

Senate File 2389 - Reprinted

SENATE FILE 2389
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SF 540)
(SUCCESSOR TO SSB 1177)

(COMPANION TO HF 2519 BY
COMMITTEE ON JUDICIARY)

(As Amended and Passed by the Senate February 21, 2024)

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:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

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~~
30 ~~with 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, Code 2024, is
35 amended by adding the following new paragraph:

1 NEW PARAGRAPH. *oj.* "Central bank digital currency" means a
2 digital currency, a digital medium of exchange, or a digital
3 monetary unit of account issued by the United States federal
4 reserve system, a federal agency, a foreign government, a
5 foreign central bank, or a foreign reserve system, that is made
6 directly available to a consumer by such entities. The term
7 includes a digital currency, a digital medium of exchange, or a
8 digital monetary unit of account issued by the United States
9 federal reserve system, a federal agency, a foreign government,
10 a foreign central bank, or a foreign reserve system, that is
11 processed or validated directly by such entities.

12 Sec. 11. Section 554.1201, subsection 2, paragraphs j, o, v,
13 y, ab, ak, and al, Code 2024, are amended to read as follows:

14 *j.* "Conspicuous", with reference to a term, means so
15 written, displayed, or presented that, based on the totality
16 of the circumstances, a reasonable person against which it
17 is to operate ought to have noticed it. Whether a term is
18 "conspicuous" or not is a decision for the court. ~~Conspicuous~~
19 ~~terms include the following:~~

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

23 ~~(2) language in the body of a record or display in larger~~
24 ~~type than the surrounding text, or in contrasting type, font,~~
25 ~~or color to the surrounding text of the same size, or set off~~
26 ~~from surrounding text of the same size by symbols or other~~
27 ~~marks that call attention to the language.~~

28 *o.* "Delivery", with respect to an electronic document
29 of title, means voluntary transfer of control and, with
30 respect to an instrument, a tangible document of title, or an
31 authoritative tangible copy of a record evidencing chattel
32 paper, means voluntary transfer of possession.

33 *v.* "Holder" means:

34 (1) the person in possession of a negotiable instrument that
35 is payable either to bearer or to an identified person that is

1 the person in possession;

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

5 (3) the person in control, other than pursuant to section
6 554.7106, subsection 7, of a negotiable electronic document of
7 title.

8 *y.* "Money" means a medium of exchange that is currently
9 authorized or adopted by a domestic or foreign government. The
10 term includes a monetary unit of account established by an
11 intergovernmental organization, or pursuant to an agreement
12 between two or more countries. The term does not include an
13 electronic record that is a medium of exchange recorded and
14 transferable in a system that existed and operated for the
15 medium of exchange before the medium of exchange was authorized
16 or adopted by the government. The term also does not include a
17 central bank digital currency.

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

21 ~~(2) was initially issued, created, or distributed by~~
22 ~~a domestic or foreign government, by an intergovernmental~~
23 ~~organization, or pursuant to an agreement between two or more~~
24 ~~governments.~~

25 *ab.* "Person" means an individual, corporation, business
26 trust, estate, trust, partnership, limited liability company,
27 association, joint venture, government, governmental
28 subdivision, agency, or instrumentality, public corporation,
29 or any other legal or commercial entity. The term includes
30 a protected series, however denominated, of an entity if the
31 protected series is established under law other than this
32 chapter that limits, or limits if conditions specified under
33 the law are satisfied, the ability of a creditor of the entity
34 or of any other protected series of the entity to satisfy a
35 claim from assets of the protected series.

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

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

9 (2) ~~in any other way to cause to be received any the record~~
10 or notice notification to be received within the time it would
11 have arrived been received if properly sent under subparagraph
12 (1).

13 *al.* (1) ~~"Signed" includes using any symbol executed~~
14 ~~or adopted~~ "Sign" means, with present intention intent to
15 authenticate or adopt or accept a writing. record:

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

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

19 (2) "Signed", "signing", and "signature" have corresponding
20 meanings.

21 Sec. 12. Section 554.1301, subsection 3, paragraph g, Code
22 2024, is amended to read as follows:

23 *g.* Sections 554.13105 and 554.13106;

24 Sec. 13. Section 554.1301, subsection 3, Code 2024, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. h. Section 554.14107.

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

29 **554.1306 Waiver or renunciation of claim or right after**
30 **breach.**

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

35 PART C

ARTICLE 2

SALES

1
2
3 Sec. 15. Section 554.2102, Code 2024, is amended to read as
4 follows:

5 **554.2102 Scope — certain security and other transactions**
6 **excluded from this Article.**

7 1. Unless the context otherwise requires, ~~this Article~~
8 ~~applies to transactions in goods; it does not apply to any~~
9 ~~transaction which although in the form of an unconditional~~
10 ~~contract to sell or present sale is intended to operate only~~
11 ~~as a security transaction nor does ~~this Article~~ impair or~~
12 ~~repeal any statute regulating sales to consumers, farmers or~~
13 ~~other specified classes of buyers and except as provided in~~
14 subsection 3, this Article applies to transactions in goods
15 and, in the case of a hybrid transaction, it applies to the
16 extent provided in subsection 2.

17 2. In a hybrid transaction:

18 a. if the sale-of-goods aspects do not predominate, only
19 the provisions of this Article which relate primarily to
20 the sale-of-goods aspects of the transaction apply, and the
21 provisions that relate primarily to the transaction as a whole
22 do not apply.

23 b. if the sale-of-goods aspects predominate, this Article
24 applies to the transaction but does not preclude application
25 in appropriate circumstances of other law to aspects of the
26 transaction which do not relate to the sale of goods.

27 3. This Article does not:

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

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

33 Sec. 16. Section 554.2106, Code 2024, is amended to read as
34 follows:

35 **554.2106 Definitions: “contract” — “agreement” — “contract**

1 for sale" — "sale" — "present sale" — "conforming" to contract
2 — "termination" — "cancellation" — "hybrid transaction".

3 1. In [this Article](#) unless the context otherwise requires
4 "*contract*" and "*agreement*" are limited to those relating to the
5 present or future sale of goods. "*Contract for sale*" includes
6 both a present sale of goods and a contract to sell goods at a
7 future time. A "*sale*" consists in the passing of title from the
8 seller to the buyer for a price ([section 554.2401](#)). A "*present*
9 *sale*" means a sale which is accomplished by the making of the
10 contract.

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

14 3. "*Termination*" occurs when either party pursuant to
15 a power created by agreement or law puts an end to the
16 contract otherwise than for its breach. On "termination"
17 all obligations which are still executory on both sides are
18 discharged but any right based on prior breach or performance
19 survives.

20 4. "*Cancellation*" occurs when either party puts an end to
21 the contract for breach by the other and its effect is the same
22 as that of "termination" except that the canceling party also
23 retains any remedy for breach of the whole contract or any
24 unperformed balance.

25 5. "*Hybrid transaction*" means a single transaction involving
26 a sale of goods and:

27 a. the provision of services;

28 b. a lease of other goods; or

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

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

32 1. Except as otherwise provided in [this section](#) a contract
33 for the sale of goods for the price of five hundred dollars
34 or more is not enforceable by way of action or defense unless
35 there is ~~some writing~~ a record sufficient to indicate that a

1 contract for sale has been made between the parties and signed
2 by the party against whom enforcement is sought or by ~~that~~ the
3 party's authorized agent or broker. A ~~writing~~ record is not
4 insufficient because it omits or incorrectly states a term
5 agreed upon but the contract is not enforceable under this
6 ~~paragraph~~ subsection beyond the quantity of goods shown in ~~such~~
7 ~~writing~~ the record.

8 2. Between merchants if within a reasonable time a writing
9 record in confirmation of the contract and sufficient against
10 the sender is received and the party receiving it has reason to
11 know its contents, it satisfies the requirements of subsection
12 1 against ~~such~~ the party unless written notice in a record of
13 objection to its contents is given within ten days after it is
14 received.

15 Sec. 18. Section 554.2202, Code 2024, is amended to read as
16 follows:

17 **554.2202 Final ~~written~~ expression — parol or extrinsic**
18 **evidence.**

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

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

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

31 Sec. 19. Section 554.2203, Code 2024, is amended to read as
32 follows:

33 **554.2203 Seals inoperative.**

34 The affixing of a seal to a writing record evidencing a
35 contract for sale or an offer to buy or sell goods does not

1 constitute the ~~writing~~ record a sealed instrument and the law
2 with respect to sealed instruments does not apply to such a
3 contract or offer.

4 Sec. 20. Section 554.2205, Code 2024, is amended to read as
5 follows:

6 **554.2205 Firm offers.**

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

14 Sec. 21. Section 554.2209, subsection 2, Code 2024, is
15 amended to read as follows:

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

21 PART D

22 ARTICLE 3

23 NEGOTIABLE INSTRUMENTS

24 Sec. 22. Section 554.3104, subsection 1, paragraph c, Code
25 2024, is amended to read as follows:

26 *c.* does not state any other undertaking or instruction
27 by the person promising or ordering payment to do any act in
28 addition to the payment of money, but the promise or order
29 may contain an undertaking or power to give, maintain, or
30 protect collateral to secure payment, an authorization or
31 power to the holder to confess judgment or realize on or
32 dispose of collateral, ~~or~~ a waiver of the benefit of any law
33 intended for the advantage or protection of an obligor, a term
34 that specifies the law that governs the promise or order,
35 or an undertaking to resolve in a specified forum a dispute

1 concerning the promise or order.

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

4 1. "Issue" means:

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

8 b. if agreed by the payee, the first transmission by the
9 drawer to the payee of an image of an item and information
10 derived from the item that enables the depository bank to
11 collect the item by transferring or presenting under federal
12 law an electronic check.

13 Sec. 24. Section 554.3401, Code 2024, is amended to read as
14 follows:

15 **554.3401 Signature necessary for liability on instrument.**

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

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

24 Sec. 25. Section 554.3604, subsection 1, Code 2024, is
25 amended to read as follows:

26 1. A person entitled to enforce an instrument, with or
27 without consideration, may discharge the obligation of a party
28 to pay the instrument by an intentional voluntary act, such
29 as surrender of the instrument to the party, destruction,
30 mutilation, or cancellation of the instrument, cancellation
31 or striking out of the party's signature, or the addition of
32 words to the instrument indicating discharge; or by agreeing
33 not to sue or otherwise renouncing rights against the party
34 by a signed writing record. The obligation of a party to
35 pay a check is not discharged solely by destruction of the

1 check in connection with a process in which information is
2 extracted from the check and an image of the check is made and,
3 subsequently, the information and image are transmitted for
4 payment.

5 PART E

6 ARTICLE 5

7 LETTERS OF CREDIT

8 Sec. 26. Section 554.5104, Code 2024, is amended to read as
9 follows:

10 **554.5104 Formal requirements.**

11 A letter of credit, confirmation, advice, transfer,
12 amendment, or cancellation may be issued in any form that is
13 a signed record ~~and is authenticated by a signature or in~~
14 ~~accordance with the agreement of the parties or the standard~~
15 ~~practice referred to in [section 554.5108, subsection 5.](#)~~

16 Sec. 27. Section 554.5116, Code 2024, is amended to read as
17 follows:

18 **554.5116 Choice of law and forum.**

19 1. The liability of an issuer, nominated person, or
20 adviser for action or omission is governed by the law of the
21 jurisdiction chosen by an agreement in the form of a record
22 ~~signed or otherwise authenticated~~ by the affected parties in
23 ~~the manner provided in [section 554.5104](#) or by a provision~~
24 in the person's letter of credit, confirmation, or other
25 undertaking. The jurisdiction whose law is chosen need not
26 bear any relation to the transaction.

27 2. Unless [subsection 1](#) applies, the liability of an issuer,
28 nominated person, or adviser for action or omission is governed
29 by the law of the jurisdiction in which the person is located.
30 The person is considered to be located at the address indicated
31 in the person's undertaking. If more than one address is
32 indicated, the person is considered to be located at the
33 address from which the person's undertaking was issued. ~~For~~
34 ~~the purpose of jurisdiction, choice of law, and recognition~~
35 ~~of interbranch letters of credit, but not enforcement of a~~

1 ~~judgment, all branches of a bank are considered separate~~
2 ~~juridical entities and a bank is considered to be located at~~
3 ~~the place where its relevant branch is considered to be located~~
4 ~~under [this subsection](#).~~

5 3. For the purpose of jurisdiction, choice of law,
6 and recognition of interbranch letters of credit, but
7 not enforcement of a judgment, all branches of a bank are
8 considered separate juridical entities and a bank is considered
9 to be located at the place where its relevant branch is
10 considered to be located under subsection 4.

