

House File 2445 - Reprinted

HOUSE FILE 2445
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 678)

(As Amended and Passed by the House March 2, 2022)

A BILL FOR

1 An Act relating to the uniform commercial code by providing for
2 controllable electronic records.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CONTROLLABLE ELECTRONIC RECORDS

Section 1. NEW SECTION. 554.14101 **Short title.**

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

Sec. 2. NEW SECTION. 554.14102 **Definitions.**

1. 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 deposit account, electronic chattel paper, electronic copy of a record evidencing chattel paper, 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 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:

(1) *"Transferable record"*, as defined in the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7021(a)(1), as amended.

(2) *"Transferable record"* as defined in the uniform electronic transactions Act, section 554D.118, subsection 1.

d. "Value" has the meaning provided in section 554.3303, subsection 1.

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

Sec. 3. NEW SECTION. 554.14103 **Scope.**

1. *Article 9 governs in case of conflict.* If there is

1 conflict between this Article and Article 9, Article 9 governs.

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

4 a. any applicable rule of law that establishes a different
5 rule for consumers, including as provided in chapter 537 and
6 any other consumer protection statute or regulation of this
7 state; and

8 b. any other statute or regulation of this state that
9 regulates the rates, charges, agreements, and practices for
10 loans, credit sales, or other extensions of credit or credit
11 transactions, including as provided in chapter 535.

12 Sec. 4. NEW SECTION. 554.14104 **Rights in controllable**
13 **account, controllable electronic record, and controllable payment**
14 **intangible.**

15 1. *Applicability of section to controllable account and*
16 *controllable payment intangible.* This section applies to the
17 acquisition and purchase of rights in a controllable account
18 or controllable payment intangible, including the rights of
19 a purchaser and a qualifying purchaser and under subsections
20 3, 4, and 6, and in the same manner this section applies to a
21 controllable electronic record.

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

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

34 4. *Rights of qualifying purchaser.* A qualifying purchaser
35 acquires its rights in the controllable electronic record free

1 of a claim of a property right in the controllable electronic
2 record.

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

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

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

20 Sec. 5. NEW SECTION. 554.14105 **Control of controllable**
21 **electronic record.**

22 1. *General rule — control of controllable electronic*
23 *record.* A person has control of a controllable electronic
24 record if:

25 a. the electronic record, a record attached to or logically
26 associated with the electronic record, or a system in which the
27 electronic record is recorded gives the person:

28 (1) the power to avail itself of substantially all the
29 benefit from the electronic record; and

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

31 (a) prevent others from availing themselves of

32 substantially all the benefit from the electronic record; and

33 (b) transfer control of the electronic record to another

34 person or cause another person to obtain control of another

35 controllable electronic record as a result of the transfer of

1 the electronic record; and

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

8 *2. Control through another person.* A person has control of
9 a controllable electronic record if another person, other than
10 the transferor of an interest in the electronic record:

11 *a.* has control of the electronic record and acknowledges
12 that it has control on behalf of the person, or

13 *b.* obtains control of the electronic record after having
14 acknowledged that it will obtain control of the electronic
15 record on behalf of the person.

16 *3. Meaning of exclusive.* A power specified in subsection 1,
17 paragraph "a", subparagraph (2), is exclusive, even if:

18 *a.* the controllable electronic record or a system in
19 which the electronic record is recorded limits the use of
20 the electronic record or has a protocol programmed to cause
21 a change, including a transfer or loss of control or a
22 modification of benefits afforded by the electronic record; or

23 *b.* the person has agreed to share the power with another
24 person.

25 **Sec. 6. NEW SECTION. 554.14106 Discharge of account debtor**
26 **on controllable account or controllable payment intangible.**

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

30 *a.* the person having control of the controllable electronic
31 record that evidences the controllable account or controllable
32 payment intangible; or

33 *b.* except as provided in subsection 2, a person that
34 formerly had control of the controllable electronic record.

35 *2. Effect of notification.* Subject to subsection 4, an

1 account debtor shall not discharge its obligation by paying a
2 person that formerly had control of the controllable electronic
3 record if the account debtor receives a notification that:

4 *a.* is authenticated by a person that formerly had control or
5 the person to which control was transferred;

6 *b.* reasonably identifies the controllable account or
7 controllable payment intangible;

8 *c.* notifies the account debtor that control of the
9 controllable electronic record that evidences the controllable
10 account or controllable payment intangible was transferred;

11 *d.* identifies the transferee, in any reasonable way,
12 including by name, identifying number, cryptographic key,
13 office, or account number; and

14 *e.* provides a commercially reasonable method by which the
15 account debtor is to pay the transferee.

