec. 108. Section 554.12202, subsections 2 and 3, Code 2024,  
34 are amended to read as follows:

35 2. If a bank and its customer have agreed that the

1 authenticity of payment orders issued to the bank in the  
2 name of the customer as sender will be verified pursuant  
3 to a security procedure, a payment order received by the  
4 receiving bank is effective as the order of the customer,  
5 whether or not authorized, if the security procedure is a  
6 commercially reasonable method of providing security against  
7 unauthorized payment orders, and the bank proves that it  
8 accepted the payment order in good faith and in compliance with  
9 the bank's obligations under the security procedure and any  
10 written agreement or instruction of the customer, evidenced  
11 by a record, restricting acceptance of payment orders issued  
12 in the name of the customer. The bank is not required to  
13 follow an instruction that violates ~~a written~~ an agreement  
14 with the customer, evidenced by a record, or notice of which  
15 is not received at a time and in a manner affording the bank a  
16 reasonable opportunity to act on it before the payment order  
17 is accepted.

18 3. Commercial reasonableness of a security procedure is  
19 a question of law to be determined by considering the wishes  
20 of the customer expressed to the bank, the circumstances  
21 of the customer known to the bank, including the size,  
22 type, and frequency of payment orders normally issued by  
23 the customer to the bank, alternative security procedures  
24 offered to the customer, and security procedures in general  
25 use by customers and receiving banks similarly situated. A  
26 security procedure is deemed to be commercially reasonable if  
27 the security procedure was chosen by the customer after the  
28 bank offered, and the customer refused, a security procedure  
29 that was commercially reasonable for that customer, and the  
30 customer expressly agreed in ~~writing~~ a record to be bound by  
31 any payment order, whether or not authorized, issued in the  
32 customer's name and accepted by the bank in compliance with the  
33 bank's obligations under the security procedure chosen by the  
34 customer.

35 Sec. 109. Section 554.12203, Code 2024, is amended to read



1 as follows:

2 **554.12203 Unenforceability of certain verified payment**  
3 **orders.**

4 1. If an accepted payment order is not, under section  
5 554.12202, subsection 1, an authorized order of a customer  
6 identified as sender ~~pursuant to section 554.12202, subsection~~  
7 ~~1,~~ but is effective as an order of the customer pursuant to  
8 section 554.12202, subsection 2, the following rules apply:

9 ~~1.~~ a. By express ~~written~~ agreement, evidenced by a record  
10 the receiving bank may limit the extent to which it is entitled  
11 to enforce or retain payment of the payment order.

12 ~~2.~~ b. The receiving bank is not entitled to enforce or  
13 retain payment of the payment order if the customer proves  
14 that the order was not caused, directly or indirectly, by a  
15 person entrusted at any time with the authority to act for  
16 the customer with respect to payment orders or the security  
17 procedure, or who obtained access to transmitting facilities  
18 of the customer or who obtained, from a source controlled by  
19 the customer and without authority of the receiving bank,  
20 information facilitating breach of the security procedure,  
21 regardless of how the information was obtained or whether the  
22 customer was at fault. Information includes any access device,  
23 computer software, or similar items.

24 ~~3.~~ 2. This section applies to amendments of payment orders  
25 in the same manner it applies to payment orders.

26 Sec. 110. Section 554.12207, subsection 3, paragraph b,  
27 Code 2024, is amended to read as follows:

28 b. If the originator is not a bank and proves that the  
29 person identified by number was not entitled to receive payment  
30 from the originator, the originator is not ~~obligated~~ obliged  
31 to pay ~~the originator's~~ its order unless the originator's  
32 bank proves that the originator ~~had notice,~~ before acceptance  
33 ~~by of~~ of the originator's bank ~~of the~~ originator's order, had  
34 notice that payment of a payment order issued by the originator  
35 might be made by the beneficiary's bank on the basis of an

1 identifying or bank account number even if it identifies a  
2 person different from the named beneficiary. Proof of notice  
3 may be made by any admissible evidence. The originator's bank  
4 satisfies the burden of proof if it proves that the originator,  
5 before the payment was accepted, signed a writing record  
6 stating the information to which the notice relates ~~before the~~  
7 ~~payment order was accepted.~~

8 Sec. 111. Section 554.12208, subsection 2, paragraph b,  
9 Code 2024, is amended to read as follows:

10 *b.* If the sender is not a bank and the receiving bank proves  
11 that the sender, before the payment order was accepted, had  
12 notice that the receiving bank might rely on the number as the  
13 proper identification of the intermediary or beneficiary's  
14 bank even if it identifies a person different from the bank  
15 identified by name, the rights and obligations of the sender  
16 and the receiving bank are governed by paragraph "a", as though  
17 the sender were a bank. Proof of notice may be made by any  
18 admissible evidence. The receiving bank satisfies the burden  
19 of proof if it proves that the sender, before the payment order  
20 was accepted, signed a writing record stating the information  
21 to which the notice relates.