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

15 5. Except as otherwise provided in [this subsection](#), the
16 liability of an issuer, nominated person, or adviser is
17 governed by any rules of custom or practice, such as the
18 uniform customs and practice for documentary credits, to which
19 the letter of credit, confirmation, or other undertaking is
20 expressly made subject. If [this Article](#) would govern the
21 liability of an issuer, nominated person, or adviser under
22 subsection 1 or 2, the relevant undertaking incorporates
23 rules of custom or practice, and there is conflict between
24 this Article and those rules as applied to that undertaking,
25 those rules govern except to the extent of any conflict with
26 the nonvariable provisions specified in section 554.5103,
27 subsection 3.

28 ~~4.~~ 6. If there is conflict between [this Article](#) and Article
29 3, 4, 9, or 12, [this Article](#) governs.

30 ~~5.~~ 7. The forum for settling disputes arising out of an
31 undertaking within [this Article](#) may be chosen in the manner and
32 with the binding effect that governing law may be chosen in
33 accordance with [subsection 1](#).

34 PART F

35 ARTICLE 7

DOCUMENTS OF TITLE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Sec. 28. Section 554.7102, subsection l, paragraphs j and k, Code 2024, are amended by striking the paragraphs.

Sec. 29. Section 554.7106, Code 2024, is amended to read as follows:

554.7106 Control of electronic document of title.

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

2. A system satisfies subsection l, and a person ~~is deemed to have~~ has control of an electronic document of title, if the document is created, stored, and ~~assigned~~ transferred in such a manner that:

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

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

- (1) the person to which the document was issued; or
- (2) if the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

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

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

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

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

3. A system satisfies subsection l, and a person has

1 control of an electronic document of title, if an authoritative
2 electronic copy of the document, a record attached to or
3 logically associated with the electronic copy, or a system in
4 which the electronic copy is recorded:

5 a. enables the person readily to identify each electronic
6 copy as either an authoritative copy or a nonauthoritative
7 copy;

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

12 c. gives the person exclusive power, subject to subsection
13 4, to:

14 (1) prevent others from adding or changing the person to
15 which each authoritative electronic copy has been issued or
16 transferred; and

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

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

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

26 b. the power is shared with another person.

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

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

32 b. the other person:

33 (1) can exercise the power without exercise of the power by
34 the person; or

35 (2) is the transferor to the person of an interest in the

1 document of title.

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

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

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

10 b. obtains control of the document after having acknowledged
11 that it will obtain control of the document on behalf of the
12 person.

13 8. A person that has control under this section is not
14 required to acknowledge that it has control on behalf of
15 another person.

16 9. If a person acknowledges that it has or will obtain
17 control on behalf of another person, unless the person
18 otherwise agrees or law other than this Article or Article 9
19 otherwise provides, the person does not owe any duty to the
20 other person and is not required to confirm the acknowledgment
21 to any other person.

22 Sec. 30. DIRECTIONS TO CODE EDITOR — ARTICLE 7

23 RENAMED. The Code editor is directed to change the title of
24 chapter 554, Article 7, from "Warehouse Receipts, Bills of
25 Lading, and Other Documents of Title" to "Documents of Title".

26 PART G

27 ARTICLE 8

28 INVESTMENT SECURITIES

29 Sec. 31. Section 554.8102, subsection 1, paragraph f,
30 subparagraph (1), Code 2024, is amended to read as follows:

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

32 Sec. 32. Section 554.8102, subsection 2, Code 2024, is
33 amended to read as follows:

34 ~~2. Other~~ The following definitions applying to in this
35 Article and the sections in which they appear are other

1 Articles apply to this Article:

- 2 a. "Appropriate person"..... Section 554.8107
- 3 b. "Control"..... Section 554.8106
- 4 c. "Controllable account"..... Section 554.9102
- 5 d. "Controllable electronic record". Section 554.14102
- 6 e. "Controllable payment intangible". Section 554.9102
- 7 f. "Delivery"..... Section 554.8301
- 8 ~~d.~~ g. "Investment company security". Section 554.8103
- 9 ~~e.~~ h. "Issuer"..... Section 554.8201
- 10 ~~f.~~ i. "Overissue"..... Section 554.8210
- 11 ~~g.~~ j. "Protected purchaser"..... Section 554.8303
- 12 ~~h.~~ k. "Securities account"..... Section 554.8501

13 Sec. 33. Section 554.8103, Code 2024, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 8. A controllable account, controllable
16 electronic record, or controllable payment intangible is not
17 a financial asset unless section 554.8102, subsection 1,
18 paragraph "i", subparagraph (1), subparagraph division (c),
19 applies.

20 Sec. 34. Section 554.8106, subsection 4, paragraph c, Code
21 2024, is amended to read as follows:

22 ~~c. another person has control of the security entitlement on~~
23 ~~behalf of the purchaser or, having previously acquired control~~
24 ~~of the security entitlement, acknowledges that it has control~~
25 ~~on behalf of the purchaser, other than the transferor to the~~
26 purchaser of an interest in the security entitlement:

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

29 (2) obtains control of the security entitlement after
30 having acknowledged that it will obtain control of the security
31 entitlement on behalf of the purchaser.

32 Sec. 35. Section 554.8106, Code 2024, is amended by adding
33 the following new subsections:

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

1 behalf of a purchaser.

2 NEW SUBSECTION. 9. If a person acknowledges that it has or
3 will obtain control on behalf of a purchaser, 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 purchaser and is not required to confirm the acknowledgment to
7 any other person.

8 Sec. 36. Section 554.8110, Code 2024, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 7. The local law of the issuer's
11 jurisdiction or the securities intermediary's jurisdiction
12 governs a matter or transaction specified in subsection 1 or 2
13 even if the matter or transaction does not bear any relation to
14 the jurisdiction.

15 PART H

16 ARTICLE 9

17 SECURED TRANSACTIONS

18 Sec. 37. Section 554.9102, subsection 1, paragraphs b, c,
19 d, ab, ac, as, ax, bf, and br, Code 2024, are amended to read
20 as follows:

21 *b.* "Account", except as used in "account for", "account
22 statement", "account to", "commodity account" in paragraph "n",
23 "customer's account", "deposit account" in paragraph "ae", "on
24 account of", and paragraph "ae" "statement of account", means
25 a right to payment of a monetary obligation, whether or not
26 earned by performance, (i) for property that has been or is
27 to be sold, leased, licensed, assigned, or otherwise disposed
28 of; (ii) for services rendered or to be rendered; (iii) for
29 a policy of insurance issued or to be issued; (iv) for a
30 secondary obligation incurred or to be incurred; (v) for energy
31 provided or to be provided; (vi) for the use or hire of a vessel
32 under a charter or other contract; (vii) arising out of the use
33 of a credit or charge card or information contained on or for
34 use with the card; or (viii) as winnings in a lottery or other
35 game of chance operated or sponsored by a state, governmental

1 unit of a state, or person licensed or authorized to operate
2 the game by a state or governmental unit of a state. The
3 term includes controllable accounts and health care insurance
4 receivables. The term does not include (i) chattel paper, (ii)
5 commercial tort claims, (iii) deposit accounts, (iv) investment
6 property, (v) letter-of-credit rights or letters of credit,
7 (vi) rights to payment for money or funds advanced or sold,
8 other than rights arising out of the use of a credit or charge
9 card or information contained on or for use with the card, or
10 (vii) rights to payment evidenced by an instrument.

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

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

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

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

22 (3) identifying the components of the obligations in
23 reasonable detail.

24 *ab. "Controllable account"* means an account evidenced by a
25 controllable electronic record that provides that the account
26 debtor undertakes to pay the person that has control under
27 section 554.14105 ~~has control~~ of the controllable electronic
28 record.

29 *ac. "Controllable payment intangible"* means a payment
30 intangible evidenced by a controllable electronic record that
31 provides that the account debtor undertakes to pay the person
32 that has control under [section 554.14105](#) ~~has control~~ of the
33 controllable electronic record.

34 *as. "General intangible"* means any personal property,
35 including things in action, other than accounts, chattel paper,

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

6 *ax.* "Instrument" means a negotiable instrument or any
7 other writing that evidences a right to the payment of a
8 monetary obligation, is not itself a security agreement or
9 lease, and is of a type that in ordinary course of business
10 is transferred by delivery with any necessary indorsement or
11 assignment. The term does not include (i) investment property,
12 (ii) letters of credit, ~~or~~ (iii) writings that evidence a right
13 to payment arising out of the use of a credit or charge card
14 or information contained on or for use with the card, or (iv)
15 writings that evidence chattel paper.

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

20 *br.* "Proposal" means a record authenticated signed by a
21 secured party which includes the terms on which the secured
22 party is willing to accept collateral in full or partial
23 satisfaction of the obligation it secures pursuant to sections
24 554.9620, 554.9621, and 554.9622.

25 Sec. 38. Section 554.9102, subsection 1, Code 2024, is
26 amended by adding the following new paragraphs:

27 NEW PARAGRAPH. *og.* "Assignee", except as used in "assignee
28 for benefit of creditors", means a person (i) in whose favor
29 a security interest that secures an obligation is created or
30 provided for under a security agreement, whether or not the
31 obligation is outstanding or (ii) to which an account, chattel
32 paper, payment intangible, or promissory note has been sold.
33 The term includes a person to which a security interest has
34 been transferred by a secured party.

35 NEW PARAGRAPH. *og.* "Assignor" means a person that (i)

1 under a security agreement creates or provides for a security
2 interest that secures an obligation or (ii) sells an account,
3 chattel paper, payment intangible, or promissory note. The
4 term includes a secured party that has transferred a security
5 interest to another person.

6 Sec. 39. Section 554.9102, subsection 1, paragraphs g, ag,
7 ca, and ce, Code 2024, are amended by striking the paragraphs.

8 Sec. 40. Section 554.9102, subsection 1, paragraph k, Code
9 2024, is amended by striking the paragraph and inserting in
10 lieu thereof the following:

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

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

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

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

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

24 (2) "*Chattel paper*" does not include a right to payment
25 arising out of a charter or other contract involving the use or
26 hire of a vessel or a right to payment arising out of the use of
27 a credit or charge card or information contained on or for use
28 with the card.

29 Sec. 41. Section 554.9102, subsection 2, Code 2024, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. *Oae.* "*Protected purchaser*" ... Section
32 554.8303.

33 Sec. 42. Section 554.9104, subsection 1, Code 2024, is
34 amended to read as follows:

35 1. *Requirements for control.* A secured party has control

1 of a deposit account if:

2 a. the secured party is the bank with which the deposit
3 account is maintained;

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

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

11 d. another person, other than the debtor:

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

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

17 Sec. 43. Section 554.9105, Code 2024, is amended by striking
18 the section and inserting in lieu thereof the following:

19 **554.9105 Control of electronic copy of record evidencing**
20 **chattel paper.**

21 1. *General rule: control of electronic copy of record*
22 *evidencing chattel paper.* A purchaser has control of an
23 authoritative electronic copy of a record evidencing chattel
24 paper if a system employed for evidencing the assignment
25 of interests in the chattel paper reliably establishes the
26 purchaser as the person to which the authoritative electronic
27 copy was assigned.

28 2. *Single authoritative copy.* A system satisfies subsection
29 1 if the record or records evidencing the chattel paper are
30 created, stored, and assigned in a manner that:

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

34 b. the authoritative copy identifies the purchaser as the
35 assignee of the record or records;

1 *c.* the authoritative copy is communicated to and maintained
2 by the purchaser or its designated custodian;

3 *d.* copies or amendments that add or change an identified
4 assignee of the authoritative copy can be made only with the
5 consent of the purchaser;

6 *e.* each copy of the authoritative copy and any copy of
7 a copy is readily identifiable as a copy that is not the
8 authoritative copy; and

9 *f.* any amendment of the authoritative copy is readily
10 identifiable as authorized or unauthorized.