16 3. *Discharge following effective notification.* After
17 receipt of a notification that complies with subsection 2, the
18 account debtor may discharge its obligation only by paying in
19 accordance with the notification and shall not discharge the
20 obligation by paying a person that formerly had control.

21 4. *When notification ineffective.* Notification is
22 ineffective under subsection 2:

23 *a.* unless, before the notification is sent, an account
24 debtor and the person that, at that time, had control of the
25 controllable electronic record that evidences the controllable
26 account or controllable payment intangible agree in an
27 authenticated record to a commercially reasonable method by
28 which a person must furnish reasonable proof that control has
29 been transferred;

30 *b.* to the extent an agreement between an account debtor and
31 seller of a payment intangible limits the account debtor's duty
32 to pay a person other than the seller and the limitation is
33 effective under law other than this Article; or

34 *c.* at the option of an account debtor, if the notification
35 notifies the account debtor to:

1 (1) divide a payment;

2 (2) make less than the full amount of any installment or
3 other periodic payment; or

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

6 5. *Proof of transfer of control.* If requested by the
7 account debtor, the person giving the notification seasonably
8 shall furnish reasonable proof, using the agreed method,
9 that control of the controllable electronic record has been
10 transferred. Unless the person complies with the request, the
11 account debtor may discharge its obligation by paying a person
12 that formerly had control, even if the account debtor has
13 received a notification under subsection 2.

14 6. *What constitutes reasonable proof.* A person furnishes
15 reasonable proof that control has been transferred if the
16 person demonstrates, using the agreed method, that the
17 transferee has the power to:

18 a. avail itself of substantially all the benefit from the
19 controllable electronic record;

20 b. prevent others from availing themselves of substantially
21 all the benefit from the controllable electronic record; and

22 c. transfer the powers mentioned in paragraphs "a" and "b"
23 to another person.

24 7. *Rights not waivable.* An account debtor shall not waive
25 or vary its rights under subsection 4, paragraph "a", and
26 subsection 5 or its option under subsection 4, paragraph "c".

27 Sec. 7. NEW SECTION. 554.14107 **Governing law.**

28 Unless otherwise agreed to by the parties, the laws of this
29 state shall govern any actions taken pursuant to this Article.
30 This Article and the local law of this state shall apply to
31 any transaction involving a controllable account, controllable
32 electronic record, or controllable payment intangible if
33 under section 554.9306A, the local law of this state governs
34 perfection, the effect of perfection or nonperfection, and the
35 priority of a security interest in such controllable account,

1 controllable electronic record, or controllable payment
2 intangible.

3 Sec. 8. NEW SECTION. 554.14108 **Applicability.**

4 This Article applies to any transaction involving a
5 controllable electronic record that arises on or after the
6 effective date of this Article. This Article does not apply to
7 any transaction involving a controllable electronic record that
8 arises before the effective date of this Article even if the
9 transaction would be subject to this Article if the transaction
10 had arisen on or after the effective date of this Article.
11 This Article does not apply to a right of action with regard to
12 any transaction involving a controllable electronic record that
13 has accrued before the effective date of this Article.

14 Sec. 9. NEW SECTION. 554.14109 **Savings clause.**

15 Any transaction involving a controllable electronic record
16 that arose before the effective date of this Article and
17 the rights, obligations, and interests flowing from that
18 transaction are governed by any statute or other rule amended
19 or repealed by this Article as if such amendment or repeal had
20 not occurred and may be terminated, completed, consummated, or
21 enforced under that statute or other rule.

22 DIVISION II

23 CORRESPONDING CHANGES

24 PART A

25 GENERAL PROVISIONS

26 Sec. 10. Section 554.1201, subsection 2, Code 2022, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. *Og.* "Electronic" means relating to
29 technology having electrical, digital, magnetic, wireless,
30 optical, electromagnetic, or similar capabilities.