22 Sec. 112. Section 554.12210, subsection 1, Code 2024, is  
23 amended to read as follows:

24 1. A payment order is rejected by the receiving bank  
25 by a notice of rejection transmitted to the sender orally,  
26 ~~electronically,~~ or in writing a record. A notice of rejection  
27 need not use any particular words and is sufficient if the  
28 notice indicates that the receiving bank is rejecting the order  
29 or will not execute or pay the order. Rejection is effective  
30 when the notice is given if transmission is by a means that is  
31 reasonable under the circumstances. If notice of rejection is  
32 given by a means that is not reasonable, rejection is effective  
33 when the notice is received. If an agreement of the sender  
34 and receiving bank establishes the means to be used to reject  
35 a payment order, any means complying with the agreement is

1 reasonable and any means not complying is not reasonable unless  
2 no significant delay in receipt of the notice resulted from the  
3 use of the noncomplying means.

4 Sec. 113. Section 554.12211, subsection 1, Code 2024, is  
5 amended to read as follows:

6 1. A communication of the sender of a payment order  
7 canceling or amending the order may be transmitted to the  
8 receiving bank orally, ~~electronically~~, or in writing a record.  
9 If a security procedure is in effect between the sender and  
10 the receiving bank, the communication is not effective to  
11 cancel or amend the order unless the communication is verified  
12 pursuant to the security procedure or the bank agrees to the  
13 cancellation or amendment.

14 Sec. 114. Section 554.12305, subsections 3 and 4, Code 2024,  
15 are amended to read as follows:

16 3. In addition to the amounts payable under subsections  
17 1 and 2, damages, including consequential damages, are  
18 recoverable to the extent provided in an express ~~written~~  
19 agreement of the receiving bank, evidenced by a record.

20 4. If a receiving bank fails to execute a payment order  
21 that the receiving bank was obligated by express agreement  
22 to execute, the receiving bank is liable to the sender for  
23 the sender's expenses in the transaction and for incidental  
24 expenses and interest losses resulting from the failure to  
25 execute. Additional damages, including consequential damages,  
26 are recoverable to the extent provided in an express ~~written~~  
27 agreement of the receiving bank, evidenced by a record, but are  
28 not otherwise recoverable.

29 PART J

30 ARTICLE 13

31 LEASES

32 Sec. 115. Section 554.13102, Code 2024, is amended to read  
33 as follows:

34 **554.13102 Scope.**

35 1. **This Article** applies to any transaction, regardless of

1 form, that creates a lease and, in the case of a hybrid lease,  
2 it applies to the extent provided in subsection 2.

3 2. In a hybrid lease:

4 a. if the lease-of-goods aspects do not predominate:

5 (1) only the provisions of this Article which relate  
6 primarily to the lease-of-goods aspects of the transaction  
7 apply, and the provisions that relate primarily to the  
8 transaction as a whole do not apply;

9 (2) section 554.13209 applies if the lease is a finance  
10 lease; and

11 (3) section 554.13407 applies to the promises of the lessee  
12 in a finance lease to the extent the promises are consideration  
13 for the right to possession and use of the leased goods; and

14 b. if the lease-of-goods aspects predominate, this Article  
15 applies to the transaction, but does not preclude application  
16 in appropriate circumstances of other law to aspects of the  
17 lease which do not relate to the lease of goods.

18 Sec. 116. Section 554.13103, subsection 1, Code 2024, is  
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. *Oi.* "Hybrid lease" means a single  
21 transaction involving a lease of goods and:

22 (1) the provision of services;

23 (2) a sale of other goods; or

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

25 Sec. 117. Section 554.13107, Code 2024, is amended to read  
26 as follows:

27 **554.13107 Waiver or renunciation of claim or right after**  
28 **default.**

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

33 Sec. 118. Section 554.13201, subsections 1, 3, and 5, Code  
34 2024, are amended to read as follows:

35 1. A lease contract is not enforceable by way of action or

1 defense unless:

2     *a.* the total payments to be made under the lease contract,  
3 excluding payments for options to renew or buy, are less than  
4 one thousand dollars; or

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

10     3. A writing record is not insufficient because it omits or  
11 incorrectly states a term agreed upon, but the lease contract  
12 is not enforceable under [subsection 1](#), paragraph "b", beyond  
13 the lease term and the quantity of goods shown in the writing  
14 record.