11 3. *One or more authoritative copies.* A system satisfies
12 subsection 1, and a purchaser has control of an authoritative
13 electronic copy of a record evidencing chattel paper, if the
14 electronic copy, a record attached to or logically associated
15 with the electronic copy, or a system in which the electronic
16 copy is recorded:

17 *a.* enables the purchaser readily to identify each electronic
18 copy as either an authoritative copy or a nonauthoritative
19 copy;

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

24 *c.* gives the purchaser exclusive power, subject to
25 subsection 4, to:

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

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

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

32 *a.* the authoritative electronic copy, a record attached
33 to or logically associated with the authoritative electronic
34 copy, or a system in which the authoritative electronic copy is
35 recorded limits the use of the authoritative electronic copy

1 or has a protocol programmed to cause a change, including a
2 transfer or loss of control; or

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

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

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

9 *b.* the other person:

10 (1) can exercise the power without exercise of the power by
11 the purchaser; or

12 (2) is the transferor to the purchaser of an interest in the
13 chattel paper.

14 6. *Presumption of exclusivity of certain powers.* If a
15 purchaser has the powers specified in subsection 3, paragraph
16 "c", subparagraphs (1) and (2), the powers are presumed to be
17 exclusive.

18 7. *Obtaining control through another person.* A purchaser
19 has control of an authoritative electronic copy of a record
20 evidencing chattel paper if another person, other than the
21 transferor to the purchaser of an interest in the chattel
22 paper:

23 *a.* has control of the authoritative electronic copy and
24 acknowledges that it has control on behalf of the purchaser; or

25 *b.* obtains control of the authoritative electronic copy
26 after having acknowledged that it will obtain control of the
27 electronic copy on behalf of the purchaser.

28 Sec. 44. Section 554.9105A, Code 2024, is amended to read
29 as follows:

30 **554.9105A Control of electronic money.**

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

33 *a.* the electronic money, a record attached to or logically
34 associated with the electronic money, or a system in which the
35 electronic money is recorded gives the person:

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

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

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

6 (b) transfer control of the electronic money to another
7 person or cause another person to obtain control of other
8 electronic money as a result of the transfer of the electronic
9 money; and

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

16 2. *Meaning of exclusive.* Subject to subsection 3, a power
17 is exclusive under subsection 1, paragraph "a", subparagraph
18 (2), subparagraph divisions (a) and (b) even 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 limits the use of the electronic
22 money or has a protocol programmed to cause a change, including
23 a transfer or loss of control; or

24 b. the power is shared with another person.

25 3. *When power not shared with another person.* A power of a
26 person is not shared with another person under subsection 2,
27 paragraph "b" and the person's power is not exclusive if:

28 a. the person can exercise the power only if the power also
29 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 person; or

33 (2) is the transferor to the person of an interest in the
34 electronic money.

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

1 person has the powers specified in subsection 1, paragraph "a",
2 subparagraph (2), subparagraph divisions (a) and (b) the powers
3 are presumed to be exclusive.

4 ~~2.~~ 5. Control through another person. A person has
5 control of electronic money if another person, other than the
6 transferor of an interest in the electronic money:

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

9 b. obtains control of the electronic money after having
10 acknowledged that it will obtain control of the electronic
11 money on behalf of the person.

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

14 ~~a. the electronic money or a system in which the electronic~~
15 ~~money is recorded limits the use of the electronic money or has~~
16 ~~a protocol programmed to transfer control; or~~

17 ~~b. the person has agreed to share the power with another~~
18 ~~person.~~

19 Sec. 45. NEW SECTION. 554.9107B No requirement to
20 acknowledge or confirm; no duties.

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

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

30 Sec. 46. Section 554.9203, subsection 2, Code 2024, is
31 amended to read as follows:

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

1 a. value has been given;

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

4 c. one of the following conditions is met:

5 (1) the debtor has ~~authenticated~~ signed a security
6 agreement that provides a description of the collateral and, if
7 the security interest covers timber to be cut, a description
8 of the land concerned;

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

12 (3) the collateral is a certificated security in registered
13 form and the security certificate has been delivered to the
14 secured party under [section 554.8301](#) pursuant to the debtor's
15 security agreement; ~~or~~

16 (4) the collateral is controllable accounts, controllable
17 electronic records, controllable payment intangibles, deposit
18 accounts, ~~electronic chattel paper~~, electronic documents,
19 electronic money, investment property, or letter-of-credit
20 rights, and the secured party has control under section
21 554.7106, [554.9104](#), ~~554.9105~~, [554.9105A](#), [554.9106](#), [554.9107](#), or
22 [554.9107A](#) pursuant to the debtor's security agreement; or

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

26 Sec. 47. Section 554.9203, subsection 10, Code 2024, is
27 amended by striking the subsection.

28 Sec. 48. Section 554.9204, subsection 2, Code 2024, is
29 amended to read as follows:

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

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

1 *b.* a commercial tort claim.

2 Sec. 49. Section 554.9204, Code 2024, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 4. *Limitation on subsection 2.* Subsection
5 2 does not prevent a security interest from attaching:

6 *a.* to consumer goods as proceeds under section 554.9315,
7 subsection 1, or commingled goods under section 554.9336,
8 subsection 3;

9 *b.* to a commercial tort claim as proceeds under section
10 554.9315, subsection 1; or

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

13 Sec. 50. Section 554.9208, subsection 2, Code 2024, is
14 amended to read as follows:

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

18 *a.* a secured party having control of a deposit account
19 under [section 554.9104, subsection 1](#), paragraph “*b*”, shall
20 send to the bank with which the deposit account is maintained
21 ~~an authenticated statement~~ a signed record that releases the
22 bank from any further obligation to comply with instructions
23 originated by the secured party;

24 *b.* a secured party having control of a deposit account under
25 section 554.9104, subsection 1, paragraph “*c*”, shall:

26 (1) pay the debtor the balance on deposit in the deposit
27 account; or

28 (2) transfer the balance on deposit into a deposit account
29 in the debtor’s name;

30 *c.* a secured party, other than a buyer, having control of
31 ~~electronic chattel paper~~ under [section 554.9105](#) shall: of an
32 authoritative electronic copy of a record evidencing chattel
33 paper shall transfer control of the electronic copy to the
34 debtor or a person designated by the debtor;

35 ~~(1) communicate the authoritative copy of the electronic~~

1 ~~chattel paper to the debtor or its designated custodian;~~

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

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

15 *d.* a secured party having control of investment property
16 under [section 554.8106, subsection 4](#), paragraph "b", or
17 [section 554.9106, subsection 2](#), shall send to the securities
18 intermediary or commodity intermediary with which the
19 security entitlement or commodity contract is maintained an
20 authenticated a signed record that releases the securities
21 intermediary or commodity intermediary from any further
22 obligation to comply with entitlement orders or directions
23 originated by the secured party;

24 *e.* a secured party having control of a letter-of-credit
25 right under [section 554.9107](#) shall send to each person having
26 an unfulfilled obligation to pay or deliver proceeds of the
27 letter of credit to the secured party ~~an authenticated~~ a signed
28 release from any further obligation to pay or deliver proceeds
29 of the letter of credit to the secured party;

30 *f.* a secured party having control under section 554.7106
31 of an authoritative electronic copy of an electronic document
32 shall; transfer control of the electronic copy to the debtor or
33 a person designated by the debtor;

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

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

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

14 g. a secured party having control under [section 554.9105A](#) of
15 electronic money shall transfer control of the electronic money
16 to the debtor or a person designated by the debtor; and

17 h. a secured party having control under [section 554.14105](#)
18 of a controllable electronic record, other than a buyer of
19 a controllable account or controllable payment intangible
20 evidenced by the controllable electronic record, shall transfer
21 control of the controllable electronic record to the debtor or
22 a person designated by the debtor.

23 Sec. 51. Section 554.9209, subsection 2, Code 2024, is
24 amended to read as follows:

25 2. *Duties of secured party after receiving demand from*
26 *debtor.* Within ten days after receiving an authenticated a
27 signed demand by the debtor, a secured party shall send to an
28 account debtor that has received notification under section
29 554.9406, subsection 1, or section 554.14106, subsection 2, of
30 an assignment to the secured party as assignee under section
31 554.9406, subsection 1, an authenticated a signed record that
32 releases the account debtor from any further obligation to the
33 secured party.

34 Sec. 52. Section 554.9210, subsections 1, 2, 3, 4, and 5,
35 Code 2024, are amended to read as follows:

1 1. *Definitions.* In **this section**:

2 a. "Request" means a record of a type described in paragraph
3 "b", "c", or "d".

4 b. "Request for an accounting" means a record ~~authenticated~~
5 signed by a debtor requesting that the recipient provide an
6 accounting of the unpaid obligations secured by collateral and
7 reasonably identifying the transaction or relationship that is
8 the subject of the request.

9 c. "Request regarding a list of collateral" means a record
10 ~~authenticated~~ signed by a debtor requesting that the recipient
11 approve or correct a list of what the debtor believes to be the
12 collateral securing an obligation and reasonably identifying
13 the transaction or relationship that is the subject of the
14 request.

15 d. "Request regarding a statement of account" means a record
16 ~~authenticated~~ signed by a debtor requesting that the recipient
17 approve or correct a statement indicating what the debtor
18 believes to be the aggregate amount of unpaid obligations
19 secured by collateral as of a specified date and reasonably
20 identifying the transaction or relationship that is the subject
21 of the request.

22 2. *Duty to respond to requests.* Subject to subsections 3,
23 4, 5, and 6, a secured party, other than a buyer of accounts,
24 chattel paper, payment intangibles, or promissory notes or a
25 consignor, shall comply with a request within fourteen days
26 after receipt:

27 a. in the case of a request for an accounting, by
28 ~~authenticating~~ signing and sending to the debtor an accounting;
29 and

30 b. in the case of a request regarding a list of
31 collateral or a request regarding a statement of account, by
32 ~~authenticating~~ signing and sending to the debtor an approval
33 or correction.

34 3. *Request regarding list of collateral — statement*
35 *concerning type of collateral.* A secured party that claims a

1 security interest in all of a particular type of collateral
2 owned by the debtor may comply with a request regarding a
3 list of collateral by sending to the debtor ~~an authenticated~~
4 a signed record including a statement to that effect within
5 fourteen days after receipt.

6 4. *Request regarding list of collateral — no interest*
7 *claimed.* A person that receives a request regarding a list
8 of collateral, claims no interest in the collateral when
9 it receives the request, and claimed an interest in the
10 collateral at an earlier time shall comply with the request
11 within fourteen days after receipt by sending to the debtor ~~an~~
12 ~~authenticated~~ a signed record:

- 13 a. disclaiming any interest in the collateral; and
14 b. if known to the recipient, providing the name and mailing
15 address of any assignee of or successor to the recipient's
16 interest in the collateral.

17 5. *Request for accounting or regarding statement of account*
18 *— no interest in obligation claimed.* A person that receives a
19 request for an accounting or a request regarding a statement of
20 account, claims no interest in the obligations when it receives
21 the request, and claimed an interest in the obligations at an
22 earlier time shall comply with the request within fourteen
23 days after receipt by sending to the debtor ~~an authenticated~~ a
24 signed record:

- 25 a. disclaiming any interest in the obligations; and
26 b. if known to the recipient, providing the name and mailing
27 address of any assignee of or successor to the recipient's
28 interest in the obligations.

29 Sec. 53. Section 554.9301, unnumbered paragraph 1, Code
30 2024, is amended to read as follows:

31 Except as otherwise provided in [sections 554.9303, 554.9304,](#)
32 [554.9305, and 554.9306](#) through 554.9306B, the following
33 rules determine the law governing perfection, the effect of
34 perfection or nonperfection, and the priority of a security
35 interest in collateral:

1 Sec. 54. Section 554.9301, subsection 3, unnumbered
2 paragraph 1, Code 2024, is amended to read as follows:

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

7 Sec. 55. Section 554.9304, subsection 1, Code 2024, is
8 amended to read as follows:

9 1. *Law of bank's jurisdiction governs.* The local law
10 of a bank's jurisdiction governs perfection, the effect of
11 perfection or nonperfection, and the priority of a security
12 interest in a deposit account maintained with that bank even
13 if the transaction does not bear any relation to the bank's
14 jurisdiction.