31 Sec. 11. Section 554.1201, subsection 2, paragraph x, Code
32 2022, is amended to read as follows:

33 *x.* "Money" means a medium of exchange that:

34 (1) is currently authorized or adopted by a domestic or
35 foreign government, by an intergovernmental organization, or

1 pursuant to an agreement between two or more governments; and
2 (2) was initially issued, created, or distributed by
3 a domestic or foreign government, by an intergovernmental
4 organization, or pursuant to an agreement between two or
5 more governments. The term includes a monetary unit of
6 account established by an intergovernmental organization or by
7 agreement between two or more countries.

8 Sec. 12. Section 554.1204, unnumbered paragraph 1, Code
9 2022, is amended to read as follows:

10 Except as otherwise provided in Articles 3, 4, and 5, and 14,
11 a person gives value for rights if the person acquires them:

12 PART B

13 SECURED TRANSACTIONS

14 Sec. 13. Section 554.9102, subsection 1, paragraphs b and
15 bi, Code 2022, are amended to read as follows:

16 *b. "Account", except as used in "account for", "on account*
17 *of", and paragraph "ac", means a right to payment of a monetary*
18 *obligation, whether or not earned by performance, (i) for*
19 *property that has been or is to be sold, leased, licensed,*
20 *assigned, or otherwise disposed of; (ii) for services rendered*
21 *or to be rendered; (iii) for a policy of insurance issued or to*
22 *be issued; (iv) for a secondary obligation incurred or to be*
23 *incurred; (v) for energy provided or to be provided; (vi) for*
24 *the use or hire of a vessel under a charter or other contract;*
25 *(vii) arising out of the use of a credit or charge card or*
26 *information contained on or for use with the card; or (viii)*
27 *as winnings in a lottery or other game of chance operated or*
28 *sponsored by a state, governmental unit of a state, or person*
29 *licensed or authorized to operate the game by a state or*
30 *governmental unit of a state. The term includes controllable*
31 *accounts and health care insurance receivables. The term*
32 *does not include ~~rights to payment evidenced by chattel paper~~*
33 *~~or an instrument,~~ (i) chattel paper, (ii) commercial tort*
34 *claims, (iii) deposit accounts, (iv) investment property, (v)*
35 *letter-of-credit rights or letters of credit, or (vi) rights*

1 to payment for money or funds advanced or sold, other than
2 rights arising out of the use of a credit or charge card or
3 information contained on or for use with the card, or (vii)
4 rights to payment evidenced by an instrument.

5 *bi. "Payment intangible"* means a general intangible
6 under which the account debtor's principal obligation is a
7 monetary obligation. The term includes a controllable payment
8 intangible.

9 Sec. 14. Section 554.9102, subsection 1, Code 2022, is
10 amended by adding the following new paragraphs:

11 NEW PARAGRAPH. 0ab. *"Controllable account"* means an account
12 evidenced by a controllable electronic record that provides
13 that the account debtor undertakes to pay the person that under
14 section 554.14105 has control of the controllable electronic
15 record.

16 NEW PARAGRAPH. 00ab. *"Controllable payment intangible"* means
17 a payment intangible evidenced by a controllable electronic
18 record that provides that the account debtor undertakes to pay
19 the person that under section 554.14105 has control of the
20 controllable electronic record.

21 NEW PARAGRAPH. 0af. *"Electronic money"* means money that is
22 in an electronic form.

23 NEW PARAGRAPH. 0bc. *"Money"* has the meaning provided in
24 section 554.1201, subsection 2, paragraph "x", but does not
25 include a deposit account.

26 NEW PARAGRAPH. 0cb. *"Tangible money"* means money in a
27 tangible form.

28 Sec. 15. Section 554.9102, subsection 2, Code 2022, is
29 amended by adding the following new paragraphs:

30 NEW PARAGRAPH. 0i. "Controllable electronic
31 record".....Section 554.14102.

32 NEW PARAGRAPH. 0ae. "Qualifying
33 purchaser".....Section 554.14102.

34 Sec. 16. NEW SECTION. 554.9105A **Control of electronic**
35 **money.**

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

3 a. the electronic money or a system in which the electronic
4 money is recorded gives the person:

5 (1) the power to avail itself of substantially all the
6 benefit from the electronic money; and

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

8 (a) prevent others from availing themselves of
9 substantially all the benefit from the electronic money; and
10 (b) transfer control of the electronic money to another
11 person or cause another person to obtain control of other
12 electronic money as a result of the transfer of the electronic
13 money; and

14 b. the electronic money, a record attached to or logically
15 associated with the electronic money, or a system in which
16 the electronic money is recorded enables the person readily
17 to identify itself in any way, including by name, identifying
18 number, cryptographic key, office, or account number, as having
19 the powers under paragraph "a".