15     5. The lease term under a lease contract referred to in  
16 subsection 4 is:

17     *a.* if there is a writing record signed by the party against  
18 whom enforcement is sought or by that party's authorized agent  
19 specifying the lease term, the term so specified;

20     *b.* if the party against whom enforcement is sought admits in  
21 that party's pleading, testimony, or otherwise in court a lease  
22 term, the term so admitted; or

23     *c.* a reasonable lease term.

24     Sec. 119. Section 554.13202, Code 2024, is amended to read  
25 as follows:

26     **554.13202 Final written expression — parol or extrinsic**  
27 **evidence.**

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

35     1. by course of dealing or usage of trade or by course of

1 performance; and

2 2. by evidence of consistent additional terms unless the  
3 court finds the ~~writing~~ record to have been intended also as a  
4 complete and exclusive statement of the terms of the agreement.

5 Sec. 120. Section 554.13203, Code 2024, is amended to read  
6 as follows:

7 **554.13203 Seals inoperative.**

8 The affixing of a seal to a ~~writing~~ record evidencing a  
9 lease contract or an offer to enter into a lease contract does  
10 not render the ~~writing~~ record a sealed instrument and the law  
11 with respect to sealed instruments does not apply to the lease  
12 contract or offer.

13 Sec. 121. Section 554.13205, Code 2024, is amended to read  
14 as follows:

15 **554.13205 Firm offers.**

16 An offer by a merchant to lease goods to or from another  
17 person in a signed ~~writing~~ record that by its terms gives  
18 assurance it will be held open is not revocable, for lack of  
19 consideration, during the time stated or, if no time is stated,  
20 for a reasonable time, but in no event may the period of  
21 irrevocability exceed three months. Any such term of assurance  
22 on a form supplied by the offeree must be separately signed by  
23 the offeror.

24 Sec. 122. Section 554.13208, subsection 2, Code 2024, is  
25 amended to read as follows:

26 2. A signed lease agreement that excludes modification or  
27 rescission except by a signed ~~writing~~ may record shall not  
28 be otherwise modified or rescinded, but, except as between  
29 merchants, such a requirement on a form supplied by a merchant  
30 must be separately signed by the other party.

31 PART K

32 ARTICLE 15

33 TRANSITIONAL PROVISIONS

34 Sec. 123. NEW SECTION. **554.15101 Short title.**

35 This Article may be cited as the Transitional Provisions for

1 Uniform Commercial Code Amendments (2022).

2 Sec. 124. NEW SECTION. 554.15102 Definitions.

3 1. *Article 15 definitions.* In this Article:

4 a. "Article 14" means Article 14 of this chapter.

5 b. "Article 14 property" means a controllable account,  
6 controllable electronic record, or controllable payment  
7 intangible.

8 2. *Definitions in other Articles.* The following definitions  
9 in other Articles of this chapter apply to this Article:

10 a. "Controllable account" ... Section 554.9102.

11 b. "Controllable electronic record" ... Section 554.14102.

12 c. "Controllable payment intangible" ... Section 554.9102.

13 d. "Electronic money" ... Section 554.9102.

14 e. "Financing statement" ... Section 554.9102.

15 3. *Article 1 definitions and principles.* Article 1 contains  
16 general definitions and principles of construction and  
17 interpretation applicable throughout this Article.

18 Sec. 125. NEW SECTION. 554.15201 Saving clause.

19 Except as provided in part 3, a transaction validly entered  
20 into before the effective date of this Act and the rights,  
21 duties, and interests flowing from the transaction remain valid  
22 thereafter and may be terminated, completed, consummated,  
23 or enforced as required or permitted by law other than this  
24 chapter or, if applicable, this chapter, as though this Act had  
25 not taken effect.

26 Sec. 126. NEW SECTION. 554.15301 Saving clause.

27 1. *Pre-effective-date transaction, lien, or interest.* Except  
28 as provided in this part, Article 9, as amended by this Act,  
29 and Article 14, as amended by this Act, apply to a transaction,  
30 lien, or other interest in property, even if the transaction,  
31 lien, or interest was entered into, created, or acquired before  
32 the effective date of this Act.