15 Sec. 56. Section 554.9305, subsection 1, Code 2024, is
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *e.* Paragraphs "b", "c", and "d" apply
18 even if the transaction does not bear any relation to the
19 jurisdiction.

20 Sec. 57. Section 554.9306A, Code 2024, is amended by
21 striking the section and inserting in lieu thereof the
22 following:

23 **554.9306A Law governing perfection and priority of security**
24 **interests in chattel paper.**

25 1. *Chattel paper evidenced by authoritative electronic*
26 *copy.* Except as provided in subsection 4, if chattel paper
27 is evidenced only by an authoritative electronic copy of the
28 chattel paper or is evidenced by an authoritative electronic
29 copy and an authoritative tangible copy, the local law of the
30 chattel paper's jurisdiction governs perfection, the effect of
31 perfection or nonperfection, and the priority of a security
32 interest in the chattel paper, even if the transaction does not
33 bear any relation to the chattel paper's jurisdiction.

34 2. *Chattel paper's jurisdiction.* The following rules
35 determine the chattel paper's jurisdiction under this section:

1 *a.* If the authoritative electronic copy of the record
2 evidencing chattel paper, or a record attached to or logically
3 associated with the electronic copy and readily available for
4 review, expressly provides that a particular jurisdiction is
5 the chattel paper's jurisdiction for purposes of this section,
6 this part, this Article, or this chapter, that jurisdiction is
7 the chattel paper's jurisdiction.

8 *b.* If paragraph "a" does not apply and the rules of the
9 system in which the authoritative electronic copy is recorded
10 are readily available for review and expressly provide that a
11 particular jurisdiction is the chattel paper's jurisdiction
12 for purposes of this section, this part, this Article, or this
13 chapter that jurisdiction is the chattel paper's jurisdiction.

14 *c.* If paragraphs "a" and "b" do not apply and the
15 authoritative electronic copy, or a record attached to or
16 logically associated with the electronic copy and readily
17 available for review, expressly provides that the chattel paper
18 is governed by the law of a particular jurisdiction, that
19 jurisdiction is the chattel paper's jurisdiction.

20 *d.* If paragraphs "a", "b", and "c" do not apply and the
21 rules of the system in which the authoritative electronic copy
22 is recorded are readily available for review and expressly
23 provide that the chattel paper or the system is governed by
24 the law of a particular jurisdiction, that jurisdiction is the
25 chattel paper's jurisdiction.

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

29 3. *Chattel paper evidenced by authoritative tangible*
30 *copy.* If an authoritative tangible copy of a record evidences
31 chattel paper and the chattel paper is not evidenced by an
32 authoritative electronic copy, while the authoritative tangible
33 copy of the record evidencing chattel paper is located in a
34 jurisdiction, the local law of that jurisdiction governs:

35 *a.* perfection of a security interest in the chattel paper by

1 possession under section 554.9314A; and

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

4 4. *When perfection governed by law of jurisdiction where*
5 *debtor located.* The local law of the jurisdiction in which the
6 debtor is located governs perfection of a security interest in
7 chattel paper by filing.

8 Sec. 58. NEW SECTION. 554.9306B Law governing perfection
9 and priority of security interests in controllable accounts,
10 controllable electronic records, and controllable payment
11 intangibles.

12 1. *Governing law: general rules.* Except as provided in
13 subsection 2, the local law of the controllable electronic
14 record's jurisdiction specified in section 554.14107,
15 subsections 3 and 4 governs perfection, the effect of
16 perfection or nonperfection, and the priority of a security
17 interest in a controllable electronic record and a security
18 interest in a controllable account or controllable payment
19 intangible evidenced by the controllable electronic record.

20 2. *When perfection governed by law of jurisdiction where*
21 *debtor located.* The local law of the jurisdiction in which the
22 debtor is located governs:

23 *a.* perfection of a security interest in a controllable
24 account, controllable electronic record, or controllable
25 payment intangible by filing; and

26 *b.* automatic perfection of a security interest in a
27 controllable payment intangible created by a sale of the
28 controllable payment intangible.

29 Sec. 59. Section 554.9308, subsection 8, Code 2024, is
30 amended by striking the subsection.

31 Sec. 60. Section 554.9310, subsection 2, paragraph h, Code
32 2024, is amended to read as follows:

33 *h.* in controllable accounts, controllable electronic
34 records, controllable payment intangibles, deposit accounts,
35 ~~electronic chattel paper,~~ electronic documents, investment

1 property, or letter-of-credit rights which ~~is~~ are perfected by
2 control under [section 554.9314](#);

3 Sec. 61. Section 554.9310, subsection 2, Code 2024, is
4 amended by adding the following new paragraph:

5 NEW PARAGRAPH. *Oi.* in chattel paper which is perfected by
6 possession and control under section 554.9314A;

7 Sec. 62. Section 554.9312, Code 2024, is amended to read as
8 follows:

9 **554.9312 Perfection of security interests in chattel**
10 **paper, controllable accounts, controllable electronic records,**
11 **controllable payment intangibles, ~~chattel paper~~, deposit**
12 **accounts, negotiable documents, goods covered by documents,**
13 **instruments, investment property, letter-of-credit rights, and**
14 **money — perfection by permissive filing — temporary perfection**
15 **without filing or transfer of possession.**

16 1. *Perfection by filing permitted.* A security interest in
17 chattel paper, controllable accounts, controllable electronic
18 records, controllable payment intangibles, ~~chattel paper~~,
19 ~~negotiable documents~~, instruments, ~~or~~ investment property, or
20 negotiable documents may be perfected by filing.

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

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

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

29 c. a security interest in tangible money may be perfected
30 only by the secured party's taking possession under section
31 554.9313; and

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

34 3. *Goods covered by negotiable document.* While goods are
35 in the possession of a bailee that has issued a negotiable

1 document covering the goods:

2 *a.* a security interest in the goods may be perfected by
3 perfecting a security interest in the document; and

4 *b.* a security interest perfected in the document has
5 priority over any security interest that becomes perfected in
6 the goods by another method during that time.

7 4. *Goods covered by nonnegotiable document.* While goods are
8 in the possession of a bailee that has issued a nonnegotiable
9 document covering the goods, a security interest in the goods
10 may be perfected by:

11 *a.* issuance of a document in the name of the secured party;

12 *b.* the bailee's receipt of notification of the secured
13 party's interest; or

14 *c.* filing as to the goods.

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

21 6. *Temporary perfection — goods or documents made available*
22 *to debtor.* A perfected security interest in a negotiable
23 document or goods in possession of a bailee, other than one
24 that has issued a negotiable document for the goods, remains
25 perfected for twenty days without filing if the secured
26 party makes available to the debtor the goods or documents
27 representing the goods for the purpose of:

28 *a.* ultimate sale or exchange; or

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

32 7. *Temporary perfection — delivery of security certificate*
33 *or instrument to debtor.* A perfected security interest in
34 a certificated security or instrument remains perfected for
35 twenty days without filing if the secured party delivers the

1 security certificate or instrument to the debtor for the
2 purpose of:

3 *a.* ultimate sale or exchange; or

4 *b.* presentation, collection, enforcement, renewal, or
5 registration of transfer.

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

9 Sec. 63. Section 554.9313, subsections 1, 3, and 4, Code
10 2024, are amended to read as follows:

11 1. *Perfection by possession or delivery.* Except as otherwise
12 provided in [subsection 2](#), a secured party may perfect a
13 security interest in ~~tangible negotiable documents~~, goods,
14 instruments, negotiable tangible documents, or tangible
15 money, ~~or tangible chattel paper~~ by taking possession of the
16 collateral. A secured party may perfect a security interest in
17 certificated securities by taking delivery of the certificated
18 securities under [section 554.8301](#).

19 3. *Collateral in possession of person other than*
20 *debtor.* With respect to collateral other than certificated
21 securities and goods covered by a document, a secured party
22 takes possession of collateral in the possession of a person
23 other than the debtor, the secured party, or a lessee of
24 the collateral from the debtor in the ordinary course of the
25 debtor's business, when:

26 *a.* the person in possession ~~authenticates~~ signs a record
27 acknowledging that it holds possession of the collateral for
28 the secured party's benefit; or

29 *b.* the person takes possession of the collateral after
30 having ~~authenticated~~ signed a record acknowledging that it
31 will hold possession of the collateral for the secured party's
32 benefit.

33 4. *Time of perfection by possession — continuation of*
34 *perfection.* If perfection of a security interest depends upon
35 possession of the collateral by a secured party, perfection

1 occurs ~~ne~~ not earlier than the time the secured party takes
2 possession and continues only while the secured party retains
3 possession.

4 Sec. 64. Section 554.9314, subsections 1, 2, and 3, Code
5 2024, are amended to read as follows:

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

14 2. *Specified collateral — time of perfection by control —*
15 *continuation of perfection.* A security interest in controllable
16 accounts, controllable electronic records, controllable payment
17 intangibles, deposit accounts, ~~electronic chattel paper~~,
18 electronic documents, electronic money, or letter-of-credit
19 rights is perfected by control under [section 554.7106](#),
20 554.9104, ~~554.9105~~, ~~554.9105A~~, ~~554.9107~~, or ~~554.9107A~~ ~~when~~
21 not earlier than the time the secured party obtains control
22 and remains perfected by control only while the secured party
23 retains control.

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

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

30 b. one of the following occurs:

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

33 (2) if the collateral is an uncertificated security, the
34 issuer has registered or registers the debtor as the registered
35 owner; or

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

3 Sec. 65. NEW SECTION. 554.9314A Perfection by possession
4 and control of chattel paper.

5 1. *Perfection by possession and control.* A secured party
6 may perfect a security interest in chattel paper by taking
7 possession of each authoritative tangible copy of the record
8 evidencing the chattel paper and obtaining control of each
9 authoritative electronic copy of the electronic record
10 evidencing the chattel paper.

11 2. *Time of perfection; continuation of perfection.* A
12 security interest is perfected under subsection 1 not earlier
13 than the time the secured party takes possession and obtains
14 control and remains perfected under subsection 1 only while the
15 secured party retains possession and control.

16 3. *Application of section 554.9313 to perfection by*
17 *possession of chattel paper.* Section 554.9313, subsections
18 3 and 6 through 9, apply to perfection by possession of an
19 authoritative tangible copy of a record evidencing chattel
20 paper.

21 Sec. 66. Section 554.9316, subsections 1 and 6, Code 2024,
22 are amended to read as follows:

23 1. *General rule — effect on perfection of change in*
24 *governing law.* A security interest perfected pursuant to
25 the law of the jurisdiction designated in section 554.9301,
26 subsection 1, ~~or section 554.9305, subsection 3, section~~
27 554.9306A, subsection 4, or section 554.9306B, subsection 2,
28 remains perfected until the earliest of:

29 a. the time perfection would have ceased under the law of
30 that jurisdiction;

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

33 c. the expiration of one year after a transfer of collateral
34 to a person that thereby becomes a debtor and is located in
35 another jurisdiction.

1 6. *Change in jurisdiction of chattel paper, controllable*
2 *electronic record, bank, issuer, nominated person, securities*
3 *intermediary, or commodity intermediary.* A security interest in
4 chattel paper, controllable accounts, controllable electronic
5 records, controllable payment intangibles, deposit accounts,
6 letter-of-credit rights, or investment property which is
7 perfected under the law of the chattel paper's jurisdiction,
8 the controllable electronic record's jurisdiction, the bank's
9 jurisdiction, the issuer's jurisdiction, a nominated person's
10 jurisdiction, the securities intermediary's jurisdiction, or
11 the commodity intermediary's jurisdiction, as applicable,
12 remains perfected until the earlier of:

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

15 b. the expiration of four months after a change of the
16 applicable jurisdiction to another jurisdiction.

17 Sec. 67. Section 554.9317, subsections 2 and 4, Code 2024,
18 are amended to read as follows:

19 2. *Buyers that receive delivery.* Except as otherwise
20 provided in [subsection 5](#), a buyer, other than a secured
21 party, of ~~tangible chattel paper, tangible documents,~~ goods,
22 instruments, tangible documents, or a ~~certificated~~ security
23 certificate takes free of a security interest or agricultural
24 lien if the buyer gives value and receives delivery of the
25 collateral without knowledge of the security interest or
26 agricultural lien and before it is perfected.