20 2. *Control through another person.* A person has control of
21 electronic money if another person, other than the transferor
22 of an interest in the electronic money:

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

25 b. obtains control of the electronic money after having
26 acknowledged that it will obtain control of the electronic
27 money on behalf of the person.

28 3. *Meaning of exclusive.* A power is exclusive under
29 subsection 1, paragraph "a", subparagraph (2), even if:

30 a. the electronic money or a system in which the electronic
31 money is recorded limits the use of the electronic money or has
32 a protocol programmed to transfer control; or

33 b. the person has agreed to share the power with another
34 person.

35 Sec. 17. NEW SECTION. 554.9107A Control of controllable

1 account, controllable electronic record, or controllable payment
2 intangible.

3 1. *Control under section 554.14105.* A secured party has
4 control of a controllable electronic record as provided in
5 section 554.14105.

6 2. *Control of controllable account and controllable payment*
7 *intangible.* A secured party has control of a controllable
8 account or controllable payment intangible if the secured
9 party has control of the controllable electronic record that
10 evidences the controllable account or controllable payment
11 intangible.

12 Sec. 18. Section 554.9203, subsection 2, Code 2022, is
13 amended to read as follows:

14 2. *Enforceability.* Except as otherwise provided in
15 subsections 3 through 9 10, a security interest is enforceable
16 against the debtor and third parties with respect to the
17 collateral only if:

18 a. value has been given;

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

21 c. one of the following conditions is met:

22 (1) the debtor has authenticated a security agreement that
23 provides a description of the collateral and, if the security
24 interest covers timber to be cut, a description of the land
25 concerned;

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

29 (3) the collateral is a certificated security in registered
30 form and the security certificate has been delivered to the
31 secured party under [section 554.8301](#) pursuant to the debtor's
32 security agreement; or

33 (4) the collateral is controllable accounts, controllable
34 electronic records, controllable payment intangibles, deposit
35 accounts, electronic chattel paper, electronic documents,

1 electronic money, investment property, or letter-of-credit
2 rights, or electronic documents, and the secured party has
3 control under section 554.7106, 554.9104, 554.9105, 554.9105A,
4 554.9106, or 554.9107, or 554.9107A pursuant to the debtor's
5 security agreement.

6 Sec. 19. Section 554.9203, Code 2022, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 10. *Controllable account or controllable*
9 *payment intangible.* The attachment of a security interest in a
10 controllable electronic record that evidences a controllable
11 account or controllable payment intangible is also attachment
12 of a security interest in the controllable account or
13 controllable payment intangible.

14 Sec. 20. Section 554.9207, subsection 3, Code 2022, is
15 amended to read as follows:

16 3. *Duties and rights when secured party in possession or*
17 *control.* Except as otherwise provided in subsection 4, a
18 secured party having possession of collateral or control
19 of collateral under section 554.7106, 554.9104, 554.9105,
20 554.9105A, 554.9106, or 554.9107, or 554.9107A:

21 a. may hold as additional security any proceeds, except
22 money or funds, received from the collateral;

23 b. shall apply money or funds received from the collateral
24 to reduce the secured obligation, unless remitted to the
25 debtor; and

26 c. may create a security interest in the collateral.

27 Sec. 21. Section 554.9208, subsection 2, paragraphs e and f,
28 Code 2022, are amended to read as follows:

29 e. a secured party having control of a letter-of-credit
30 right under section 554.9107 shall send to each person having
31 an unfulfilled obligation to pay or deliver proceeds of the
32 letter of credit to the secured party an authenticated release
33 from any further obligation to pay or deliver proceeds of the
34 letter of credit to the secured party; and

35 f. a secured party having control of an electronic document

1 shall:

2 (1) give control of the electronic document to the debtor or
3 its designated custodian;