33 2. *Continuing validity.* Except as provided in subsection 3  
34 and sections 554.15302 through 554.15306:

35 a. a transaction, lien, or interest in property that

1 was validly entered into, created, or transferred before  
2 the effective date of this Act and was not governed by this  
3 chapter, but would be subject to Article 9 as amended by this  
4 Act or Article 14, as amended by this Act, if it had been  
5 entered into, created, or transferred on or after the effective  
6 date of this Act, including the rights, duties, and interests  
7 flowing from the transaction, lien, or interest, remains valid  
8 on and after the effective date of this Act; and

9     *b.* the transaction, lien, or interest may be terminated,  
10 completed, consummated, and enforced as required or permitted  
11 by this Act or by the law that would apply if this Act had not  
12 taken effect.

13     3. *Pre-effective-date proceeding.* This Act does not affect  
14 an action, case, or proceeding commenced before the effective  
15 date of this Act.

16     Sec. 127. NEW SECTION. 554.15302 **Security interest**  
17 **perfected before effective date.**

18     1. *Continuing perfection: perfection requirements*  
19 *satisfied.* A security interest that is enforceable and  
20 perfected immediately before the effective date of this Act  
21 is a perfected security interest under this Act if, on the  
22 effective date of this Act, the requirements for enforceability  
23 and perfection under this Act are satisfied without further  
24 action.

25     2. *Continuing perfection: enforceability or perfection*  
26 *requirements not satisfied.* If a security interest is  
27 enforceable and perfected immediately before the effective  
28 date of this Act, but the requirements for enforceability or  
29 perfection under this Act are not satisfied on the effective  
30 date of this Act, the security interest:

31     *a.* is a perfected security interest until the earlier of  
32 the time perfection would have ceased under the law in effect  
33 immediately before the effective date of this Act or July 1,  
34 2025;

35     *b.* remains enforceable thereafter only if the security



1 interest satisfies the requirements for enforceability under  
2 section 554.9203, as amended by this Act, before July 1, 2025;  
3 and

4 *c.* remains perfected thereafter only if the requirements  
5 for perfection under this Act are satisfied before the time  
6 specified in paragraph "a".

7 **Sec. 128. NEW SECTION. 554.15303 Security interest**  
8 **unperfected before effective date.**

9 A security interest that is enforceable immediately before  
10 the effective date of this Act but is unperfected at that time:

11 1. remains an enforceable security interest until July 1,  
12 2025;

13 2. remains enforceable thereafter if the security interest  
14 becomes enforceable under section 554.9203, as amended by this  
15 Act, on the effective date of this Act or before July 1, 2025;  
16 and

17 3. becomes perfected:

18 *a.* without further action, on the effective date of this Act  
19 if the requirements for perfection under this Act are satisfied  
20 before or at that time; or

21 *b.* when the requirements for perfection are satisfied if the  
22 requirements are satisfied after that time.

23 **Sec. 129. NEW SECTION. 554.15304 Effectiveness of actions**  
24 **taken before effective date.**

25 1. *Pre-effective-date action; attachment and perfection*  
26 *before July 1, 2025.* If action, other than the filing of a  
27 financing statement, is taken before the effective date of this  
28 Act and this action would have resulted in perfection of the  
29 security interest had the security interest become enforceable  
30 before the effective date of this Act, this action is effective  
31 to perfect a security interest that attaches under this Act  
32 before July 1, 2025. An attached security interest becomes  
33 unperfected on July 1, 2025, unless the security interest  
34 becomes a perfected security interest under this Act before  
35 July 1, 2025.

1     2. *Pre-effective-date filing.* The filing of a financing  
2 statement before the effective date of this Act is effective  
3 to perfect a security interest on the effective date of this  
4 Act to the extent the filing would satisfy the requirements for  
5 perfection under this Act.

6     3. *Pre-effective-date enforceability action.* The taking of  
7 an action before the effective date of this Act is sufficient  
8 for the enforceability of a security interest on the effective  
9 date of this Act if this action would satisfy the requirements  
10 for enforceability under this Act.

11     Sec. 130. NEW SECTION. 554.15305 **Priority.**

12     1. *Determination of priority.* Subject to subsections 2 and  
13 3, this Act determines the priority of conflicting claims to  
14 collateral.

15     2. *Established priorities.* Subject to subsection 3, if the  
16 priorities of claims to collateral were established before the  
17 effective date of this Act, Article 9, as in effect before the  
18 effective date of this Act, determines priority.