27 4. *Licensees and buyers of certain collateral.* A Subject to
28 subsections 6 through 9, a licensee of a general intangible or
29 a buyer, other than a secured party, of collateral other than
30 ~~tangible chattel paper, tangible documents,~~ electronic money,
31 goods, instruments, tangible documents, or a certificated
32 security takes free of a security interest if the licensee or
33 buyer gives value without knowledge of the security interest
34 and before it is perfected.

35 Sec. 68. Section 554.9317, Code 2024, is amended by adding

1 the following new subsections:

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

6 a. receives delivery of each authoritative tangible copy of
7 the record evidencing the chattel paper; and

8 b. if each authoritative electronic copy of the record
9 evidencing the chattel paper can be subjected to control
10 under section 554.9105, obtains control of each authoritative
11 electronic copy.

12 NEW SUBSECTION. 7. *Buyers of electronic documents.* A buyer
13 of an electronic document takes free of a security interest
14 if, without knowledge of the security interest and before it
15 is perfected, the buyer gives value and, if each authoritative
16 electronic copy of the document can be subjected to control
17 under section 554.7106, obtains control of each authoritative
18 electronic copy.

19 NEW SUBSECTION. 8. *Buyers of controllable electronic*
20 *records.* A buyer of a controllable electronic record takes free
21 of a security interest if, without knowledge of the security
22 interest and before it is perfected, the buyer gives value and
23 obtains control of the controllable electronic record.

24 NEW SUBSECTION. 9. *Buyers of controllable accounts and*
25 *controllable payment intangibles.* A buyer, other than a secured
26 party, of a controllable account or a controllable payment
27 intangible takes free of a security interest if, without
28 knowledge of the security interest and before it is perfected,
29 the buyer gives value and obtains control of the controllable
30 account or controllable payment intangible.

31 Sec. 69. Section 554.9323, subsections 4 and 6, Code 2024,
32 are amended to read as follows:

33 4. *Buyer of goods.* Except as otherwise provided in
34 subsection 5, a buyer of goods ~~other than a buyer in ordinary~~
35 ~~course of business~~ takes free of a security interest to the

1 extent that it secures advances made after the earlier of:

2 a. the time the secured party acquires knowledge of the
3 buyer's purchase; or

4 b. forty-five days after the purchase.

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

10 a. the time the secured party acquires knowledge of the
11 lease; or

12 b. forty-five days after the lease contract becomes
13 enforceable.

14 Sec. 70. Section 554.9324, subsection 2, paragraph b, Code
15 2024, is amended to read as follows:

16 b. the purchase-money secured party sends an authenticated
17 signed notification to the holder of the conflicting security
18 interest;

19 Sec. 71. Section 554.9324, subsection 4, paragraph b, Code
20 2024, is amended to read as follows:

21 b. the purchase-money secured party sends ~~an authenticated~~
22 a signed notification to the holder of the conflicting security
23 interest;

24 Sec. 72. Section 554.9330, subsections 1, 2, and 6, Code
25 2024, are amended to read as follows:

26 1. *Purchaser's priority — security interest claimed merely*
27 *as proceeds.* A purchaser of chattel paper has priority over a
28 security interest in the chattel paper which is claimed merely
29 as proceeds of inventory subject to a security interest if:

30 a. in good faith and in the ordinary course of the
31 purchaser's business, the purchaser gives new value, and takes
32 possession of each authoritative tangible copy of the record
33 evidencing the chattel paper or, and obtains control of under
34 section 554.9105 of each authoritative electronic copy of the
35 record evidencing the chattel paper under ~~section 554.9105;~~ and

1 ~~b. the chattel paper does~~ authoritative copies of the
2 record evidencing the chattel paper do not indicate that ~~it~~ the
3 chattel paper has been assigned to an identified assignee other
4 than the purchaser.

5 2. *Purchaser's priority — other security interests.* A
6 purchaser of chattel paper has priority over a security
7 interest in the chattel paper which is claimed other than
8 merely as proceeds of inventory subject to a security interest
9 if the purchaser gives new value, and takes possession of
10 each authoritative tangible copy of the record evidencing the
11 chattel paper or, and obtains control of under section 554.9105
12 of each authoritative electronic copy of the record evidencing
13 the chattel paper ~~under section 554.9105~~ in good faith, in
14 the ordinary course of the purchaser's business, and without
15 knowledge that the purchase violates the rights of the secured
16 party.

17 6. *Indication of assignment gives knowledge.* For purposes of
18 subsections 2 and 4, if the authoritative copies of the record
19 evidencing chattel paper or an instrument ~~indicates~~ indicate
20 that ~~it~~ the chattel paper or instrument has been assigned to an
21 identified secured party other than the purchaser, a purchaser
22 of the chattel paper or instrument has knowledge that the
23 purchase violates the rights of the secured party.

24 Sec. 73. Section 554.9331, Code 2024, is amended to read as
25 follows:

26 554.9331 Priority of rights of purchasers of controllable
27 accounts, controllable electronic records, controllable payment
28 intangibles, documents, instruments, and securities under
29 other Articles — priority of interests in financial assets
30 and security entitlements and ~~protections~~ protection against
31 ~~assertions~~ assertion of claims under Articles 8 and 14.

32 1. *Rights under Articles 3, 7, 8, and 14 not limited.* This
33 Article does not limit the rights of a holder in due course of a
34 negotiable instrument, a holder to which a negotiable document
35 of title has been duly negotiated, a protected purchaser of a

1 security, or a qualifying purchaser of a controllable account,
2 controllable electronic record, or controllable payment
3 intangible. These holders or purchasers take priority over an
4 earlier security interest, even if perfected, to the extent
5 provided in [Articles 3, 7, 8, and 14](#).

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

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

13 Sec. 74. Section 554.9332, Code 2024, is amended to read as
14 follows:

15 **554.9332 Transfer of money — transfer of funds from deposit**
16 **account.**

17 1. *Transferee of tangible money.* A transferee of tangible
18 money takes the money free of a security interest ~~in the money~~
19 if the transferee ~~when receiving delivery~~ receives possession
20 of the money ~~does not act without acting~~ in collusion with the
21 debtor in violating the rights of the secured party.

22 ~~2. *Transferee of electronic money.* A transferee of~~
23 ~~electronic money takes the money free of a security interest~~
24 ~~in the money if the transferee when obtaining control of the~~
25 ~~money does not act in collusion with the debtor in violating~~
26 ~~the rights of the secured party.~~

27 ~~3.~~ 2. *Transferee of funds from deposit account.* A
28 transferee of funds from a deposit account takes the funds free
29 of a security interest in the deposit account if the transferee
30 ~~when receiving~~ receives the funds ~~does not act without acting~~
31 in collusion with the debtor in violating the rights of the
32 secured party.

33 3. *Transferee of electronic money.* A transferee of
34 electronic money takes the money free of a security interest
35 if the transferee obtains control of the money without acting

1 in collusion with the debtor in violating the rights of the
2 secured party.

3 Sec. 75. Section 554.9334, subsection 6, paragraph a, Code
4 2024, is amended to read as follows:

5 a. the encumbrancer or owner has, in an ~~authenticated~~ a
6 signed record, consented to the security interest or disclaimed
7 an interest in the goods as fixtures; or

8 Sec. 76. Section 554.9341, unnumbered paragraph 1, Code
9 2024, is amended to read as follows:

10 Except as otherwise provided in section 554.9340, subsection
11 3, and unless the bank otherwise agrees in an ~~authenticated~~ a
12 signed record, a bank's rights and duties with respect to a
13 deposit account maintained with the bank are not terminated,
14 suspended, or modified by:

15 Sec. 77. Section 554.9404, subsection 1, paragraph b, Code
16 2024, is amended to read as follows:

17 b. any other defense or claim of the account debtor against
18 the assignor which accrues before the account debtor receives
19 a notification of the assignment ~~authenticated~~ signed by the
20 assignor or the assignee.

21 Sec. 78. Section 554.9406, subsections 1, 4, 6, 7, and 11,
22 Code 2024, are amended to read as follows:

23 1. *Discharge of account debtor — effect of*
24 *notification.* Subject to subsections 2 through 9 and
25 11, an account debtor on an account, chattel paper, or a
26 payment intangible may discharge its obligation by paying the
27 assignor until, but not after, the account debtor receives
28 a notification, ~~authenticated~~ signed by the assignor or
29 the assignee, that the amount due or to become due has been
30 assigned and that payment is to be made to the assignee. After
31 receipt of the notification, the account debtor may discharge
32 its obligation by paying the assignee and may not discharge the
33 obligation by paying the assignor.

34 4. *Term restricting assignment generally ineffective.* In
35 this subsection, "promissory note" includes a negotiable

1 instrument that evidences chattel paper. Except as otherwise
2 provided in subsection 5 and 10A and sections
3 554.9407 and 554.13303, and subject to subsection 8, a term in
4 an agreement between an account debtor and an assignor or in a
5 promissory note is ineffective to the extent that it:

6 *a.* prohibits, restricts, or requires the consent of the
7 account debtor or person obligated on the promissory note to
8 the assignment or transfer of, or the creation, attachment,
9 perfection, or enforcement of a security interest in, the
10 account, chattel paper, payment intangible, or promissory note;
11 or

12 *b.* provides that the assignment or transfer or the creation,
13 attachment, perfection, or enforcement of the security interest
14 may give rise to a default, breach, right of recoupment, claim,
15 defense, termination, right of termination, or remedy under the
16 account, chattel paper, payment intangible, or promissory note.

17 6. Legal restrictions on assignment generally ineffective.
18 Except as otherwise provided in subsection 10A and sections
19 554.9407 and 554.13303 and subject to subsections 8 and 9, a
20 rule of law, statute, or regulation that prohibits, restricts,
21 or requires the consent of a government, governmental body or
22 official, or account debtor to the assignment or transfer of,
23 or creation of a security interest in, an account or chattel
24 paper is ineffective to the extent that the rule of law,
25 statute, or regulation:

26 *a.* prohibits, restricts, or requires the consent of the
27 government, governmental body or official, or account debtor
28 to the assignment or transfer of, or the creation, attachment,
29 perfection, or enforcement of a security interest in the
30 account or chattel paper; or

31 *b.* provides that the assignment or transfer or the creation,
32 attachment, perfection, or enforcement of the security interest
33 may give rise to a default, breach, right of recoupment, claim,
34 defense, termination, right of termination, or remedy under the
35 account or chattel paper.

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

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

7 Sec. 79. Section 554.9406, Code 2024, is amended by adding
8 the following new subsection:

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

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

15 Except as otherwise provided in ~~subsection 2~~ subsections 2
16 and 6, a term in a promissory note or in an agreement between
17 an account debtor and a debtor which relates to a health
18 care insurance receivable or a general intangible, including
19 a contract, permit, license, or franchise, and which term
20 prohibits, restricts, or requires the consent of the person
21 obligated on the promissory note or the account debtor to,
22 the assignment or transfer of, or creation, attachment, or
23 perfection of a security interest in, the promissory note,
24 health care insurance receivable, or general intangible, is
25 ineffective to the extent that the term:

26 Sec. 81. Section 554.9408, subsection 3, unnumbered
27 paragraph 1, Code 2024, is amended to read as follows:

28 A Except as otherwise provided in subsection 6, a rule
29 of law, statute, or regulation that prohibits, restricts, or
30 requires the consent of a government, governmental body or
31 official, person obligated on a promissory note, or account
32 debtor to the assignment or transfer of, or creation of a
33 security interest in, a promissory note, health care insurance
34 receivable, or general intangible, including a contract,
35 permit, license, or franchise between an account debtor and

1 a debtor, is ineffective to the extent that the rule of law,
2 statute, or regulation:

3 Sec. 82. Section 554.9408, Code 2024, is amended by adding
4 the following new subsections:

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

9 NEW SUBSECTION. 7. *Promissory note.* In this section,
10 "*promissory note*" includes a negotiable instrument that
11 evidences chattel paper.

12 Sec. 83. Section 554.9509, subsections 1 and 2, Code 2024,
13 are amended to read as follows:

14 1. *Person entitled to file record.* A person may file an
15 initial financing statement, amendment that adds collateral
16 covered by a financing statement, or amendment that adds a
17 debtor to a financing statement only if:

18 a. the debtor authorizes the filing in an ~~authenticated a~~
19 signed record or pursuant to [subsection 2 or 3](#); or

20 b. the person holds an agricultural lien that has
21 become effective at the time of filing and the financing
22 statement covers only collateral in which the person holds an
23 agricultural lien.