4 (2) if the debtor designates a custodian that is the
5 designated custodian with which the authoritative copy of
6 the electronic document is maintained for the secured party,
7 communicate to the custodian an authenticated record releasing
8 the designated custodian from any further obligation to
9 comply with instructions originated by the secured party
10 and instructing the custodian to comply with instructions
11 originated by the debtor; and

12 (3) take appropriate action to enable the debtor or its
13 designated custodian to make copies of or revisions to the
14 authoritative copy which add or change an identified assignee
15 of the authoritative copy without the consent of the secured
16 party; and

17 Sec. 22. Section 554.9208, subsection 2, Code 2022, is
18 amended by adding the following new paragraphs:

19 NEW PARAGRAPH. *g.* a secured party having control under
20 section 554.9105A of electronic money shall transfer control
21 of the electronic money to the debtor or a person designated
22 by the debtor; and

23 NEW PARAGRAPH. *h.* a secured party having control under
24 section 554.14105 of a controllable electronic record shall
25 transfer control of the controllable electronic record to the
26 debtor or a person designated by the debtor.

27 Sec. 23. Section 554.9301, subsection 3, Code 2022, is
28 amended to read as follows:

29 3. Except as otherwise provided in [subsection 4](#), while
30 tangible negotiable documents, goods, instruments, tangible
31 money, or tangible chattel paper is located in a jurisdiction,
32 the local law of that jurisdiction governs:

33 *a.* perfection of a security interest in the goods by filing
34 a fixture filing;

35 *b.* perfection of a security interest in timber to be cut;

1 and

2 *c.* the effect of perfection or nonperfection and the
3 priority of a nonpossessory security interest in the
4 collateral.

5 Sec. 24. NEW SECTION. 554.9306A Law governing perfection
6 and priority of security interests in controllable accounts,
7 controllable electronic records, and controllable payment
8 intangibles.

9 The local law of this state governs perfection, the effect
10 of perfection or nonperfection, and the priority of a security
11 interest in a controllable account, controllable electronic
12 record, or controllable payment intangible granted by a debtor
13 located in this state at the time the security interest becomes
14 enforceable against the debtor with respect to the collateral
15 under section 554.9203.

16 Sec. 25. Section 554.9308, Code 2022, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 8. *Controllable account or payment*
19 *intangible.* Perfection of a security interest in a controllable
20 electronic record that evidences a controllable account or
21 controllable payment intangible also perfects a security
22 interest in the controllable account or controllable payment
23 intangible.

24 Sec. 26. Section 554.9310, subsection 2, paragraph h, Code
25 2022, is amended to read as follows:

26 *h.* in controllable accounts, controllable electronic
27 records, controllable payment intangibles, deposit accounts,
28 electronic chattel paper, electronic documents, investment
29 property, or letter-of-credit rights which is perfected by
30 control under [section 554.9314](#);

31 Sec. 27. Section 554.9312, Code 2022, is amended to read as
32 follows:

33 **554.9312** Perfection of security interests in controllable
34 accounts, controllable electronic records, controllable payment
35 intangibles, chattel paper, deposit accounts, documents,

1 goods covered by documents, instruments, investment property,
2 letter-of-credit rights, and money — perfection by permissive
3 filing — temporary perfection without filing or transfer of
4 possession.

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

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

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

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

18 c. a security interest in tangible money may be perfected
19 only by the secured party's taking possession under section
20 554.9313; and

21 d. a security interest in electronic money may be perfected
22 only by control under section 554.9314.

23 3. *Goods covered by negotiable document.* While goods are
24 in the possession of a bailee that has issued a negotiable
25 document covering the goods:

26 a. a security interest in the goods may be perfected by
27 perfecting a security interest in the document; and

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

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

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

1 *b.* the bailee's receipt of notification of the secured
2 party's interest; or

3 *c.* filing as to the goods.

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

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

17 *a.* ultimate sale or exchange; or

18 *b.* loading, unloading, storing, shipping, transshipping,
19 manufacturing, processing, or otherwise dealing with them in a
20 manner preliminary to their sale or exchange.

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

27 *a.* ultimate sale or exchange; or

28 *b.* presentation, collection, enforcement, renewal, or
29 registration of transfer.

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

33 Sec. 28. Section 554.9313, subsection 1, Code 2022, is
34 amended to read as follows:

35 1. *Perfection by possession or delivery.* Except as otherwise

1 provided in [subsection 2](#), a secured party may perfect a
2 security interest in tangible negotiable documents, goods,
3 instruments, tangible money, or tangible chattel paper by
4 taking possession of the collateral. A secured party may
5 perfect a security interest in certificated securities by
6 taking delivery of the certificated securities under section
7 554.8301.