19     3. *Determination of certain priorities on July 1, 2025.* On  
20 July 1, 2025, to the extent the priorities determined by  
21 Article 9, as amended by this Act, modify the priorities  
22 established before the effective date of this Act, the  
23 priorities of claims to Article 14 property and electronic  
24 money established before the effective date of this Act cease  
25 to apply.

26     Sec. 131. NEW SECTION. 554.15306 **Priority of claims when**  
27 **priority rules of Article 9 do not apply.**

28     1. *Determination of priority.* Subject to subsections 2 and  
29 3, Article 14 determines the priority of conflicting claims to  
30 Article 14 property when the priority rules of Article 9, as  
31 amended by this Act, do not apply.

32     2. *Established priorities.* Subject to subsection 3, when  
33 the priority rules of Article 9, as amended by this Act, do not  
34 apply and the priorities of claims to Article 14 property were  
35 established before the effective date of this Act, law other

1 than Article 14 determines priority.

2 3. *Determination of certain priorities on July 1, 2025.* When  
3 the priority rules of Article 9, as amended by this Act, do  
4 not apply, to the extent the priorities determined by this Act  
5 modify the priorities established before the effective date  
6 of this Act, the priorities of claims to Article 14 property  
7 established before the effective date of this Act cease to  
8 apply on July 1, 2025.

9 Sec. 132. DIRECTIONS TO THE CODE EDITOR — ARTICLE 15  
10 PARTS. The Code editor is directed to divide the provisions of  
11 chapter 554, Article 15, as enacted in this division of this  
12 Act, into parts as follows:

13 1. Part 1, including sections 554.15101 and 554.15102.

14 2. Part 2, including section 554.15201.

15 3. Part 3, including sections 554.15301, 554.15302,  
16 554.15303, 554.15304, 554.15305, and 554.15306.

17 DIVISION II

18 DIGITAL ASSETS

19 Sec. 133. Section 554E.1, Code 2024, is amended by striking  
20 the section and inserting in lieu thereof the following:

21 **554E.1 Definitions.**

22 As used in this chapter, unless the context otherwise  
23 requires:

24 1. "*Contract*" means the same as defined in section 554D.103.

25 2. "*Digital asset*" means any electronic record that  
26 represents, evidences, or comprises economic value or economic,  
27 proprietary, or access rights, is maintained or stored in or  
28 as an electronic ledger or other record of transactions, or  
29 is used as a medium of exchange, unit of account, method of  
30 payment, or store of value.

31 3. "*Distributed ledger technology*" means an electronic  
32 record that is a ledger or other record of transactions or  
33 other data to which all of the following apply:

34 a. The electronic record is uniformly ordered.

35 b. The electronic record is redundantly maintained or

1 processed by or distributed over more than one computer  
2 or machine to ensure the consistency, immutability,  
3 decentralization, or nonrepudiation of the ledger or other  
4 record of transactions or other data.

5 4. *“Electronic”* means the same as defined in section  
6 554D.103.

7 5. *“Electronic record”* means the same as defined in section  
8 554D.103.

9 6. *“Electronic services system”* means the county land record  
10 information system, or electronic services system, created  
11 under the agreement entered into under chapter 28E between the  
12 counties and the Iowa county recorders association as required  
13 by 2005 Iowa Acts, ch. 179, §101, as amended by 2021 Iowa Acts,  
14 ch. 126, §2.

15 7. *“Record”* means the same as defined in section 554D.103.

16 8. a. *“Smart contract”* means an electronic record that is  
17 an event-driven program or computerized transaction protocol  
18 that runs on a distributed, decentralized, shared, and  
19 replicated ledger that executes the terms of a contract.

20 b. For purposes of this subsection, *“executes the terms*  
21 *of a contract”* may include taking, obtaining, exercising, or  
22 transferring control or custody of assets or other property.

23 9. *“Transaction”* means a sale, trade, exchange, transfer,  
24 payment, or conversion of a digital asset or any other property  
25 or any other action or set of actions occurring between two or  
26 more persons relating to the conduct of business, commercial,  
27 or governmental affairs.

28 Sec. 134. Section 554E.2, Code 2024, is amended to read as  
29 follows:

30 **554E.2 Classification of digital assets.**

31 Digital assets are ~~intangible~~ personal property.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with  
34 the explanation’s substance by the members of the general assembly.