24 2. *Security agreement as authorization.* By ~~authenticating~~
25 signing or becoming bound as debtor by a security agreement,
26 a debtor or new debtor authorizes the filing of an initial
27 financing statement, and an amendment, covering:

28 a. the collateral described in the security agreement; and

29 b. property that becomes collateral under section 554.9315,
30 subsection 1, paragraph "b", whether or not the security
31 agreement expressly covers proceeds.

32 Sec. 84. Section 554.9513, subsections 2 and 3, Code 2024,
33 are amended to read as follows:

34 2. *Time for compliance with subsection 1.* To comply with
35 subsection 1, a secured party shall cause the secured party of

1 record to file the termination statement:

2 *a.* within one month after there is no obligation secured
3 by the collateral covered by the financing statement and
4 no commitment to make an advance, incur an obligation, or
5 otherwise give value; or

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

8 3. *Other collateral.* In cases not governed by subsection
9 1, within twenty days after a secured party receives ~~an~~
10 ~~authenticated~~ a signed demand from a debtor, the secured
11 party shall cause the secured party of record for a financing
12 statement to send to the debtor a termination statement for the
13 financing statement or file the termination statement in the
14 filing office if:

15 *a.* except in the case of a financing statement covering
16 accounts or chattel paper that has been sold or goods that
17 are the subject of a consignment, there is no obligation
18 secured by the collateral covered by the financing statement
19 and no commitment to make an advance, incur an obligation, or
20 otherwise give value;

21 *b.* the financing statement covers accounts or chattel paper
22 that has been sold but as to which the account debtor or other
23 person obligated has discharged its obligation;

24 *c.* the financing statement covers goods that were the
25 subject of a consignment to the debtor but are not in the
26 debtor's possession; or

27 *d.* the debtor did not authorize the filing of the initial
28 financing statement.

29 Sec. 85. Section 554.9605, Code 2024, is amended to read as
30 follows:

31 **554.9605 Unknown debtor or secondary obligor.**

32 1. ~~*Duties to unknown persons — general rule*~~ *In general: no*
33 *duty owed by a secured party.* Except as provided in subsection
34 2, a secured party does not owe a duty based on its status as
35 secured party:

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

- 3 (1) that the person is a debtor or obligor;
4 (2) the identity of the person; and
5 (3) how to communicate with the person; or

6 b. to a secured party or lienholder that has filed a
7 financing statement against a person, unless the secured party
8 knows:

- 9 (1) that the person is a debtor; and
10 (2) the identity of the person.

11 2. ~~When secured party owes duty to debtor notwithstanding~~

12 ~~subsection 1~~ Exception: secured party owes a duty to debtor
13 or obligor. A secured party owes a duty based on its status
14 as a secured party to a person ~~that is a debtor~~ if, at the
15 time the secured party obtains control of collateral that is
16 a controllable account, controllable electronic record, or
17 controllable payment intangible, or at the time the security
18 interest attaches to the collateral, whichever is later:

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

20 b. the secured party has knowledge knows that the nature
21 ~~of the collateral or a system in which the collateral is~~
22 ~~recorded would prevent the secured party from acquiring the~~
23 ~~knowledge specified information in subsection 1, paragraph "a",~~
24 subparagraph (1), (2), or (3) relating to the person is not
25 provided by the collateral, a record attached to or logically
26 associated with the collateral, or the system in which the
27 collateral is recorded.

28 Sec. 86. Section 554.9608, subsection 1, paragraph a,
29 subparagraph (3), Code 2024, is amended to read as follows:

30 (3) the satisfaction of obligations secured by any
31 subordinate security interest in or other lien on the
32 collateral subject to the security interest or agricultural
33 lien under which the collection or enforcement is made if the
34 secured party receives ~~an authenticated~~ a signed demand for
35 proceeds before distribution of the proceeds is completed.

1 Sec. 87. Section 554.9611, subsection 1, paragraph a, Code
2 2024, is amended to read as follows:

3 a. a secured party sends to the debtor and any secondary
4 obligor ~~an authenticated~~ a signed notification of disposition;
5 or

6 Sec. 88. Section 554.9611, subsections 2 and 3, Code 2024,
7 are amended to read as follows:

8 2. *Notification of disposition required.* Except as otherwise
9 provided in [subsection 4](#), a secured party that disposes of
10 collateral under [section 554.9610](#) shall send to the persons
11 specified in [subsection 3](#) a reasonable ~~authenticated~~ signed
12 notification of disposition.

13 3. *Persons to be notified.* To comply with [subsection 2](#), the
14 secured party shall send ~~an authenticated~~ a signed notification
15 of disposition to:

16 a. the debtor;

17 b. any secondary obligor; and

18 c. if the collateral is other than consumer goods:

19 (1) any other person from which the secured party has
20 received, before the notification date, ~~an authenticated~~
21 a signed notification of a claim of an interest in the
22 collateral;

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

27 (a) identified the collateral;

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

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

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

1 Sec. 89. Section 554.9611, subsection 5, paragraph b,
2 subparagraph (2), Code 2024, is amended to read as follows:

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

7 Sec. 90. Section 554.9613, Code 2024, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **554.9613 Contents and form of notification before disposition**
10 **of collateral — general.**

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

13 *a.* The contents of a notification of disposition are
14 sufficient if the notification:

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

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

18 (3) states the method of intended disposition;

19 (4) states that the debtor is entitled to an accounting of
20 the unpaid indebtedness and states the charge, if any, for an
21 accounting; and

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

24 *b.* Whether the contents of a notification that lacks any
25 of the information specified in paragraph “a” are nevertheless
26 sufficient is a question of fact.

27 *c.* The contents of a notification providing substantially
28 the information specified in paragraph “a” are sufficient, even
29 if the notification includes:

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

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

32 *d.* A particular phrasing of the notification is not
33 required.

34 *e.* The following form of notification and the form appearing
35 in section 554.9614, subsection 1, paragraph “c”, when

1 completed in accordance with the instructions in subsection 2
2 and section 554.9614, subsection 2, each provides sufficient
3 information:

4 NOTIFICATION OF DISPOSITION
5 OF COLLATERAL

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

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

9 {1} Name of any debtor that is not an addressee: (Name of
10 each debtor)

11 {2} We will sell (describe collateral) (to the highest
12 qualified bidder) at public sale. A sale could include a lease
13 or license. The sale will be held as follows:

14 (Date)

15 (Time)

16 (Place)

17 {3} We will sell (describe collateral) at private sale
18 sometime after (date). A sale could include a lease or
19 license.

20 {4} You are entitled to an accounting of the unpaid
21 indebtedness secured by the property that we intend to sell or,
22 as applicable, lease or license.

23 {5} If you request an accounting you must pay a charge of
24 \$(amount).

25 {6} You may request an accounting by calling us at (telephone
26 number).

27 [End of Form]

28 2. *Instructions for form of notification.* The following
29 instructions apply to the form of notification in subsection
30 1, paragraph "e":

31 a. The instructions in this subsection refer to the
32 numbers in braces before items in the form of notification in
33 subsection 1, paragraph "e". Do not include the numbers or
34 braces in the notification. The numbers and braces are used
35 only for the purpose of these instructions.

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

4 *c.* Include and complete either item {2}, if the notification
5 relates to a public disposition of the collateral, or item {3},
6 if the notification relates to a private disposition of the
7 collateral. If item {2} is included, include the words "to the
8 highest qualified bidder" only if applicable.

9 *d.* Include and complete items {4} and {6}.

10 *e.* Include and complete item {5} only if the sender will
11 charge the recipient for an accounting.

12 Sec. 91. Section 554.9614, Code 2024, is amended by striking
13 the section and inserting in lieu thereof the following:

14 **554.9614 Contents and form of notification before disposition**
15 **of collateral — consumer-goods transaction.**

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

18 *a.* A notification of disposition must provide the following
19 information:

20 (1) the information specified in section 554.9613,
21 subsection 1, paragraph "a";

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

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

27 (4) a telephone number or mailing address from which
28 additional information concerning the disposition and the
29 obligation secured is available.

30 *b.* A particular phrasing of the notification is not
31 required.

32 *c.* The following form of notification, when completed in
33 accordance with the instructions in paragraph "b", provides
34 sufficient information:

35 NOTICE OF OUR PLAN TO SELL PROPERTY

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

2 Subject: (Identify transaction)

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

5 {1} We will sell (describe collateral) at public sale. A
6 sale could include a lease or license. The sale will be held
7 as follows:

8 (Date)

9 (Time)

10 (Place)

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

12 {2} We will sell (describe collateral) at private sale
13 sometime after (date). A sale could include a lease or
14 license.

15 {3} The money that we get from the sale, after paying our
16 costs, will reduce the amount you owe. If we get less money
17 than you owe, you (will or will not, as applicable) still owe
18 us the difference. If we get more money than you owe, you will
19 get the extra money, unless we must pay it to someone else.

20 {4} You can get the property back at any time before we sell
21 it by paying us the full amount you owe, not just the past due
22 payments, including our expenses. To learn the exact amount
23 you must pay, call us at (telephone number).

24 {5} If you want us to explain to you in (writing) (writing
25 or in (description of electronic record)) (description of
26 electronic record) how we have figured the amount that you
27 owe us, {6} call us at (telephone number) (or) (write us at
28 (secured party's address)) (or contact us by (description
29 of electronic communication method)) {7} and request (a
30 written explanation) (a written explanation or an explanation
31 in (description of electronic record)) (an explanation in
32 (description of electronic record)).

33 {8} We will charge you \$(amount) for the explanation if we
34 sent you another written explanation of the amount you owe us
35 within the last six months.

1 {9} If you need more information about the sale (call us
2 at (telephone number)) (or) (write us at (secured party's
3 address)) (or contact us by (description of electronic
4 communication method)).

5 {10} We are sending this notice to the following other people
6 who have an interest in (describe collateral) or who owe money
7 under your agreement:

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

9 [End of Form]

10 2. *Instructions for form of notification.* The following
11 instructions apply to the form of notification in subsection
12 1, paragraph "c":

13 a. The instructions in this subsection refer to the
14 numbers in braces before items in the form of notification in
15 subsection 1, paragraph "c". Do not include the numbers or
16 braces in the notification. The numbers and braces are used
17 only for the purpose of these instructions.

18 b. Include and complete either item {1}, if the notification
19 relates to a public disposition of the collateral, or item {2},
20 if the notification relates to a private disposition of the
21 collateral.

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

23 d. In item {5}, include and complete any one of the three
24 alternative methods for the explanation — writing, writing or
25 electronic record, or electronic record.

26 e. In item {6}, include the telephone number. In addition,
27 the sender may include and complete either or both of the two
28 additional alternative methods of communication — writing
29 or electronic communication — for the recipient of the
30 notification to communicate with the sender. Neither of the
31 two additional methods of communication is required to be
32 included.

33 f. In item {7}, include and complete the method or methods
34 for the explanation — writing, writing or electronic record,
35 or electronic record — included in item {5}.

1 *g.* Include and complete item {8} only if a written
2 explanation is included in item {5} as a method for
3 communicating the explanation and the sender will charge the
4 recipient for another written explanation.

5 *h.* In item {9}, include either the telephone number or
6 the address or both the telephone number and the address. In
7 addition, the sender may include and complete the additional
8 method of communication — electronic communication — for the
9 recipient of the notification to communicate with the sender.
10 The additional method of electronic communication is not
11 required to be included.

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

14 Sec. 92. Section 554.9615, subsection 1, paragraph c,
15 subparagraph (1), Code 2024, is amended to read as follows:

16 (1) the secured party receives from the holder of the
17 subordinate security interest or other lien ~~an authenticated~~ a
18 signed demand for proceeds before distribution of the proceeds
19 is completed; and

20 Sec. 93. Section 554.9615, subsection 1, paragraph d, Code
21 2024, is amended to read as follows:

22 *d.* a secured party that is a consignor of the collateral if
23 the secured party receives from the consignor ~~an authenticated~~
24 a signed demand for proceeds before distribution of the
25 proceeds is completed.