8 Sec. 29. Section 554.9314, subsections 1 and 2, Code 2022,
9 are amended to read as follows:

10 1. *Perfection by control.* A security interest in investment
11 ~~property, deposit accounts, letter-of-credit rights, electronic~~
12 ~~chattel paper, or electronic documents~~ controllable accounts,
13 controllable electronic records, controllable payment
14 intangibles, deposit accounts, electronic chattel paper,
15 electronic documents, electronic money, investment property,
16 or letter-of-credit rights, may be perfected by control of
17 the collateral under [section 554.7106](#), [554.9104](#), [554.9105](#),
18 [554.9105A](#), [554.9106](#), ~~or~~ [554.9107](#), or [554.9107A](#).

19 2. *Specified collateral — time of perfection by control —*
20 *continuation of perfection.* A security interest in ~~deposit~~
21 ~~accounts, electronic chattel paper, letter-of-credit rights,~~
22 ~~or electronic documents~~ controllable accounts, controllable
23 electronic records, controllable payment intangibles, deposit
24 accounts, electronic chattel paper, electronic documents,
25 electronic money, or letter-of-credit rights, is perfected by
26 control under [section 554.7106](#), [554.9104](#), [554.9105](#), [554.9105A](#)
27 ~~or~~ [554.9107](#), or [554.9107A](#) when the secured party obtains
28 control and remains perfected by control only while the secured
29 party retains control.

30 Sec. 30. NEW SECTION. 554.9326A **Priority of security**
31 **interests in controllable account, controllable electronic**
32 **record, and controllable payment intangible.**

33 A security interest in a controllable account, controllable
34 electronic record, or controllable payment intangible held by a
35 secured party having control of the account, electronic record,

1 or payment intangible has priority over a conflicting security
2 interest held by a secured party that does not have control.

3 Sec. 31. Section 554.9331, Code 2022, is amended to read as
4 follows:

5 **554.9331 Priority of rights of purchasers of ~~instruments,~~**
6 **controllable accounts, controllable records, controllable payment**
7 **intangibles, documents, instruments, and securities under other**
8 **articles Articles** — priority of interests in financial assets
9 and security entitlements and protections against assertions of
10 claims under Article Articles 8 and 14.

11 1. *Rights under Articles 3, 7, ~~and 8,~~ and 14 not*
12 *limited.* This Article does not limit the rights of a holder
13 in due course of a negotiable instrument, a holder to which a
14 negotiable document of title has been duly negotiated, ~~or~~ a
15 protected purchaser of a security, or a qualifying purchaser
16 of a controllable account, controllable electronic record, or
17 controllable payment intangible. These holders or purchasers
18 take priority over an earlier security interest, even if
19 perfected, to the extent provided in Articles 3, 7, ~~and 8,~~ and
20 14.

21 2. *Protection under ~~Article Articles 8 and 14.~~ This Article*
22 does not limit the rights of or impose liability on a person to
23 the extent that the person is protected against the assertion
24 of a claim under Article 8 or 14.

25 3. *Filing not notice.* Filing under this Article does not
26 constitute notice of a claim or defense to the holders, ~~or~~
27 purchasers, or persons described in subsections 1 and 2.

28 Sec. 32. Section 554.9332, Code 2022, is amended to read as
29 follows:

30 **554.9332 Transfer of money — transfer of funds from deposit**
31 **account.**

32 1. *Transferee of tangible money.* A transferee of tangible
33 money takes the money free of a security interest ~~unless the~~
34 ~~transferee acts~~ in the money if the transferee when receiving
35 delivery of the money does not act in collusion with the debtor

1 in violating the rights of the secured party.

2 2. Transferee of electronic money. A transferee of
3 electronic money takes the money free of a security interest
4 in the money if the transferee when obtaining control of the
5 money does not act in collusion with the debtor in violating
6 the rights of the secured party.

7 ~~2.~~ 3. Transferee of funds from deposit account. A
8 transferee of funds from a deposit account takes the funds
9 free of a security interest in the deposit account ~~unless the~~
10 ~~transferee acts~~ if the transferee when receiving the funds does
11 not act in collusion with the debtor in violating the rights of
12 the secured party.