35 GENERAL. This bill amends provisions regulating commercial

1 transactions not involving land and specifically a number of  
2 provisions in two Code chapters, Code chapter 554 (the Uniform  
3 Commercial Code or UCC), especially as it relates to electronic  
4 transactions, and Code chapter 554E, regulating digital assets.

5     **GENERAL — UCC.** The first part of the bill amends provisions  
6 in Code chapter 554 governing certain commercial transactions  
7 involving forms of personal electronic property that do not  
8 derive value from physical attributes (sometimes referred  
9 to as forms of intangible personal property). In 2022, the  
10 general assembly enacted two bills dealing with these types of  
11 transactions: (1) new Article 14 of the UCC (Code chapter 554)  
12 and referred to as the “Uniform Commercial Code — Controllable  
13 Electronic Records” (2022 Iowa Acts, chapter 1117) and (2) new  
14 Code chapter 554E referring to smart contracts, distributed  
15 ledger technology, and digital assets (2022 Iowa Acts, chapter  
16 1116).

17     **BACKGROUND — CONTROLLABLE ELECTRONIC RECORDS.** The 2022  
18 Act creating new Article 14 of the UCC, in part, included  
19 amendments to Article 1 providing general provisions applicable  
20 throughout the UCC, and amendments to Article 9 governing  
21 secured transactions, as prepared by a committee appointed  
22 jointly by the uniform law commission and the American law  
23 institute. The Act provided for forms of electronic property  
24 sometimes referred to as digital assets including non-fiat  
25 currency and blockchain based non-fungible tokens, commonly  
26 referred to as NFTs, and transactions involving a sale to a  
27 purchaser (qualified purchaser) and an associated payment  
28 obligation (a controllable payment intangible) by an account  
29 debtor. Note, the UCC does not use the term “intangible  
30 property” but “personal property” which includes general  
31 intangibles, including controllable electronic records.

32     **BILL’S PROVISIONS — CONTROLLABLE ELECTRONIC RECORDS.** The  
33 bill eliminates several terms, including “electronic chattel  
34 paper” and substitutes the term used to complete a document  
35 from “authenticate” to “sign”. The bill provides for rights

1 in controllable accounts, controllable electronic records,  
 2 and controllable payment intangibles (amended Code section  
 3 554.14104), the control of controllable electronic records  
 4 (amended Code section 554.14105), and what state law controls  
 5 in cases of jurisdictional questions (amended Code section  
 6 554.14107). The bill defines a number of terms used throughout  
 7 the UCC, including "money". The bill contains an Iowa-only  
 8 provision that provides that the Article is not to be construed  
 9 to support, endorse, create, or implement a national digital  
 10 currency.

11 BILL'S PROVISIONS — OTHER UCC ARTICLES. The remainder of  
 12 the bill's first part amends other UCC Articles. These include  
 13 Article 1, including general provisions, Article 2 regulating  
 14 sales, Article 3 regulating negotiable instruments, Article 5  
 15 regulating letters of credit, Article 7 regulating documents of  
 16 title (a change of title) currently referred to as warehouse  
 17 receipts and bills of lading, Article 8 regulating investment  
 18 securities, Article 9 regulating secured transactions, Article  
 19 12 regulating funds transfers, Article 13 regulating leases,  
 20 and Article 15 including transitional provisions.

21 BILL'S PROVISIONS — TERMINOLOGY. Article 1 includes  
 22 general provisions that govern the entire Code chapter,  
 23 including definitions (Code section 554.1201). The bill  
 24 defines "money" as a medium of exchange authorized or adopted  
 25 by a domestic or foreign government or as part of an agreement  
 26 between governments. The bill revises the definition of  
 27 "signed" to include an electronic signature. The bill broadens  
 28 the definition of "conspicuous", which is a term used to  
 29 describe a reliable record by eliminating references to print  
 30 media. The bill broadens the definition of "person" to include  
 31 a protected series which refers to a separate entity that is  
 32 associated with a business organization and specifically a  
 33 limited liability company (see Code chapter 489, subchapter  
 34 XIV). The bill also replaces the term "writing" with "record"  
 35 in Articles 3 and 9, which is a term connected to electronic

1 commerce.

2 BILL'S PROVISIONS — SALES AND LEASES. The bill amends  
3 provisions in Articles 2 and 13 by recognizing a "hybrid  
4 transaction" (in Article 2, see Code sections 554.2102 and  
5 554.2106 and in Article 13 see Code sections 554.13102 and  
6 554.13103). This type of transaction involves two aspects:  
7 first, either the sale or lease of goods and second, some  
8 other form of property (e.g., a license) or services. The  
9 bill provides rules for determining what law applies to a  
10 given transaction based on the predominating aspect of that  
11 transaction.