26 Sec. 94. Section 554.9616, subsection 1, paragraph a,
27 unnumbered paragraph 1, Code 2024, is amended to read as
28 follows:

29 "Explanation" means a writing record that:

30 Sec. 95. Section 554.9616, subsection 1, paragraph b,
31 subparagraph (1), Code 2024, is amended to read as follows:

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

33 Sec. 96. Section 554.9616, subsection 2, paragraph a,
34 subparagraph (1), Code 2024, is amended to read as follows:

35 (1) before or when the secured party accounts to the debtor

1 and pays any surplus or first makes ~~written~~ demand in a record
2 on the consumer obligor after the disposition for payment of
3 the deficiency; and

4 Sec. 97. Section 554.9616, subsection 3, unnumbered
5 paragraph 1, Code 2024, is amended to read as follows:

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

9 Sec. 98. Section 554.9619, subsection 1, unnumbered
10 paragraph 1, Code 2024, is amended to read as follows:

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

13 Sec. 99. Section 554.9620, subsection 1, paragraph b,
14 unnumbered paragraph 1, Code 2024, is amended to read as
15 follows:

16 the secured party does not receive, within the time set forth
17 in subsection 4, a notification of objection to the proposal
18 ~~authenticated~~ signed by:

19 Sec. 100. Section 554.9620, subsection 2, paragraph a, Code
20 2024, is amended to read as follows:

21 a. the secured party consents to the acceptance in ~~an~~
22 ~~authenticated~~ a signed record or sends a proposal to the
23 debtor; and

24 Sec. 101. Section 554.9620, subsection 3, Code 2024, is
25 amended to read as follows:

26 3. *Debtor's consent.* For purposes of this section:

27 a. a debtor consents to an acceptance of collateral in
28 partial satisfaction of the obligation it secures only if
29 the debtor agrees to the terms of the acceptance in a record
30 ~~authenticated~~ signed after default; and

31 b. a debtor consents to an acceptance of collateral in full
32 satisfaction of the obligation it secures only if the debtor
33 agrees to the terms of the acceptance in a record ~~authenticated~~
34 signed after default or the secured party:

35 (1) sends to the debtor after default a proposal that is

1 unconditional or subject only to a condition that collateral
2 not in the possession of the secured party be preserved or
3 maintained;

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

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

9 Sec. 102. Section 554.9620, subsection 6, paragraph b, Code
10 2024, is amended to read as follows:

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

14 Sec. 103. Section 554.9621, subsection 1, paragraph a, Code
15 2024, is amended to read as follows:

16 a. any person from which the secured party has received,
17 before the debtor consented to the acceptance, ~~an authenticated~~
18 a signed notification of a claim of an interest in the
19 collateral;

20 Sec. 104. Section 554.9624, Code 2024, is amended to read
21 as follows:

22 **554.9624 Waiver.**

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

27 2. *Waiver of mandatory disposition.* A debtor may waive
28 the right to require disposition of collateral under section
29 554.9620, subsection 5, only by an agreement to that effect
30 entered into and ~~authenticated~~ signed after default.

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

1 Sec. 105. Section 554.9628, subsection 1, unnumbered
2 paragraph 1, Code 2024, is amended to read as follows:

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

6 Sec. 106. Section 554.9628, subsection 6, Code 2024, is
7 amended by striking the subsection and inserting in lieu
8 thereof the following:

9 6. *Exception: limitation of liability under subsections*
10 *1 and 2 does not apply.* Subsections 1 and 2 do not apply to
11 limit the liability of a secured party to a person if, at the
12 time the secured party obtains control of collateral that is
13 a controllable account, controllable electronic record, or
14 controllable payment intangible or at the time the security
15 interest attaches to the collateral, whichever is later:

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

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

22 PART I

23 ARTICLE 12

24 FUNDS TRANSFERS

25 Sec. 107. Section 554.12103, Code 2024, is amended to read
26 as follows:

27 **554.12103 Payment order — definitions.**

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

29 ~~1.~~ a. "Payment order" means an instruction of a sender to
30 a receiving bank, transmitted orally, ~~electronically, or in~~
31 writing or in a record, to pay, or to cause another bank to pay,
32 a fixed or determinable amount of money to a beneficiary if ~~all~~
33 ~~of the following apply:~~

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

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

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

7 ~~b. A payment order instructing more than one payment to be~~
8 ~~made to a beneficiary is a separate payment order with respect~~
9 ~~to each payment.~~

10 ~~c. A payment order is issued when it is sent to the~~
11 ~~receiving bank.~~

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

14 ~~3. c. "Beneficiary's bank" means the bank identified in a~~
15 ~~payment order in which an account of the beneficiary is to be~~
16 ~~credited pursuant to the order or which otherwise is to make~~
17 ~~payment to the beneficiary if the order does not provide for~~
18 ~~payment to an account.~~

19 ~~4. d. "Receiving bank" means the bank to which the sender's~~
20 ~~instruction is addressed.~~

21 ~~5. e. "Sender" means the person giving the instruction to~~
22 ~~the receiving bank.~~

23 2. If an instruction complying with subsection 1, paragraph
24 "a", is to make more than one payment to a beneficiary, the
25 instruction is a separate payment order with respect to each
26 payment.

27 3. A payment order is issued when it is sent to the
28 receiving bank.

29 Sec. 108. Section 554.12201, Code 2024, is amended to read
30 as follows:

31 **554.12201 Security procedure.**

32 "*Security procedure*" means a procedure established by
33 agreement between a customer and a receiving bank for the
34 purpose of verifying that a payment order or communication
35 amending or canceling a payment order is that of the customer,

1 or detecting error in the transmission or the content of the
2 payment order or communication. A security procedure may
3 impose an obligation on the receiving bank or the customer and
4 may require the use of algorithms or other codes, identifying
5 words, ~~or~~ numbers, symbols, sounds, biometrics, encryption,
6 callback procedures, or similar security devices. Comparison
7 of a signature on a payment order or communication with an
8 authorized specimen signature of the customer or requiring a
9 payment order to be sent from a known electronic mail address,
10 internet protocol address, or telephone number is not by itself
11 a security procedure.

12 Sec. 109. Section 554.12202, subsections 2 and 3, Code 2024,
13 are amended to read as follows:

14 2. If a bank and its customer have agreed that the
15 authenticity of payment orders issued to the bank in the
16 name of the customer as sender will be verified pursuant
17 to a security procedure, a payment order received by the
18 receiving bank is effective as the order of the customer,
19 whether or not authorized, if the security procedure is a
20 commercially reasonable method of providing security against
21 unauthorized payment orders, and the bank proves that it
22 accepted the payment order in good faith and in compliance with
23 the bank's obligations under the security procedure and any
24 written agreement or instruction of the customer, evidenced
25 by a record, restricting acceptance of payment orders issued
26 in the name of the customer. The bank is not required to
27 follow an instruction that violates a ~~written~~ an agreement
28 with the customer, evidenced by a record, or notice of which
29 is not received at a time and in a manner affording the bank a
30 reasonable opportunity to act on it before the payment order
31 is accepted.

32 3. Commercial reasonableness of a security procedure is
33 a question of law to be determined by considering the wishes
34 of the customer expressed to the bank, the circumstances
35 of the customer known to the bank, including the size,

1 type, and frequency of payment orders normally issued by
2 the customer to the bank, alternative security procedures
3 offered to the customer, and security procedures in general
4 use by customers and receiving banks similarly situated. A
5 security procedure is deemed to be commercially reasonable if
6 the security procedure was chosen by the customer after the
7 bank offered, and the customer refused, a security procedure
8 that was commercially reasonable for that customer, and the
9 customer expressly agreed in writing a record to be bound by
10 any payment order, whether or not authorized, issued in the
11 customer's name and accepted by the bank in compliance with the
12 bank's obligations under the security procedure chosen by the
13 customer.

14 Sec. 110. Section 554.12203, Code 2024, is amended to read
15 as follows:

16 **554.12203 Unenforceability of certain verified payment**
17 **orders.**

18 1. If an accepted payment order is not, under section
19 554.12202, subsection 1, an authorized order of a customer
20 identified as sender ~~pursuant to section 554.12202, subsection~~
21 ~~1,~~ but is effective as an order of the customer pursuant to
22 section 554.12202, subsection 2, the following rules apply:

23 ~~1-~~ a. By express ~~written~~ agreement, evidenced by a record
24 the receiving bank may limit the extent to which it is entitled
25 to enforce or retain payment of the payment order.

26 ~~2-~~ b. The receiving bank is not entitled to enforce or
27 retain payment of the payment order if the customer proves
28 that the order was not caused, directly or indirectly, by a
29 person entrusted at any time with the authority to act for
30 the customer with respect to payment orders or the security
31 procedure, or who obtained access to transmitting facilities
32 of the customer or who obtained, from a source controlled by
33 the customer and without authority of the receiving bank,
34 information facilitating breach of the security procedure,
35 regardless of how the information was obtained or whether the

1 customer was at fault. Information includes any access device,
2 computer software, or similar items.

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

5 Sec. 111. Section 554.12207, subsection 3, paragraph b,
6 Code 2024, is amended to read as follows:

7 b. If the originator is not a bank and proves that the
8 person identified by number was not entitled to receive payment
9 from the originator, the originator is not ~~obligated~~ obliged
10 to pay ~~the originator's~~ its order unless the originator's
11 bank proves that the originator ~~had notice~~, before acceptance
12 ~~by of the originator's bank of the~~ originator's order, had
13 notice that payment of a payment order issued by the originator
14 might be made by the beneficiary's bank on the basis of an
15 identifying or bank account number even if it identifies a
16 person different from the named beneficiary. Proof of notice
17 may be made by any admissible evidence. The originator's bank
18 satisfies the burden of proof if it proves that the originator,
19 before the payment was accepted, signed a writing record
20 stating the information to which the notice relates ~~before the~~
21 ~~payment order was accepted~~.

22 Sec. 112. Section 554.12208, subsection 2, paragraph b,
23 Code 2024, is amended to read as follows:

24 b. If the sender is not a bank and the receiving bank proves
25 that the sender, before the payment order was accepted, had
26 notice that the receiving bank might rely on the number as the
27 proper identification of the intermediary or beneficiary's
28 bank even if it identifies a person different from the bank
29 identified by name, the rights and obligations of the sender
30 and the receiving bank are governed by paragraph "a", as though
31 the sender were a bank. Proof of notice may be made by any
32 admissible evidence. The receiving bank satisfies the burden
33 of proof if it proves that the sender, before the payment order
34 was accepted, signed a writing record stating the information
35 to which the notice relates.

1 Sec. 113. Section 554.12210, subsection 1, Code 2024, is
2 amended to read as follows:

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

18 Sec. 114. Section 554.12211, subsection 1, Code 2024, is
19 amended to read as follows:

20 1. A communication of the sender of a payment order
21 canceling or amending the order may be transmitted to the
22 receiving bank orally,~~electronically~~, or in writing a record.
23 If a security procedure is in effect between the sender and
24 the receiving bank, the communication is not effective to
25 cancel or amend the order unless the communication is verified
26 pursuant to the security procedure or the bank agrees to the
27 cancellation or amendment.

28 Sec. 115. Section 554.12305, subsections 3 and 4, Code 2024,
29 are amended to read as follows:

30 3. In addition to the amounts payable under subsections
31 1 and 2, damages, including consequential damages, are
32 recoverable to the extent provided in an express ~~written~~
33 agreement of the receiving bank, evidenced by a record.

34 4. If a receiving bank fails to execute a payment order
35 that the receiving bank was obligated by express agreement

1 to execute, the receiving bank is liable to the sender for
2 the sender's expenses in the transaction and for incidental
3 expenses and interest losses resulting from the failure to
4 execute. Additional damages, including consequential damages,
5 are recoverable to the extent provided in an express written
6 agreement of the receiving bank, evidenced by a record, but are
7 not otherwise recoverable.

8 PART J

9 ARTICLE 13

10 LEASES

11 Sec. 116. Section 554.13102, Code 2024, is amended to read
12 as follows:

13 **554.13102 Scope.**

14 1. This Article applies to any transaction, regardless of
15 form, that creates a lease and, in the case of a hybrid lease,
16 it applies to the extent provided in subsection 2.