13 Sec. 33. Section 554.9406, subsections 1, 2, and 3, Code
14 2022, are amended to read as follows:

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

26 2. *When notification ineffective.* Subject to ~~subsection~~
27 subsections 8 and 11, notification is ineffective under
28 subsection 1:

29 a. if it does not reasonably identify the rights assigned;

30 b. to the extent that an agreement between an account
31 debtor and a seller of a payment intangible limits the account
32 debtor's duty to pay a person other than the seller and the
33 limitation is effective under law other than **this Article**; or

34 c. at the option of an account debtor, if the notification
35 notifies the account debtor to make less than the full amount

1 of any installment or other periodic payment to the assignee,
2 even if:

3 (1) only a portion of the account, chattel paper, or payment
4 intangible has been assigned to that assignee;

5 (2) a portion has been assigned to another assignee; or

6 (3) the account debtor knows that the assignment to that
7 assignee is limited.

8 3. *Proof of assignment.* Subject to ~~subsection~~ subsections
9 8 and 11, if requested by the account debtor, an assignee shall
10 seasonably furnish reasonable proof that the assignment has
11 been made. Unless the assignee complies, the account debtor
12 may discharge its obligation by paying the assignor, even if
13 the account debtor has received a notification under subsection
14 1.

15 Sec. 34. Section 554.9406, Code 2022, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 11. *Inapplicability of certain*
18 *subsections.* Subsections 1 through 3 and 7 do not apply to a
19 controllable account or controllable payment intangible.

20 Sec. 35. Section 554.9601, subsection 2, Code 2022, is
21 amended to read as follows:

22 2. *Rights and duties of secured party in possession or*
23 *control.* A secured party in possession of collateral or control
24 of collateral under [section 554.7106](#), [554.9104](#), [554.9105](#),
25 [554.9105A](#), [554.9106](#), ~~or~~ [554.9107](#), or [554.9107A](#) has the rights
26 and duties provided in [section 554.9207](#).

27 Sec. 36. Section 554.9605, Code 2022, is amended to read as
28 follows:

29 **554.9605 Unknown debtor or secondary obligor.**

30 1. *Duties to unknown persons — general rule.* A *Except as*
31 *provided in subsection 2, a* secured party does not owe a duty
32 based on its status as secured party:

33 ~~±~~ a. to a person that is a debtor or obligor, unless the
34 secured party knows:

35 ~~a-~~ (1) that the person is a debtor or obligor;

1 ~~b.~~ (2) the identity of the person; and
2 ~~c.~~ (3) how to communicate with the person; or
3 ~~2.~~ b. to a secured party or lienholder that has filed a
4 financing statement against a person, unless the secured party
5 knows:

6 ~~a.~~ (1) that the person is a debtor; and

7 ~~b.~~ (2) the identity of the person.

8 2. When secured party owes duty to debtor notwithstanding
9 subsection 1. A secured party owes a duty based on its status
10 as a secured party to a person that is a debtor if, at the time
11 the secured party obtains control of a controllable account,
12 controllable electronic record, or controllable payment
13 intangible, the secured party has knowledge that the nature of
14 the collateral or a system in which the collateral is recorded
15 would prevent the secured party from acquiring the knowledge
16 specified in subsection 1, paragraph "a", subparagraph (1),
17 (2), or (3).

18 Sec. 37. Section 554.9628, subsection 2, Code 2022, is
19 amended to read as follows:

20 2. Limitation of liability based on status as secured
21 party. A Subject to subsection 6, a secured party is not liable
22 because of its status as secured party:

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

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

26 (2) the identity of the person; and

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

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

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

32 (2) the identity of the person.

33 Sec. 38. Section 554.9628, Code 2022, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 6. When secured party owes duty to debtor

1 *notwithstanding subsection 2.* A secured party owes a duty
2 based on its status as a secured party to a person that is
3 a debtor if, at the time the secured party obtains control
4 of a controllable account, controllable electronic record,
5 or controllable payment intangible, the secured party has
6 knowledge that the nature of the collateral or a system in
7 which the collateral is recorded would prevent the secured
8 party from acquiring the knowledge specified in subsection 2,
9 paragraph "a", subparagraph (1), (2), or (3).