12 BILL'S PROVISIONS — NEGOTIABLE INSTRUMENTS. The bill  
13 amends provisions in Article 3 by recognizing choice-of-law  
14 provisions or choice-of-forum provisions included in a  
15 negotiable instrument (Code section 554.3104). The bill  
16 provides for transmission and processing of certain items as  
17 electronic checks (Code section 554.3105). Finally, a party's  
18 obligation to pay a check is not discharged because of the  
19 check's destruction in cases where the information of the check  
20 is preserved in an electronic format (Code section 554.3604).

21 BILL'S PROVISIONS — LETTERS OF CREDIT. The bill amends  
22 provisions in Article 5 by providing that a letter of credit  
23 may be issued in any form as a signed record rather than as  
24 authenticated by signature. In determining a choice-of-law  
25 question, a bank is considered to be located at the address of  
26 its branch where the letter of credit was issued (Code section  
27 554.5116).

28 BILL'S PROVISIONS — DOCUMENTS OF TITLE. The bill amends  
29 provisions in Article 7 by providing criteria and conditions  
30 for determining the rights of a person who has control of  
31 an electronic document of title, and specifically under a  
32 system for evidencing the transfer of interests in electronic  
33 documents (Code section 554.7106). The electronic system must  
34 operate to allow a person in control to identify the electronic  
35 copy, allow the person to identify themselves, and give the

1 person exclusive power over an electronic copy.

2 BILL'S PROVISIONS — INVESTMENT SECURITIES. The bill  
3 amends provisions in Article 8 regarding a person's control  
4 of a controllable account, controllable electronic record, or  
5 controllable payment intangible (Code section 554.8102), the  
6 rights of a entitlement holder identified as the person having  
7 rights in a financial asset (Code section 554.8106), and the  
8 rights of a purchaser who becomes an entitlement holder. The  
9 bill revises conditions used to determine when a purchaser has  
10 control over a security entitlement. The bill also provides  
11 for choice-of-law rules involving the issuer's jurisdiction  
12 (Code section 554.8110).

13 BILL'S PROVISIONS — SECURED TRANSACTIONS. New Article 14  
14 is closely connected to Article 9, which allows a creditor to  
15 obtain a security interest attached to a debtor's personal  
16 property as collateral and to obtain priority when enforcing  
17 that security interest over other creditors having a security  
18 interest in that same collateral. The bill amends a number  
19 of important definitions (Code section 554.9102). The term  
20 "account" means having a present and future right to a payment  
21 based on the transfer of services or property including by sale  
22 or lease, and includes accounts receivable, but excludes an  
23 item represented by a negotiable instrument or chattel paper.  
24 The term "assignor" means the person who grants a security  
25 interest to secure an obligation or a seller of accounts,  
26 chattel paper, payment intangibles, or promissory notes, and  
27 the term "assignee" means the person in whose favor a security  
28 interest is granted to secure an obligation or a buyer of  
29 accounts, chattel paper, payment intangibles, or promissory  
30 notes. The term "payment intangible" (under the catchall term  
31 "general intangible") means a debtor's principal obligation  
32 is the payment of money and includes a controllable payment  
33 intangible. The term "account debtor" means a person who owes  
34 an obligation on an account, chattel paper, or intangible  
35 property. The term "chattel paper" means a debt obligation