17 2. In a hybrid lease:

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

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

23 (2) section 554.13209 applies if the lease is a finance
24 lease; and

25 (3) section 554.13407 applies to the promises of the lessee
26 in a finance lease to the extent the promises are consideration
27 for the right to possession and use of the leased goods; and
28 b. if the lease-of-goods aspects predominate, this Article
29 applies to the transaction, but does not preclude application
30 in appropriate circumstances of other law to aspects of the
31 lease which do not relate to the lease of goods.

32 Sec. 117. Section 554.13103, subsection 1, Code 2024, is
33 amended by adding the following new paragraph:

34 NEW PARAGRAPH. *oi.* "Hybrid lease" means a single
35 transaction involving a lease of goods and:

- 1 (1) the provision of services;
- 2 (2) a sale of other goods; or
- 3 (3) a sale, lease, or license of property other than goods.

4 Sec. 118. Section 554.13107, Code 2024, is amended to read
5 as follows:

6 **554.13107 Waiver or renunciation of claim or right after**
7 **default.**

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

12 Sec. 119. Section 554.13201, subsections 1, 3, and 5, Code
13 2024, are amended to read as follows:

14 1. A lease contract is not enforceable by way of action or
15 defense unless:

16 a. the total payments to be made under the lease contract,
17 excluding payments for options to renew or buy, are less than
18 one thousand dollars; or

19 b. there is a writing record, signed by the party against
20 whom enforcement is sought or by that party's authorized agent,
21 sufficient to indicate that a lease contract has been made
22 between the parties and to describe the goods leased and the
23 lease term.

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

29 5. The lease term under a lease contract referred to in
30 subsection 4 is:

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

34 b. if the party against whom enforcement is sought admits in
35 that party's pleading, testimony, or otherwise in court a lease

1 term, the term so admitted; or

2 *c.* a reasonable lease term.

3 Sec. 120. Section 554.13202, Code 2024, is amended to read
4 as follows:

5 **554.13202 Final written expression — parol or extrinsic**
6 **evidence.**

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

14 1. by course of dealing or usage of trade or by course of
15 performance; and

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

19 Sec. 121. Section 554.13203, Code 2024, is amended to read
20 as follows:

21 **554.13203 Seals inoperative.**

22 The affixing of a seal to a ~~writing~~ record evidencing a
23 lease contract or an offer to enter into a lease contract does
24 not render the ~~writing~~ record a sealed instrument and the law
25 with respect to sealed instruments does not apply to the lease
26 contract or offer.

27 Sec. 122. Section 554.13205, Code 2024, is amended to read
28 as follows:

29 **554.13205 Firm offers.**

30 An offer by a merchant to lease goods to or from another
31 person in a signed ~~writing~~ record that by its terms gives
32 assurance it will be held open is not revocable, for lack of
33 consideration, during the time stated or, if no time is stated,
34 for a reasonable time, but in no event may the period of
35 irrevocability exceed three months. Any such term of assurance

1 on a form supplied by the offeree must be separately signed by
2 the offeror.

3 Sec. 123. Section 554.13208, subsection 2, Code 2024, is
4 amended to read as follows:

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

10

PART K

11

ARTICLE 15

12

TRANSITIONAL PROVISIONS

13

Sec. 124. NEW SECTION. 554.15101 **Short title.**

14

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

16

Sec. 125. NEW SECTION. 554.15102 **Definitions.**

17

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

18

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

19

b. "Article 14 property" means a controllable account,

20

controllable electronic record, or controllable payment

21

intangible.

22

2. *Definitions in other Articles.* The following definitions

23

in other Articles of this chapter apply to this Article:

24

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

25

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

26

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

27

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

28

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

29

3. *Article 1 definitions and principles.* Article 1 contains

30

general definitions and principles of construction and

31

interpretation applicable throughout this Article.

32

Sec. 126. NEW SECTION. 554.15201 **Saving clause.**

33

Except as provided in part 3, a transaction validly entered

34

into before the effective date of this Act and the rights,

35

duties, and interests flowing from the transaction remain valid

1 thereafter and may be terminated, completed, consummated,
2 or enforced as required or permitted by law other than this
3 chapter or, if applicable, this chapter, as though this Act had
4 not taken effect.

5 Sec. 127. NEW SECTION. 554.15301 **Saving clause.**

6 1. *Pre-effective-date transaction, lien, or interest.* Except
7 as provided in this part, Article 9, as amended by this Act,
8 and Article 14, as amended by this Act, apply to a transaction,
9 lien, or other interest in property, even if the transaction,
10 lien, or interest was entered into, created, or acquired before
11 the effective date of this Act.

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

14 a. a transaction, lien, or interest in property that
15 was validly entered into, created, or transferred before
16 the effective date of this Act and was not governed by this
17 chapter, but would be subject to Article 9 as amended by this
18 Act or Article 14, as amended by this Act, if it had been
19 entered into, created, or transferred on or after the effective
20 date of this Act, including the rights, duties, and interests
21 flowing from the transaction, lien, or interest, remains valid
22 on and after the effective date of this Act; and

23 b. the transaction, lien, or interest may be terminated,
24 completed, consummated, and enforced as required or permitted
25 by this Act or by the law that would apply if this Act had not
26 taken effect.

27 3. *Pre-effective-date proceeding.* This Act does not affect
28 an action, case, or proceeding commenced before the effective
29 date of this Act.

30 Sec. 128. NEW SECTION. 554.15302 **Security interest**
31 **perfected before effective date.**

32 1. *Continuing perfection: perfection requirements*
33 *satisfied.* A security interest that is enforceable and
34 perfected immediately before the effective date of this Act
35 is a perfected security interest under this Act if, on the

1 effective date of this Act, the requirements for enforceability
2 and perfection under this Act are satisfied without further
3 action.

4 2. *Continuing perfection: enforceability or perfection*
5 *requirements not satisfied.* If a security interest is
6 enforceable and perfected immediately before the effective
7 date of this Act, but the requirements for enforceability or
8 perfection under this Act are not satisfied on the effective
9 date of this Act, the security interest:

10 a. is a perfected security interest until the earlier of
11 the time perfection would have ceased under the law in effect
12 immediately before the effective date of this Act or July 1,
13 2025;

14 b. remains enforceable thereafter only if the security
15 interest satisfies the requirements for enforceability under
16 section 554.9203, as amended by this Act, before July 1, 2025;
17 and

18 c. remains perfected thereafter only if the requirements
19 for perfection under this Act are satisfied before the time
20 specified in paragraph "a".

21 Sec. 129. NEW SECTION. 554.15303 **Security interest**
22 **unperfected before effective date.**

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

25 1. remains an enforceable security interest until July 1,
26 2025;

27 2. remains enforceable thereafter if the security interest
28 becomes enforceable under section 554.9203, as amended by this
29 Act, on the effective date of this Act or before July 1, 2025;
30 and

31 3. becomes perfected:

32 a. without further action, on the effective date of this Act
33 if the requirements for perfection under this Act are satisfied
34 before or at that time; or

35 b. when the requirements for perfection are satisfied if the

1 requirements are satisfied after that time.

2 Sec. 130. NEW SECTION. 554.15304 **Effectiveness of actions**
3 **taken before effective date.**

4 1. *Pre-effective-date action; attachment and perfection*
5 *before July 1, 2025.* If action, other than the filing of a
6 financing statement, is taken before the effective date of this
7 Act and this action would have resulted in perfection of the
8 security interest had the security interest become enforceable
9 before the effective date of this Act, this action is effective
10 to perfect a security interest that attaches under this Act
11 before July 1, 2025. An attached security interest becomes
12 unperfected on July 1, 2025, unless the security interest
13 becomes a perfected security interest under this Act before
14 July 1, 2025.

15 2. *Pre-effective-date filing.* The filing of a financing
16 statement before the effective date of this Act is effective
17 to perfect a security interest on the effective date of this
18 Act to the extent the filing would satisfy the requirements for
19 perfection under this Act.

20 3. *Pre-effective-date enforceability action.* The taking of
21 an action before the effective date of this Act is sufficient
22 for the enforceability of a security interest on the effective
23 date of this Act if this action would satisfy the requirements
24 for enforceability under this Act.

25 Sec. 131. NEW SECTION. 554.15305 **Priority.**

26 1. *Determination of priority.* Subject to subsections 2 and
27 3, this Act determines the priority of conflicting claims to
28 collateral.

29 2. *Established priorities.* Subject to subsection 3, if the
30 priorities of claims to collateral were established before the
31 effective date of this Act, Article 9, as in effect before the
32 effective date of this Act, determines priority.

33 3. *Determination of certain priorities on July 1, 2025.* On
34 July 1, 2025, to the extent the priorities determined by
35 Article 9, as amended by this Act, modify the priorities

1 established before the effective date of this Act, the
2 priorities of claims to Article 14 property and electronic
3 money established before the effective date of this Act cease
4 to apply.

5 Sec. 132. NEW SECTION. 554.15306 Priority of claims when
6 priority rules of Article 9 do not apply.

7 1. *Determination of priority.* Subject to subsections 2 and
8 3, Article 14 determines the priority of conflicting claims to
9 Article 14 property when the priority rules of Article 9, as
10 amended by this Act, do not apply.

11 2. *Established priorities.* Subject to subsection 3, when
12 the priority rules of Article 9, as amended by this Act, do not
13 apply and the priorities of claims to Article 14 property were
14 established before the effective date of this Act, law other
15 than Article 14 determines priority.

16 3. *Determination of certain priorities on July 1, 2025.* When
17 the priority rules of Article 9, as amended by this Act, do
18 not apply, to the extent the priorities determined by this Act
19 modify the priorities established before the effective date
20 of this Act, the priorities of claims to Article 14 property
21 established before the effective date of this Act cease to
22 apply on July 1, 2025.

23 Sec. 133. DIRECTIONS TO THE CODE EDITOR — ARTICLE 15
24 PARTS. The Code editor is directed to divide the provisions of
25 chapter 554, Article 15, as enacted in this division of this
26 Act, into parts as follows:

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

28 2. Part 2, including section 554.15201.

29 3. Part 3, including sections 554.15301, 554.15302,
30 554.15303, 554.15304, 554.15305, and 554.15306.

31 DIVISION II

32 DIGITAL ASSETS

33 Sec. 134. Section 554E.1, Code 2024, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **554E.1 Definitions.**

1 As used in this chapter, unless the context otherwise
2 requires:

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

4 2. *Digital asset* means any electronic record that
5 represents, evidences, or comprises economic value or economic,
6 proprietary, or access rights, is maintained or stored in or
7 as an electronic ledger or other record of transactions, or
8 is used as a medium of exchange, unit of account, method of
9 payment, or store of value.

10 3. *Distributed ledger technology* means an electronic
11 record that is a ledger or other record of transactions or
12 other data to which all of the following apply:

13 a. The electronic record is uniformly ordered.

14 b. The electronic record is redundantly maintained or
15 processed by or distributed over more than one computer
16 or machine to ensure the consistency, immutability,
17 decentralization, or nonrepudiation of the ledger or other
18 record of transactions or other data.

19 4. *Electronic* means the same as defined in section
20 554D.103.

21 5. *Electronic record* means the same as defined in section
22 554D.103.

23 6. *Electronic services system* means the county land record
24 information system, or electronic services system, created
25 under the agreement entered into under chapter 28E between the
26 counties and the Iowa county recorders association as required
27 by 2005 Iowa Acts, ch. 179, §101, as amended by 2021 Iowa Acts,
28 ch. 126, §2.

29 7. *Record* means the same as defined in section 554D.103.

30 8. a. *Smart contract* means an electronic record that is
31 an event-driven program or computerized transaction protocol
32 that runs on a distributed, decentralized, shared, and
33 replicated ledger that executes the terms of a contract.

34 b. For purposes of this subsection, *executes the terms*
35 *of a contract* may include taking, obtaining, exercising, or

1 transferring control or custody of assets or other property.

2 9. "*Transaction*" means a sale, trade, exchange, transfer,
3 payment, or conversion of a digital asset or any other property
4 or any other action or set of actions occurring between two or
5 more persons relating to the conduct of business, commercial,
6 or governmental affairs.

7 Sec. 135. Section 554E.2, Code 2024, is amended to read as
8 follows:

9 **554E.2 Classification of digital assets.**

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