1 supported with a security interest in tangible property.  
2 The bill describes conditions in determining if a purchaser  
3 has control of an authoritative electronic copy of a record  
4 evidencing chattel paper (Code section 554.9105) or if a person  
5 has control of electronic money (Code section 554.9105A). A  
6 person who has control is not required to acknowledge that  
7 control (Code section 554.9107B). The bill provides conditions  
8 for determining if a security interest is enforceable against  
9 a debtor or third party regarding collateral (Code section  
10 554.9203). The bill states that a security interest may attach  
11 to consumer goods as proceeds, to a commercial tort claim,  
12 or under an after-acquired property clause (Code section  
13 554.9204). The bill includes a new requirement applicable to  
14 a secured party having control of an authoritative electronic  
15 copy of a record evidencing chattel paper, an electronic  
16 document, electronic money, or a controllable electronic  
17 record. The secured party must transfer the copy or control  
18 to the debtor or a person designated by the debtor (Code  
19 section 554.9208). The bill provides for cases which govern  
20 perfection and priority of a security interest in deposit  
21 accounts and investment property when a bank's jurisdiction  
22 is at issue (Code sections 554.9304 and 554.9305). The  
23 bill sets forth requirements governing the perfection and  
24 priority of security interests in chattel paper (Code section  
25 554.9306A), and controllable accounts, controllable electronic  
26 records, and controllable payment intangibles (Code section  
27 554.9306B). The bill includes requirements for the perfection  
28 of a security interest in chattel paper by possession and  
29 control (Code section 554.9314A). The bill provides for  
30 changes in law or jurisdiction governing chattel paper,  
31 controllable accounts, controllable electronic records, and  
32 controllable payment intangibles (Code section 554.9316).  
33 The bill includes criteria for a buyer to take free of a  
34 security interest of chattel paper, an electronic document, a  
35 controllable electronic record, and a controllable account or a

1 controllable payment intangible (Code section 554.9317). The  
2 bill addresses the priority of chattel paper as it relates to  
3 tangible copies and electronic copies (Code section 554.9330).  
4 The bill provides that the transferee of electronic money  
5 takes the money free of a security interest if the transferee  
6 obtains control of the money without acting in collusion  
7 with the debtor in violating the rights of the secured party  
8 (Code section 554.9332). The bill provides criteria for  
9 determining if a secured party owes a duty to an unknown debtor  
10 or secondary obligor based on their status as a secured party  
11 (Code section 554.9605). The bill revises the contents of the  
12 notification of disposition of collateral form and provides for  
13 corresponding instructions (Code section 554.9613). Similarly,  
14 the bill revises the contents of the notification before  
15 disposition of collateral form and provides for corresponding  
16 instructions (Code section 554.9614).

17 FUNDS TRANSFER. The bill amends provisions in Article 12,  
18 by providing for secure payments systems. The bill describes  
19 what constitutes a security procedure, including the use of  
20 certain protocols (Code section 554.12201). The bill provides  
21 that verifying an electronic mail address, internet protocol  
22 address, or telephone number is not a security procedure.

23 TRANSITIONAL PROVISIONS. The bill provides for a number  
24 of transitional provisions, including a saving clause (Code  
25 sections 554.15201 and 554.15301), the enforceability of a  
26 security interest that is perfected or unperfected before the  
27 bill's effective date (Code sections 554.15302 and 554.15303),  
28 the effectiveness of actions taken before the bill's effective  
29 date (Code section 554.15304), and rules of priority (Code  
30 sections 554.15305 and 554.15306).

31 BACKGROUND — REGULATION OF DIGITAL ASSETS. The 2022 Act  
32 regulating transactions involving distributed ledger technology  
33 and smart contracts is connected to Article 14. In both  
34 cases, the medium of exchange is a digital asset. Distributed  
35 ledger technology allows different computers to validate

1 transactions and update records and a smart contract is a type  
2 of electronic record that executes the term of a contract,  
3 including the transfer of assets. A digital asset is a form  
4 of an electronic record that represents or is used as a medium  
5 of exchange, unit of account, method of payment, or store of  
6 value. However, the term expressly excludes certain personal  
7 property recognized under the UCC, including a deposit account,  
8 electronic record evidencing chattel paper, electronic chattel  
9 paper, controllable account, controllable payment intangible,  
10 money, electronic document of title, investment property, or a  
11 transferable record (Code section 554E.1). A contract cannot  
12 be denied legal effect or enforceability solely because it  
13 is effectuated by distributed ledger technology or a smart  
14 contract (Code section 554E.3). In addition, the 2022 Act  
15 provides that a real estate conveyance can be recorded by a  
16 county if the evidence of conveyance complies with the general  
17 requirements of Code chapter 558 and is in a format conforming  
18 with standards established by the electronic services system  
19 allowing counties and the Iowa county recorders association  
20 to enter into an agreement under Code chapter 28E for the  
21 implementation of the county land record information system  
22 (Code section 554E.4).

23 BILL'S PROVISIONS — REGULATION OF DIGITAL ASSETS. The  
24 bill amends the definition of "digital asset" by eliminating  
25 exceptions recognized by the UCC including electronic records  
26 evidencing chattel paper. The bill provides that a digital  
27 asset is classified simply as personal property rather than  
28 intangible personal property. Finally, the bill defines  
29 "electronic services system" by citing its source in the Iowa  
30 Acts.